

I. Gross Pay

A. The following employees of Denny's get paid by the hour. They get time and a half for all hours over 40 per week. Calculate their pay for one week based on the following information. (Denny's work week begins on a Thursday and ends on a Wednesday):

(12 pts.)	Th	F	Sa	Su	M	T	W	Total hours	Rate per hour	Gross pay
1. Kelly	8	8	8½	9	9¾	0	0	_____	\$8.50	_____
2. Rich	7½	7½	7	7½	7½	0	0	_____	\$7.75	_____
3. Laura	7½	8¾	9½	9¼	0	0	6½	_____	\$4.50	_____

B. Karen pays her employees of Karen's Tires an hourly rate plus commission on net sales over \$1000 per week. Calculate the following employees' pay for the week. :

(12 pts.)	M	T	W	Th	F	Sa	Total hours worked	Sales	Returns	Rate per hour	Commission on sales over \$1000	Gross pay
1. Don	8	8	8	8	8	0	_____	\$3500	\$150	\$7.00	15%	_____
2. Dawn	0	4	4	5	6	8	_____	\$2000	\$80	\$7.50	10%	_____

C. The Ornament Factory pays its employees \$3.00 per hour plus a piece rate pay according to how many ornaments are produced using the following differential pay scale:

Ornaments Produced	Amount per Ornament
1-20	\$0.10
21-40	\$0.15
41-60	\$0.20
61-80	\$0.30
81 and up	\$0.50

Use the above information to answer fill in the following blanks.

(12 pts.)	Total hours	Total # ornaments	pay from hours worked	pay from # of ornaments	Gross Pay
1. Sarah	15	63	_____	_____	_____
2. Jackie	18	87	_____	_____	_____

II. Net Pay

Fill in the blanks for the following employees. Use the wage bracket method for calculating FIT. The rate for social security is 6.2% on the first \$55,500 earned per year. The rate for Medicare is 1.45% on the first \$130,200 earned per year. The state tax is 2.6% .

	Allow. , Marital Status	Prior gross earnings	Gross Pay this week	FICA		<u>Deductions this week:</u>				Net
				<u>taxable earn.</u> SS	Med	SS	Med	FIT	SIT	
(48 pts.)										
Tina	M-3	\$40,100	\$873	_____	_____	_____	_____	_____	_____	_____
Tom	M-5	\$54,980	\$1069	_____	_____	_____	_____	_____	_____	_____
Santa	M-2	\$129,900	\$1,265	_____	_____	_____	_____	_____	_____	_____

III. Unemployment Tax

Use the following Payroll Summary to calculate the amount of state (assume 5.8%) and federal (assume 0.8%) unemployment tax the employer must pay for each of the first two quarters. Unemployment tax is calculated on the first \$7,000 an employee earns per year.

(16 pts.)

<u>employee</u>	<u>Payroll Summary</u>		<u>Earnings the employer pays taxes on:</u>	
	<u>quarter 1</u>	<u>quarter 2</u>	<u>quarter 1</u>	<u>quarter 2</u>
Kenneth	\$500	\$600	_____	_____
Ruth	\$6500	\$6250	_____	_____
Ed	\$10,500	\$12,000	_____	_____
			Total: _____	_____

Answers: quarter 1 quarter 2

SUTA _____

FUTA _____