Understanding Payroll Activity 1



Directions:

On the question and answer page, please write thoughts/answers in COMPLETE sentences. Math calculations must be shown to receive credit. Remember, you are receiving a grade for this assignment.

1. Payroll Taxes- Introduction to the process of paying in taxes through our paychecks and why.

Why do we pay taxes? We pay taxes to fund services we receive, from our governments, such as:

National Defense



Roads/Bridges



Schools



Justice System



Law Enforcement



Fire Services



Parks



Payments on our national debt



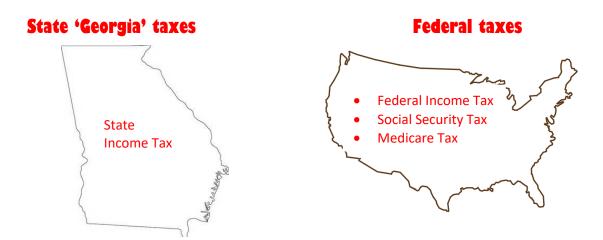
Veteran's services



Social Programs

- Medicaid
- WIC
- Food-stamps
- Housing
- Social Security
- Medicare

There are several kinds of taxes we pay through our paychecks – thus they are "payroll taxes". Two of those are:





Good news!! Fortunately, local taxes (county or city- Hall or Gainesville, Flowery Branch, Oakwood, etc.) are not ordinarily taken from your paycheck!

Look at the paycheck stub below. Each time you receive a paycheck (it doesn't matter if you get a paper check or if you receive your pay through direct deposit into your bank account) you have access to a pay record similar to this one (it could be a paper stub or available to you online). The yellow marked section reports the amount of taxes withheld from this particular paycheck.

Some Corporation 123 Somewhere Drive Durham, NC 12345			Earnings Statement Hope Marie Kingsley 8670 Rogerson Drive Durham, NC 27701		
Employee ID number Job title Social security number Department number Pay period Pay date		98856 Administrative Assistant 123-45-6789 K7890 01/06/03 - 01/17/03 01/17/03			3
Taxable Marital Statemptions/Allow Federal State		Married 2 2			4
1440	ours .00	this perio 1200.00 1200.00	d	year to date 9600.00 9600.00	5
Deductions Federal income tax State income tax Social Security tax Medicare tax		121.99 79.68 18.64 65.63		975.92 637.44 149.12 525.04	6
Health Dental Retirement*		76.58 26.56 150.00		612.64 212.48 1200.00	
Net pay		660.92	* 1	Excluded from federal taxab	le wages 7

Payroll Activity I Instructions:

Examine the paycheck stub above and answer the following questions. Key your answers in the right column of the table on the question/answer sheet. TAKE A PHOTO your answer-page and submit according to your school's WBL Coordinator's instructions.

1.	Key the name of the employee whom this paystub belongs to.	
2.	How much state income tax was withheld from this paycheck?	
3.	What is the pay period for this paycheck? This is the period of time that the pay was actually earned. This answer should have a beginning date and an ending date.	
4.	What date was this check paid?	
5 10.	Name the three types of federal income taxes & the dollar amounts that were withheld from this person's pay.	