

# 8

## Employee Earnings and Deductions

### DEMONSTRATION PROBLEM

Kelsey Company's payroll register reveals the following information concerning its two employees for the month ended July 31 of this year:

<b>D. C. Garcia</b>		<b>T. C. Bennett</b>	
Total earnings	\$2,000.00	Total earnings	\$1,800.00
Federal income tax withheld	400.00	Federal income tax withheld	360.00
Social Security tax withheld	124.00	Social Security tax withheld	111.60
Medicare tax withheld	29.00	Medicare tax withheld	26.10
Medical insurance withheld	129.00	Medical insurance withheld	125.00
Net amount (Ck. No. 6701)	1,318.00	Net amount (Ck. No. 6702)	1,177.30

The employees are paid by checks issued on the firm's regular bank account.

### Instructions

Prepare the entry to record and pay the payroll in a general journal.

### SOLUTION

		GENERAL JOURNAL		PAGE _____	
	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT
1	20—				
2	July 31	Salary Expense		3,800.00	
3		Employees' Federal Income Tax Payable			760.00
4		FICA Tax Payable			290.70
5		Employees' Medical Insurance Payable			254.00
6		Cash			2,495.30
7		Paid salaries for the month			
8		(D. C. Garcia, \$1,318, Ck. No.			
9		6701; T. C. Bennett, \$1,177.30,			
10		Ck. No. 6702).			
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