

## *Workplace Readiness Skills for the Commonwealth*

# Calculating Payroll Deductions

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**Objective:** Demonstrate use of payroll forms, deductions, and the method used to calculate gross pay and net pay.

### **Materials**

1. Copy for each student of "Payroll Definitions" may be accessed at
  - [http://www.cteresource.org/attachments/atb/aai/payroll\\_definitions.pdf](http://www.cteresource.org/attachments/atb/aai/payroll_definitions.pdf) (PDF) or
  - [http://www.cteresource.org/attachments/atb/aai/payroll\\_definitions.doc](http://www.cteresource.org/attachments/atb/aai/payroll_definitions.doc) (Word)
2. Copy for each student of Employment Forms (W-4, VA-4, I-9) may be found on the Web.
3. Worksheet for each student, "Bi-Weekly Payroll for Hourly Employees," may be accessed at
  - [http://www.cteresource.org/attachments/atb/aai/bi\\_weekly.pdf](http://www.cteresource.org/attachments/atb/aai/bi_weekly.pdf) (PDF) or
  - [http://www.cteresource.org/attachments/atb/aai/bi\\_weekly.doc](http://www.cteresource.org/attachments/atb/aai/bi_weekly.doc) (Word)
4. Copy for each student of Federal and State Tax Tables (to be used in calculating payroll) may be found on the Web.
5. "Calculating Bi-Weekly Payroll for Hourly Employees---Answer Sheet" for may be accessed at
  - <http://www.cteresource.org/attachments/atb/aai/calculating.pdf> (PDF) or
  - <http://www.cteresource.org/attachments/atb/aai/calculating.doc> (Word)

### **Notes to the Teacher**

1. Discuss the types of payroll forms workers are required to complete and definitions for payroll deductions. Emphasize the difference between gross pay and net pay. Teachers may consider inviting a person who works in a Payroll Department to discuss payroll forms, definitions, and procedures.
2. Have students complete the following payroll forms that must be completed before an employee starts work. Obtain and make copies of forms for the current year. Discuss the purpose of each form.
  - Form W-4: Employee's Withholding Allowance Certificate (Federal)
  - Form VA-4: Employee's Virginia Income Tax Withholding Exemption Certificate (State)
  - Form I-9: Proof of U.S. Citizenship (U.S. Department of Justice)
3. Have students calculate the bi-weekly payroll for hourly, part-time employees using the worksheet "Calculating Bi-Weekly Payroll for Hourly Employees." Obtain and make copies of federal and state Income Tax Withholding Tables, and give copies to each student for this activity. If students have access to computers, this activity could be set up using spreadsheet software. If spreadsheet software is used, formulas should be provided to perform calculations.