

## Finance: Calculating Payroll Deductions

### 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 entered to perform calculations.