Definitions

Hourly pay – When an employee is paid an hourly rate for each hour that they work.

Salary pay - Typically a set amount of money make annually(for the year) regardless of how many hours worked.

Dependent – Someone you can claim on your taxes. Typically a child but can also be a relative. You can click on the following link to see who qualifies as a dependent.

Gross Pay – Amount of income made before taxes are taken out.

Overtime - When an hourly employee works over 40 hours for the week each hour worked over 40 hours the employee will receive 1.5 times his normal rate.

Types of pay schedules –

Weekly – paid once a week.

Bi-weekly – paid every two weeks.

Semi-monthly – paid twice a month.

Monthly – paid once a month.

Net Pay – Total amount of income after taxes have been taken out. Gross pay minus taxes.

Types of taxes –

Withholding – Also known as federal tax. Is the amount withheld by your employer and payed directly to the government. The amount is determined by a table created by the IRS.

FICA - Is the combined Social Security and Medicare tax rate that is deducted from your paycheck. The rate is currently 7.65%

State – Taxes that are collected by the state government. Texas does not deduct state taxes from your paycheck.

Local – Taxes that are collected by your local government.

In this assignment we will be calculating your net pay(a.k.a your take home pay). This is the amount that you will receive after all taxes and other deductions are taken away from the gross pay which we found in the previous assignment. In this assignment the only deductions we will have are the withholding and FICA taxes. We have already calculated the withholding taxes in the previous assignment. So, all that remains is the FICA. In order to find how much FICA taxes will be deducted take the gross pay and multiply it to 7.65% or .0765 after we convert the percentage to a decimal. From there you will add all your deductions(withholding and FICA). Last step to find your net pay will be to take your Gross Pay and subtract the deductions.

Name:_____

Calculating Net Pay Practice

Instructions: Answer questions below. When submitting answers into google forms do not use a dollar sign or commas and be sure to round to the nearest hundredths place. Example: 2790.13

1) Zach is single and has no dependents. He is currently working at Dairy Queen and is making $9.50 an hour. He is currently getting paid weekly and this week he worked 31 hours. What will Zach's net income be?

   Previously we found Zach's gross pay to be $294.50. We also found the withholding to be $6. So now let's find his FICA taxes by taking the gross pay and multiplying it by the set rate percentage of 7.65% or .0765.

   FICA = $294.50 X .0765 = $22.53.

   Be sure to round your penny(aka the hundredths place). We will now add up all the deductions. So we will need to add the withholding tax + FICA.

   Deductions = $6 + $22.53 = $28.53

   Lastly, we will find the net pay by taking the gross pay and subtracting out the deductions.

   Net Pay = $294.50 - $28.53 = $265.97

   Therefore, Zach's Net Pay is $265.97 the amount that he will be paid. For the rest of the examples I will be following the below format.

Gross Pay = $294.50
Withholding Tax = $6

FICA = $294.50 X .0765 = $22.53

Deductions = $6 + $22.53 = $28.53

Net Pay = $294.50 - $28.53 = $265.97

2) Maria is married but has no children. She just got a job working as a youth advisor and will be making $9.75 an hour. She is being paid weekly. This week she worked 39 hours. What will Maria's net income be?

Gross Pay = $380.25
Withholding Tax = $0

FICA = $380.25 X .0765 = $29.09

Deductions = $0 + $29.09

Net Pay = $380.25 - $29.09 = $351.16

3) Carlos is working construction and gets paid by the hour bi-weekly. He is currently receiving $26 an hour. The first week of the pay period he worked a total of 28 hours and the second week he worked 36 hours. Carlos is married but he does not have any dependents. Determine Carlos's net pay.

Gross Pay = $1664
Withholding Tax = $71

FICA = $1664 X .0765 = $127.30

Deductions = $71 + 127.31 = $198.31

Net Pay = $1664 - $198.31 = $1465.69

4) Ashley is currently working at the local supermarket in town. She is not married and does not have any dependents. She gets paid bi-weekly and will receive $11.50 an hour. Last week she worked 40 hours and this week she worked 27 hours. What will be Ashley's net pay?

Gross Pay = $770.50
Withholding Tax = $29

FICA = $770.50 X .0765 = $58.94

Deductions = $29 + $58.94 = $87.94

Net Pay = $770.50 - $87.94 = $682.56

5) Samantha is working as a receptionist for the local hotel. She is currently being paid at a rate of $13.25 an hour and gets paid weekly. This week she worked 47 hours. Samantha is single and has no dependents. What will be Samantha's net pay?

Gross Pay = $669.16
Withholding Tax = $47

FICA = $669.16 X .0765 = $51.19

Deductions = $47 + $51.19 = $98.19

Net Pay = $669.16 - $98.19 = $570.97

6) Jason is working for the oil company. He is making $17.50 an hour and is being paid bi-weekly. Jason is married but has no dependents. Last week he worked 48 hours and this week he worked 55 hours. What will be Jason's net pay?

Gross Pay = $2003.75
Withholding Tax = $110

FICA = $2003.75 X .0765 = $153.29

Deductions = $110 + $153.29 = $263.29

Net Pay = $2003.75 - $263.29 = $1740.46

7) Andrew is working at the local aquarium as a marine biologist. His annual salary is $98,500 a year. He has just gotten married but has no dependents. He currently gets paid monthly. What will be Andrew's net pay for each paycheck he receives?

Gross Pay = $8208.33
Withholding Tax = $701

FICA = $8208.33 X .0765 =$627.94

Deductions = $701 + $627.94 = $1328.94

Net Pay = $8208.33 - $1328.94 = $6879.39

8) Tara just got a job as a professor at the state college. She will be making an annual salary of $96,300 and will be paid semi-monthly. Tara is currently single and does not have any dependents. Determine Tara's net pay for each paycheck.

Gross Pay = $4012.50
Withholding Tax = $593

FICA = $4012.50 X .0765 = $306.96

Deductions = $593 + $306.96 = $899.96

Net Pay = $4012.50 - $899.96 = $3112.54

9) Michael is a surgeon and is currently getting an annual salary of $189,000 a year. He has opted to get his paychecks weekly. Michael is currently single with no dependents. What will be Michael's net pay for each paycheck?

Gross Pay = $3634.62
Withholding Tax = $589.67

FICA = $3634.62 X .0765 = $278.05

Deductions = $589.67 + $278.05 = $867.72

Net Pay = $3634.62 - $867.72 = $2766.90