Journalizing Payroll

At the end of the pay period, businesses need to journalize the information in the payroll register. First, total all the columns...

		S	ces		Earnings				Dedu	ctions				
Empl. #	Employee Name	Marital Status	No. of Allowances	Regular	Overtime	Total	Federal Income Tax	Soc. Sec. Tax	Medicare Tax	Health Insurance	Other	Total	Net Pay	Check No.
2	Aranda, Susan A.	М	2	968.00		968.00	38.00	60.02	14.04	55.00		167.06	80.94	482
5	Drew, Paul S.	S	1	550.00		550.00	32.00	34.10	7.98	38.00		112.08	437.92	483
1	Kellogg, Janice P.	М	1	1760.00	150.00	1910.00	187.00	118.42	27.70	58.00		391.12	1518.88	484
	TOTALS			3278.00	150.00	3428.00	257.00	212.54	49.72	151.00		670.26	2037.74	

Then record the total amounts in the cash payments journal. The transaction description would look like this:

April 15 Paid cash for monthly payroll, \$2,037.74 (total salary expense, \$3,278.00, less deductions: employee income tax, \$257.00, social security tax, \$212.54, Medicare tax, \$49.72, health insurance premiums, \$151.00). Check 1354. (hint: this uses 5 lines in the cash payments journal)

CASH PAYMENTS JOURNAL PAGE 1

2019 Date			Ck.	Post	Gen	eral	Accounts	Purchases	Cash	
		Account Title	No.	Ref.	Debit	Credit	Payable DR	Discount CR	CR	
April	15	Salary Expense	1354		3 2 7 8 00				2 0 3 7 74	
		Employee Income Tax Payable				25700				
		Social Security Tax Payable				2 1 2 54				
		Medicare, Tax Payable				4 9 72				
		Health Insurance Premiums Payable				1 5 1 00				

Note: On special journals you do NOT indent when using multiple lines since debits and credits can appear on the same line.

PROBLEM (from Payroll Accounting Competition)

Job 1: Journalize Payroll Transactions in Cash Payments Journal

Journalize the following payroll transactions in the Cash Payments Journal provided.

May 15. Paid cash for two-week payroll, \$7,517.76 (total payroll \$9,453.24), less deductions for employee income tax, \$526.00; social security tax \$586.10; Medicare tax, \$138.38; health insurance premiums, \$485.00; U.S. Savings Bonds, \$200.00. Check No. 625. (note the "U.S. Savings Bonds" is handled the same way as the other deductions: add the word "Payable" at the end)

CASH PAYMENTS JOURNAL PAGE 1

		Ck. P			Post General						Accounts				s	Purchases							
Date	Account Title	No.	Ref.		Del	bit			Cre	dit		Pa	yab	le [)R			unt			Ca: CI		

If a business does not use a cash payments journal, they will record this transaction in the general journal. You'll use the same debits and credits, but remember to list the debit first (salary expense) and then the credits (cash and payables). Indent credits in the general journal!

Job 2: Journalize Payroll Transactions in General Journal

Journalize the following payroll transactions in the $\underline{\textbf{General Journal}}$ provided.

May 15. Paid cash for two-week payroll, \$7,517.76 (total payroll \$9,453.24), less deductions for employee income tax, \$526.00; social security tax \$586.10; Medicare tax, \$138.38; health insurance premiums, \$485.00; U.S. Savings Bonds, \$200.00. Check No. 625.

GENERAL JOURNAL PAGE 1

Date	Account Title	Doc. No.	Post. Ref.	Del	it	Credit				