

COMPREHENSIVE IN CLASS NET PAY CALCULATION

COMPREHENSIVE NET PAY CALCULATION 20% IN THE FINAL

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Problem: 120 marks

Draper Company, Ontario has the following workers data on cc code 2 for the yearly payroll ending March 31:

Employee	Weekly Hours Worked	Annual pay
A	48	26000
B	45	24000
C	42	23000
D	41	22000
E	40	20000

Calculate the following and write the payroll reporting journal entries if the workers are paid

- 1. Weekly**
- 2. Bi-weekly**
- 3. Semi - monthly**
- 4. monthly**

(Show ALL in a separate tables)

1. Gross pay of each worker
2. CPP deduction
3. EI deduction
4. Provincial income tax
5. Federal income tax
6. Total income tax
7. Total deduction
8. CPP benefit expense to employer
9. EI benefit expense to employer
10. Total payroll liability payable by the employer
11. PASS ALL PAYROLL REPORTING JOURNAL ENTRIES

1) Gross pay of each worker is summarised in the table below.

Employee	Annual pay	Weekly Pay	Bi-weekly Pay	Semi-monthly Pay	Monthly Pay
A	26000	500.00	1000.00	1083.33	2166.67
B	24000	461.54	923.08	1000.00	2000.00
C	23000	442.31	884.62	958.33	1916.67
D	22000	423.08	846.15	916.67	1833.33
E	20000	384.62	769.23	833.33	1666.67

Calculations:

- Weekly pay = Annual Pay/52
- Bi-weekly pay = Annual Pay/26
- Semi-monthly pay = Annual Pay/24
- Monthly pay = Annual pay/12

2) Since there are no benefits, hence the pensionable pay is also the same as the gross pay. The CPP contribution of employee is summarised in the table below.

Employee	Annual pay	Weekly CPP	Bi-Weekly CPP	Semi-monthly CPP	Monthly CPP
A	26000	22.72	48.97	53.34	110.22
B	24000	20.70	44.93	48.97	101.47
C	23000	19.69	42.91	46.78	97.09
D	22000	18.68	40.89	44.59	92.72
E	20000	16.66	36.85	40.22	83.97

Calculations:

- Weekly CPP = (Weekly pay - \$67.31)*5.45%
- Bi-Weekly CPP = (Bi-weekly pay - \$134.62)*5.45%
- Semi-monthly CPP = (Semi-monthly pay - \$145.83)*5.45%
- Monthly CPP = (Monthly CPP - \$291.67)*5.45%

3) In the given scenario, the gross earnings are the same as insurable earnings. The EI contribution of employee is summarised in the table below.

Employee	Annual pay	Weekly EI	Bi-Weekly EI	Semi-monthly EI	Monthly EI
A	26000	7.90	15.80	17.12	34.23
B	24000	7.29	14.58	15.80	31.60
C	23000	6.99	13.98	15.14	30.28
D	22000	6.68	13.37	14.48	28.97
E	20000	6.08	12.15	13.17	26.33

Calculations:

- Weekly EI = Weekly pay * 1.58%
- Bi-Weekly EI = Bi-weekly pay * 1.58%
- Semi-monthly EI = Semi-monthly pay * 1.58%
- Monthly EI = Monthly CPP * 1.58%

4) The provincial tax to be deducted for each worker has been summarised in the table shown below.

Employee	Annual pay	Weekly Provincial Tax	Bi-Weekly Provincial Tax	Semi-monthly Provincial Tax	Monthly Provincial Tax
A	26000	25.25	50.50	54.71	109.42
B	24000	23.31	46.62	50.50	101.00
C	23000	22.34	44.67	48.40	96.79
D	22000	21.37	42.73	46.29	92.58
E	20000	19.42	38.85	42.08	84.17

Calculations:

- Weekly Provincial Tax = Weekly Pay * 5.05%
- Bi-weekly Provincial Tax = Bi-Weekly Pay * 5.05%
- Semi-monthly Provincial Tax = Semi-monthly Pay * 5.05%
- Monthly Provincial Tax = Monthly Pay * 5.05%

5) The federal tax to be deducted for each worker has been summarised in the table shown below.

Employee	Annual pay	Weekly Federal Tax	Bi-Weekly Federal Tax	Semi-monthly Federal Tax	Monthly Federal Tax
A	26000	75.00	150.00	162.50	325.00
B	24000	69.23	138.46	150.00	300.00
C	23000	66.35	132.69	143.75	287.50
D	22000	63.46	126.92	137.50	275.00
E	20000	57.69	115.38	125.00	250.00

Calculations:

- Weekly Federal Tax = Weekly Pay * 15%
- Bi-weekly Federal Tax = Bi-Weekly Pay * 15%
- Semi-monthly Federal Tax = Semi-monthly Pay * 15%
- Monthly Federal Tax = Monthly Pay * 15%

6) The total income tax deducted for each worker has been summarised in the table shown below.

Employee	Annual pay	Weekly Total Tax	Bi-Weekly Total Tax	Semi-monthly Total Tax	Monthly Total Tax
A	26000	100.25	200.50	217.21	434.42
B	24000	92.54	185.08	200.50	401.00
C	23000	88.68	177.37	192.15	384.29
D	22000	84.83	169.65	183.79	367.58
E	20000	77.12	154.23	167.08	334.17

Calculations:

- Weekly total tax = Weekly provincial tax + Weekly federal tax
- Bi-weekly total tax = Bi-weekly provincial tax + Bi-weekly federal tax
- Semi-monthly total tax = Semi-monthly provincial tax + Semi-monthly federal tax

- Monthly total tax = Monthly provincial tax + Monthly federal tax

7) The total deduction for each worker has been summarised in the table shown below.

Employee	Annual pay	Weekly Total Deduction	Bi-Weekly Total Deduction	Semi-monthly Total Deduction	Monthly Total Deduction
A	26000	130.87	265.27	287.67	578.87
B	24000	120.53	244.59	265.27	534.07
C	23000	115.36	234.25	254.07	511.67
D	22000	110.19	223.91	242.87	489.27
E	20000	99.85	203.24	220.47	444.47

Calculations:

- Total deduction = CPP contribution by employee + EI contribution by employee + Provincial tax + Federal tax

8) The CPP contribution of employer is the same as the CPP contribution of employee. The CPP contribution of employer is summarised in the table below.

Employee	Annual pay	Weekly CPP	Bi-Weekly CPP	Semi-monthly CPP	Monthly CPP
A	26000	22.72	48.97	53.34	110.22
B	24000	20.70	44.93	48.97	101.47
C	23000	19.69	42.91	46.78	97.09
D	22000	18.68	40.89	44.59	92.72
E	20000	16.66	36.85	40.22	83.97

9) The EI contribution of employer is summarised in the table below.

Employee	Annual pay	Weekly EI	Bi-Weekly EI	Semi-monthly EI	Monthly EI
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A	26000	11.06	22.12	23.96	47.93
B	24000	10.21	20.42	22.12	44.24
C	23000	9.78	19.57	21.20	42.40
D	22000	9.36	18.72	20.28	40.55
E	20000	8.51	17.02	18.43	36.87

Calculation:

- EI contribution by employer = 1.4 times the EI contribution by employee for the corresponding period

10) The payroll liability for the employer with regards to each employee is summarised in the table below.

Employee	Annual pay	Weekly Total Liability	Bi-Weekly Total liability	Semi-monthly Total liability	Monthly Total Liability
A	26000	634.03	1271.59	1377.85	2759.23
B	24000	584.98	1173.50	1271.59	2546.71
C	23000	560.46	1124.46	1218.46	2440.45
D	22000	535.94	1075.41	1165.33	2334.19
E	20000	486.90	977.33	1059.07	2121.67

Calculation:

- Total liability of the employer = Total salary payable + Total tax deducted + CPP contribution by the employer + EI contribution by the employer

11) The payroll journal entries are as follows.

Wages expense Dr

EI payable Cr

CPP payable Cr

Wages payable Cr

Income tax payable Cr

For each period and each employee, the above format would remain the same and the figures computed would be used.