

Tax Administration Workshop

Paycheck & FICA Deficiency Calculation Exercises

How to calculate a Paycheck?

- Using the withholding tables, payroll calendars, and Bulletin 1454 (w/ attachments), you will be calculating a paycheck and FICA tax deficiency. Use the schedules that apply to your company.



Paycheck Exercise

- **Federal Income Tax Withholding – Percentage Method**
 - The percentage method is generally used by employers with automated payroll systems or by service providers that handle payroll for many employers. Although this method involves more complicated calculations, it is more flexible than the wage-bracket method because it can be applied to payroll periods such as quarterly, semiannual, and annual, and to wage amounts that exceed those in the wage-bracket tables. The percentage method table are also found in Publication 15 –Circular E, Employer’s Tax Guide.

How to Calculate Federal Income Taxes

Gross Pay

Less: [Allowable Pre-tax Deductions \(refer to Bulletin 1454\)](#)

Federal Taxable Gross (NYS or CNY)
x 26 PPs

Less: [Percentage Method Annual Amount per W/H Allowance \(Pub. 15\)](#)

Annualized Taxable Gross

Minimum FITW – Percentage Method (Single or Married; Pub. 15)

Add: [\(Annualized TG - Lower Limit\) * Additional W/ % on Excess over Lower Limit](#)

Annualized Federal Tax
/ 26 PPs

Federal Income Tax

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Paycheck Exercise (NYS)

- Assume the following facts:

- EE is a Grade 18 Senior Auditor
- Lives and Works in Albany
- Tier 4 Member (3%)
- Withholding Status: Married
- Federal W/H Allowances: 2
- State W/H Allowances: 1



- Using the following Earnings and Deduction Information:

- RGS: \$2,625.18 DRP: \$52.93
- Pre-tax Health Insurance: \$62.50
- Healthcare Spending Acct: \$20.00
- Deferred Comp: \$251.53 ERS Retirement: \$80.34
- PEF Union Dues: \$23.36 OGS Parking: \$16.75

- Calculate the following:

- Federal Taxes
- NYS Taxes
- NYC Taxes
- SS/Medicare Taxes
- Net Pay



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Paycheck Exercise (CNY)

- Assume the following facts:
 - EE is a Grade 600 IT Manager
 - Lives in NYC and Works in Hauppauge
 - Withholding Status: Married
 - Federal W/H Allowances: 2
 - State W/H Allowances: 1
 - NYC W/H Allowances: 1
- Using the following Earnings and Deduction Information:
 - RGS: \$4,350.00
 - Pre-tax Health Insurance: \$62.50
 - Healthcare Spending Acct: \$20.00
 - 403(b) Contribution (8%): \$321.40
 - Pre-tax Transit: \$250.00
- Calculate the following:
 - Federal Taxes
 - NYS Taxes
 - NYC Taxes
 - SS/Medicare Taxes
 - Net Pay



"Denim doesn't seem very businesslike, so on Casual Fridays I wear sticky notes!"



Paycheck Calculation (NYS EE)

EE is a Grade 18 Senior Auditor
Lives and Works in Albany
Tier 4 Member (3%)
Withholding Status: Married
Federal W/H Allowances: 2
State W/H Allowances: 1

RGS	2,625.18
DRP	52.93
Pre-tax Health Insurance	62.50
Health Care Spending Acct.	20.00
Deferred Compensation (10%)	??
ERS Retirement (3%)	??
PEF Union Dues	23.36
OGS Parking	16.75
Life Ins. PEF	24.58

Calculate:

Deferred Compensation
ERS Retirement Deduction
Federal Taxes
NYS Taxes
NYC Taxes
SS/Medicare Taxes
Net Pay

Paycheck Calculation (CNY EE)

EE is a Grade 600 IT Manager
Lives in NYC and Works in Hauppauge
Withholding Status: Married
Federal W/H Allowances: 2
State W/H Allowances: 1
NYC W/H Allowances: 1

RGS	4,350.00
Pre-tax Health Insurance	62.50
Health Care Spending Acct.	20.00
403(b) Contribution (8%)	??
Deferred Compensation (5%)	??
Pre-tax Transit	250.00

Calculate:

Deferred Compensation
403(b) Contribution
Federal Taxes
NYS Taxes
NYC Taxes
SS/Medicare Taxes
Net Pay

Answers

Answers

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SS/Medicare Deficiency Exercise

- Assume the following facts:
 - Agency contacted OSC on 9/1/16 informing us of an employee whose FICA status was set as Exempt when it should have been Subject.



- Grad Asst. (FICA Exempt) termed 5/20/15
- Instructor – hired 8/24/15
- FICA status corrected so that taxes are withheld as of 9/23/16 paycheck.
- Deficiency analysis covers paychecks 9/23/15 – 8/24/16

	<u>9/23/15-12/30/15</u>	<u>1/13/16-8/24/16</u>
RGS	14,318.96	45,691.25
RRS	125.00	240.00
SDL	0.00	500.00
Health Insurance	875.00	2,150.00
Flex Spending	225.00	425.00
Pre-tax Transit	450.00	850.00
403(b) Contribution	1,000.00	2,500.00

- Calculate the SS/Medicare Taxable Gross.
- Calculate the SS/Medicare tax deficiency.



Employee (N012345678)
SS/Medicare Tax Deficiency
Admin Lag EE

History: Agency contacted OSC on 9/1/16 informing us of an employee whose FICA status was set as FICA exempt when they should have been FICA subject. EE was formerly a Grad Assistant with a last day worked of 5/20/15. EE began employment 8/24/15 as an Instructor. Job record was set up on 8/25/15. Agency corrected FICA status in PayServ so that EE is now subject to SS/Medicare taxes as of 9/7/16 dated paycheck. Deficiency analysis will cover paychecks dated from 9/9/15 - 8/24/16. The Deficiency for 2016 will be recovered first, in the current year, so that the W-2 is correct. After this is complete, the 2015 deficiency will begin recovery with a corrected W-2 issued.

	<u>9/9/15-12/30/15</u>	<u>1/13/16-8/24/16</u>
RGS	14,318.96	45,691.25
RRS	125.00	240.00
SDL	0.00	500.00
NBO	279.56	589.55
ANB	65.00	0.00
Health Insurance	875.00	2,150.00
Flex Spending	225.00	425.00
Pre-tax Transit	450.00	850.00
403(b) Contribution	1,000.00	2,500.00

Calculate the SS/Medicare Taxable Gross for NYS or CNY, whichever is applicable to you.
Calculate the SS/Medicare tax deficiency.