

## 1. SANCHEZ COMPUTER CENTER

During the month of November the following transactions occurred.

- a. Record the following transactions in the general journal and post them to the general ledger.
- b. Prepare a trial balance as of November 30, 201X.

Assume the following transactions:

Nov. 1 Billed Vita Needle Company \$6,800, invoice no. 12675, for services rendered.

Nov. 3 Billed Accu Pac, Inc., \$3,900, invoice no. 12676, for services rendered.

Nov. 5 Purchased new shop benches for \$1,400 on account from System Design Furniture.

Nov. 9 Received the phone bill, \$150.

Nov. 12 Collected \$500 of the amount due from Taylor Golf.

Nov. 18 Collected \$800 of the amount due from Taylor Golf.

Nov. 20 Purchased a fax machine for the office from Multi Systems, Inc., on credit, \$450.00.

In preparing for next year, on December 1 Tony Freedman hired two hourly employees to assist with some troubleshooting and repair work.

- a. Prepare a payroll register for the three pay periods.
- b. Record the following transactions in the general journal and post them to the general ledger.

Assume the following transactions:

Dec. 7 Paid employee wages: Lance Kumm, 38 hours, and Anthony Hall, 42 hours.

Dec. 14 Paid employee wages: Lance Kumm, 25 hours, and Anthony Hall, 36 hours.

Dec. 21 Paid employee wages: Lance Kumm, 26 hours, and Anthony Hall, 35 hours.

And, assume the following:

a. The following accounts have been added to the chart of accounts: Wages Payable #2010, FICA OASDI Payable #2020, FICA Medicare Payable #2030, FIT Payable #2040, State Income Tax Payable #2050, FUTA Tax Payable 2060, SUTA Tax Payable #2070, 2010 Wages Expense #5110, and Payroll Tax Expense #5120.

b. Assume FICA OASDI is taxed at 6.2% up to \$106,800 in earnings and Medicare is taxed at 1.45% on all earnings.

c. State income tax is 2% of gross pay.

d. None of the employees has federal income tax taken out of his or her pay.

e. Each employee earns \$10 an hour and is paid 1½ times salary for hours worked in excess of 40 weekly.

As December ends, Tony Freedman wants to take care of his payroll obligations. He will complete Form 941 for the fourth quarter of the current year and Form 940 for federal unemployment taxes. Tony will make the necessary deposits and payments associated with his payroll.

#### Tasks

a. Using the information in the problem, record the December payrolls and the payment of the payrolls in the general journal and post them to the general ledger.

b. Using the information in this problem, record the payroll tax expense for the fourth quarter in the general journal. Use December 31 as the date of the journal entry to record the payroll tax expense for the entire quarter. Post the entry to the general journal.

c. Record the payment of each tax liability in the general journal and post each entry to the general ledger. Sanchez Computer Center is classified as a quarterly depositor. The company wishes to pay all payroll taxes on December 31 even if no deposits are required.

d. Prepare Form 941 for the fourth quarter. Sanchez Computer Center's employer identification number is 35-4132588.

e. Complete Form 940 for Sanchez Computer Center. The FUTA tax ceiling is \$7,000, and the SUTA tax ceiling is \$7,000 in cumulative wages for each employee. The Sanchez Computer Center's FUTA rate is 0.8% and the SUTA rate is 2.7%. The state reporting number is 025-025-2.

Hint: Sometimes the amount of Social Security taxes paid by the employee for the quarter will not equal the employee's tax liability because of rounding. Any overage or difference should be reported on line 7a of Form 941.

2. You gathered the following data from time cards and individual employee earnings records. Your tasks are as follows:

a. On December 5, 201X, prepare a payroll register for this biweekly payroll.

b. Calculate the employer taxes of FICA OASDI, FICA Medicare, FUTA, and SUTA.

	Allowance and	Cumulative Earnings	Biweekly		
Employee	Marital Status	Before This Payroll	Salary	Check No.	Department
Alvin, John	S-3	\$37,400	\$1,510	30	Production
Gale, Nicki	S-1	47,500	2,040	31	Office
Malone, Jeff	S-2	64,800	2,080	32	Production
Seaver, Paul	S-1	4,600	810	33	Office

Assume the following:

- a. FICA OASDI is 6.2% on \$106,800; FICA Medicare is 1.45% on all earnings.
- b. Federal income tax is calculated from Figure 24.
- c. State income tax is 3% of gross pay.
- d. Union dues are \$18 biweekly.
- e. The SUTA rate is 5.4%, and the FUTA rate is 0.8% on earnings below \$7,000.
- f. The proper Wage Bracket Table to use is Figure 7.2 on page 265 of your textbook.

3. The bookkeeper of Coast Co. gathered the following data from individual employee earnings records and daily time cards. Your task is to complete a payroll register on November 17.

Employee	Allowance and Marital Status	Cumulative Earning before This Payroll	Daily Time					Hourly Rate of Pay	FIT
			M	T	W	T	F		
Ryan, Pam	M-1	\$6,400	9	10	6	5	5	\$17	\$39
Babu, Don	S-0	17,500	8	7	12	11	3	13	66
Dean, Ria	M-3	107,150	9	8	11	6	9	16	36
Gray, Jane	S-1	21,000	8	10	6	9	7	20	99

Given the above, assume the following:

- a. FICA OASDI is 6.2% on \$106,800; FICA Medicare is 1.45% on all earnings.
- b. Federal income tax has been calculated from a weekly table for you.
- c. Each employee contributes \$28 weekly for health insurance.
- d. Overtime is paid at a rate of time and a half over 40 hours.
- e. Ryan and Dean work in the office; the other employees work in sales.

4. At the end of the first quarter of 201X, you are asked to determine the FUTA tax liability for Ali Company. The FUTA tax rate is 0.8% on the first \$7,000 each employee earns during the year

(assuming 13 weeks for the first quarter and each employee earned the same gross weekly pay for all 13 weeks).

Employee	Gross Pay Per Week
T. Bork	\$650
G. Jill	770
L. Steven	590
Q. Watson	420