

Vol. 2, Chapter 14 – Accounting for Payroll-Related Liabilities

Problem 1

- a. Use standard time cards, or a punch clock.
- b. Set up a separate account.
Payroll checks not claimed by an employee on a pay date should be returned to the
- c. payroll clerk.
- d. Hire a payroll clerk; take less time to complete payroll.
Have a centralized place for timecards at beginning and end of shifts for punch in and
- e. out.
They shouldn't turn in their hours to the payroll clerk but to their supervisor.

Problem 2

- a. Gross = $800 + 750 + 720 + 820$
= **\$ 3,090.00**
- b. Net = $450 + 422 + 442 + 448$
= **\$ 1,762.00**
- c. FICA = $(50 + 46 + 44 + 52) \times 2$
= **\$ 384.00**
- d. FUTA = $3,090 \times .008$
= **\$ 24.72**
- e. SUTA = $3,090 \times .048$
= **\$ 148.32**

Problem 3

- a. Total Cost = $64,000 + 4,896 + 4,896 + 364 + 56$
= **\$74,212.00**
- b. Take-home = $64,000 - 4,896 - 17,920 - 3456$
= **\$37,728.00**

It costs almost twice as much to employ him as he takes home.