

# Info Sheet

## Payroll Taxes

Theme 4: What Is Taxed and Why  
Lesson 3: Income Tax Facts

Under the “pay-as-you-earn” tax system, employers withhold taxes from employees’ paychecks throughout the year and send the money to the IRS, as well as to any state or city tax agencies. Here are some examples of paycheck stubs that show how different taxes are withheld. The employees work in different states. Note that pay stubs also can show employees’ contributions for insurance and savings programs.

EXAMPLE 1					
EARNINGS	HOURS	AMOUNT	DEDUCTION	CURRENT	YEAR TO DATE
Regular	70.00	846.16	FICA Tax	69.06	494.17
Overtime	14.75	267.57	Medicare Tax	16.15	115.58
Total	84.75	1,113.73	Federal Tax	116.17	880.89
			NY State Tax	52.40	347.68
			NY City Tax	27.05	183.34
			Disability	1.20	9.60
			LTD	1.00	
Year to Date Gross		\$7,970.53	Total	\$283.03	
			Net Pay	\$830.70	

EXAMPLE 2						
EARNINGS	HOURS	AMOUNT	YTD	DEDUCTION	AMOUNT	YTD
Regular	40.00	554.00	7,645.20	Federal W/H	72.95	1,054.81
Overtime	6.00	124.65	415.50	FICA	42.08	545.80
Holiday	.00	.00	271.60	MEDICARE	9.84	127.65
Sick Pay	.00	.00	110.80	E.I.C.	.00	3.05
Bonus	.00	.00	249.32	WI State W/H	42.34	505.83
Vacation Pay	.00	.00	110.80	Health Insurance	60.00	480.00
				Credit Union	100.00	1,500.00
GROSS EARNINGS		\$678.65	\$8,803.22	TOTAL DEDUCT	327.21	4,217.14
NET EARNINGS		\$351.44		ALLOCATED TIPS	.00	128.53

<b>EXAMPLE 3</b>						
<b>EARNINGS</b>	<b>HRS/UNIT</b>	<b>CURRENT AMOUNT</b>	<b>YEAR TO DATE</b>	<b>DEDUCTION</b>	<b>CURRENT AMOUNT</b>	<b>YEAR TO DATE</b>
<b>SALARY</b>	75.00	1,007.31	23,961.12	<b>FICA</b>	62.45	1,576.94
<b>OVERTIME 1</b>		0.00	0.00	<b>FEDERAL W/H</b>	154.16	3,823.59
<b>OVERTIME 2</b>		0.00	0.00	<b>INDIANA</b>	34.25	864.89
<b>MISC. #3</b>		0.00	1475.00	<b>MONROE CO.</b>	10.07	242.35
				<b>MEDICARE</b>	14.61	368.83
26,190.00 <b>PAY RATE</b>	1,007.31 <b>CURRENT EARNINGS</b>	275.54 <b>CURRENT DEDUCTIONS</b>	731.77 <b>NET PAY</b>	25,436.12 <b>YTD EARNINGS</b>	6,876.60 <b>YTD DEDUCTIONS</b>	18,559.52 <b>YTD DEDUCTIONS</b>