

**PAYROLL EXPENSES WORKSHEET**

See the information following this worksheet to help determine if a person working for the chapter is an employee of the chapter or a subcontractor. Be sure to consult a tax professional to confirm the status of a paid worker and the proper taxes, reporting and withholdings relating thereto. Penalties by the Internal Revenue Service (IRS) are harsh for failure of an employer to properly determine, report, pay and withhold the required taxes. As well, many states have their own payroll related taxes. For budgeting purposes, below is a work table to help determine both the employer's and employee's taxes and withholdings for each employee. Subcontractors are handled differently, but it is the employer's responsibility to determine the proper status of a worker receiving compensation.

**PART 1**

**Calculate Gross Annual Salary/Wages and Bonuses:**

Agreed upon annual salary ..... \$ \_\_\_\_\_

Normal hourly wages (\$\_\_\_\_\_ per hour x \_\_\_\_\_ hours per year) ..... \_\_\_\_\_

Overtime hourly wages (\$\_\_\_\_\_ per hour x \_\_\_\_\_ hours per year) ..... \_\_\_\_\_

Total Bonuses \_\_\_\_\_

**Total Part 1 - Gross Annual Salary/Wages and Bonuses: ..... \$ \_\_\_\_\_**

**PART 2**

**Calculate Employer's Payroll-related Taxes and Employee's Salary/Wages and Bonuses Withholdings that Employer Must Reserve and Pay to the Appropriate State and Federal Agencies:**

**PART 2a - Payroll Related Expenses for Employer:**

Employer's half of FICA (7.65% of gross annual salary/wages & bonuses)  
(6.2% of gross salary social security & 1.45% medicare) ..... \$ \_\_\_\_\_

Employer's Federal Unemployment Tax  
(.8% of first \$7,000 of gross salary & bonuses per employee) ..... \$ \_\_\_\_\_

Employer's State Unemployment Tax ( \_\_\_\_\_ ) ..... \_\_\_\_\_

Employer's State Workman's Compensation Tax ( \_\_\_\_\_ ) ..... \_\_\_\_\_

Employer's Other State & Local Taxes \_\_\_\_\_ ..... \_\_\_\_\_

**Total Part 2a - Payroll Expenses of Employer ..... \$ \_\_\_\_\_**

**PART 2b - Employee's Expenses That Must be Withheld by Employer:**

Employee's half of FICA  
(7.65% of salary withheld from paychecks) ..... \$ \_\_\_\_\_

Employee's Federal Income Tax Withholding  
(withheld from paychecks, based on W-4 form) ..... \$ \_\_\_\_\_

Employee's State Income Tax Withholding  
(withheld from paychecks) ..... \$ \_\_\_\_\_

Employee's Other State/Local Taxes Withheld from Paychecks ..... \$ \_\_\_\_\_

**Total Part 2b - Employer Must Withhold From Paycheck ..... \$ \_\_\_\_\_**

**Total Parts 2a & 2b ..... \$ \_\_\_\_\_**

**Annual Overall Analysis**

**Net Annual Salary/Wages and Bonuses - Employee's "Take Home"**  
(Total Part 1 less Total Parts 2a & 2b) ..... \$ \_\_\_\_\_

**Employer's Total Annual Cost of Employee Payroll**  
(Total Part 1 plus Total Part 2a) ..... \$ \_\_\_\_\_

**EMPLOYER'S FEDERAL IRS REPORTING REQUIREMENTS:**

Quarterly:

*FICA and Income Tax Withholdings - reported on Form 941. Frequency of payments to the IRS are based upon number of employees and dollar amounts.*

*Federal Unemployment Tax - reported on Form 940. Paid quarterly with filing of Form 940.*

Annual:

*FICA and Income Withholding Annual Statement - reported on Form W-2 with copy provided to employee by January 31 st of each year.*