**COMPREHENSIVE IN CLASS NET PAY CALCULATION**

**COMPREHENSIVE NET PAY CALCULATION 20% IN THE FINAL**

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 tac
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** |
| 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.