

Quick Question On Payroll

Make the April 7 Journal Entries necessary to record the XYZ Company payroll.

The XYZ Company incurred \$6,500 in Office Salaries and \$7,500 in Sales Salaries during the first week of the new accounting year. Insurance costs equal to 11% of gross wages were withheld from the salaries of office workers but were paid by the Company for sales people. Social security taxes were 8%. State and federal unemployment taxes were 3.2% and .8% respectively. Federal income tax withheld equaled \$2,000. Union dues withheld equaled \$500.

DATA SUMMARY:

Office Salaries = \$6,500

Sales Salaries = \$7,500

Insurance is 11%

Withheld from office staff

Paid for sales staff

Social Security Taxes = 8%

State Unemployment Taxes = 3.2%

Federal Unemployment Taxes = .8%

Federal Income Tax Withheld = \$2,000

Union Dues Withheld = \$500

Insurance

(\$6,500) (.11) = \$715

(\$7,500) (.11) = \$825

Social Security

(\$6,500 + \$7,500) (.08) = \$1,120

Unemployment Taxes

State = (\$14,000) (.032) = \$448

Federal = (\$14,000) (.008) = \$112

DATE		ACCOUNT TITLE AND DESCRIPTION	PR	DEBIT	CREDIT
April	7	Office Salaries Expense		6,500	
		Sales Salaries Expense		7,500	
		FICA Payable			1,120
		Health Insurance Payable			715
		Employee Income Taxes Payable			2,000
		Union Dues Payable			500
		Accrued Payroll			9,665
April	7	Payroll Tax Expense		1,680	
		FICA Payable			1,120
		State Unemployment Taxes Payable			448
		Federal Unemployment Taxes Payable			112
April	7	Employee Benefit Expense		825	
		Health Insurance Payable			825
April	7	Accrued Payroll		9,665	
		Cash			9,665