

BUSINESS & COMPUTER SCIENCE
Accounting I
Unit 12: Preparing Payroll Records

Essential Understandings	▪ A payroll system is used to keep an accurate record of the time each employee has worked, salary earned, and deductions such as health, dental, taxes, and SSI. ▪ A separate checking account for payroll checks is kept by some businesses to ensure protection and control of payroll procedures.
Essential Questions	▪ What is a pay period? ▪ What is a payroll? ▪ How are time cards used and calculated? ▪ What information is included on the time card? ▪ How are total earnings calculated? ▪ What is a W-4? ▪ How does one use the employee income tax withholding chart? ▪ What are payroll taxes? ▪ What is the Social Security and Medicare tax rate? ▪ What formula is used to determine the tax deduction in a payroll? ▪ What is a payroll register? ▪ What information is recorded on the payroll register? ▪ What does the payroll register summarize? ▪ How is net pay calculated? ▪ What is an employee earnings record? ▪ Why do companies complete employee earnings records? ▪ How is a payroll check prepared? ▪ What is the source of the information recorded on each payroll stub?
Essential Knowledge	▪ The period covered by a salary payment is known as a pay period. ▪ The total amount earned by all employees for a pay period is called the payroll. ▪ Time cards are used by a business to record the employer's arrival and departure from work. This information is calculated to record the total hours worked for the day or week. ▪ The information on the time card includes: the employee number, name, pay period, overtime, regular hours worked, and total earnings. ▪ Regular hours x rate = total earnings. ▪ Rate x 1.5 = overtime rate. ▪ Overtime hours x overtime rate = overtime earnings. ▪ A W-4 form is used to determine the amount of income tax withheld.

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Essential Knowledge	▪ The steps to determine an employee's income tax withholding are: ○ Find the appropriate employee income tax withholding tax/table (married/single). ○ Locate the employee's total earnings between the appropriate lines of the "at least by" and "less than" columns. ○ Follow the selected wages line across to the column headed by the employee's number of withholding allowances. The amount of withholding allowances column is the employee's amount of income tax withholding. ▪ Businesses are required by law to withhold certain taxes based on the salary of the employee (i.e., income tax, Social Security tax, and Medicare tax). ▪ $\text{Total earnings} \times 6.2\% = \text{Social Security tax.}$ ▪ $\text{Total earnings} \times 1.45\% = \text{Medicare tax.}$ ▪ A payroll register is a business form used to record payroll information of the business. ▪ The register summarizes the payroll for a pay period and shows total earnings, payroll withholdings and net pay of all employees. ▪ The information recorded in the register includes: employee number, name, earnings (regular, overtime, total), deductions (employee income tax, Social Security tax, Medicare tax, Health, total deduction), and net pay. ▪ Net pay is calculated by subtracting total deductions from total earnings. ▪ An employee's earnings record summarizes on one line the employee's earnings record for a pay period. ▪ An employee's earning record is used by the business when completing the quarterly reports that are sent to federal and state governments showing employee taxable earnings and taxes withheld from earnings. ▪ The steps to prepare a payroll check are: ○ Complete the stub first. Enter the information from the payroll register. ○ Prepare the employee's payroll check for the net amount of the pay period.
Vocabulary	▪ <u>Terms:</u> ○ salary, pay period, payroll, total earnings, payroll taxes, withholding allowances, Social Security tax, Medicare tax, tax base, payroll register, net pay, employee earnings record

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Essential Skills	▪ Define important accounting terms and practices relating to payroll records. ▪ Use correct procedures to complete a time card. ▪ Use correct formulas/math functions to complete the payroll register. ▪ Explain the function of the employee earning record. ▪ Complete payroll checks. ▪ Determine payroll tax withholding. ▪ Prepare a payroll register. ▪ Rule the payroll register. ▪ Prepare an employee earnings record. ▪ Write payroll checks. ▪ Calculate payroll taxes.
Related Maine Learning Results	<u>Career and Education Development</u> B. Learning About and Exploring Education, Career, and Life Roles B1.Relationships Among Learning, Work, the Community, and the Global Economy Students evaluate strategies for improving educational achievement, increasing participation as an involved citizen, and increasing work options and earning potential in a 21st century global economy. B2.Skills for Individual/Personal Success in the 21st Century Students evaluate strategies to improve skills that lead to lifelong learning and success in the classroom, and the achievement of schoolwork, work and career, and personal life goals. a. Literacy skills b. Numeracy c. Critical thinking skills d. Information and communication technology (ICT) literacy e. Interpersonal skills f. Other academic skills and knowledge B3.Education and Career Information Students use previously acquired knowledge and skills to evaluate and utilize a variety of resources to articulate a plan and make decisions for post-secondary education, training, and career choices.

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Related Maine Learning Results	<u>Mathematics</u> B. Data Data Analysis B2.Students understand correlation and cause and effect. - Recognize when correlation has been confused with cause and effect. - Create and interpret scatter plots and estimate correlation and lines of best fit. - Recognize positive and negative correlations based on data from a table or scatter plot. - Estimate the strength of correlation based upon a scatter plot. B3.Students understand and know how to describe distributions and find and use descriptive statistics for a set of data. - Find and apply range, quartiles, mean absolute deviation, and standard deviation (using technology) of a set of data. - Interpret, give examples of, and describe key differences among different types of distributions: uniform, normal, and skewed. - For the sample mean of normal distributions, use the standard deviation for a group of observations to establish 90%, 95%, or 99% confidence intervals. B4.Students understand the purpose of random sampling is to reduce bias when creating a representative sample for a set of data. - Describe and account for the difference between sample statistics and statistics describing the distribution of the entire population. - Recognize that sample statistics produce estimates for the distribution of an entire population and recognize that larger sample sizes will produce more reliable estimates. - Apply methods of creating random samples and recognize possible sources of bias in samples. D. Algebra Symbols and Expressions D1.Students understand and use polynomials and expressions with rational exponents. - Simplify expressions including those with rational exponents. - Add, subtract, and multiply polynomials. - Factor the common term out of polynomial expressions. - Divide polynomials by $(ax + b)$.
Sample Lessons	▪ Complete a payroll register

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And Activities	
Sample Classroom Assessment Methods	▪ Tests ▪ Quiz ▪ Assignments ▪ Class Work
Sample Resources	▪ <u>Publications:</u> ○ <u>Century 21 Accounting</u> – Southwest Cengage Learning