

# HOW TO CALCULATE PAY CHECK TAXES

## Federal Withholding Tax:

Federal income tax is calculated on the applicable gross pay. The applicable gross is arrived at by taking the gross pay and reducing it by the deductions that are considered to be pre-tax and by adding to the gross pay benefits that are considered to be taxable. See table, Tax Calculations Deductions and Benefits.

Once the applicable gross is arrived at, the amount of tax to be withheld depends on the W-4 and the applicable gross amount. See current Tax Table. <http://www.irs.ustreas.gov/formspubs/index.html>

Example:

	\$936.80	Gross Pay
less	(86.53)	Supplemental Health Family
less	(16.60)	UA Health Dependent Charges
less	(25.00)	Tax Deferred Annuity
less	(50.00)	Reimbursable Account Dependent Care (Flexible Spending Account)
less	(100.00)	Parking UAA
less	(63.23)	PERS
plus	205.80	UA FIP Taxable Health Benefit
	<u>\$801.24</u>	Federal Withholding Applicable Gross

Employee has declared self Married with one withholding allowance on W-4.

	\$801.24	Federal Withholding Applicable Gross
less	<u>(130.77)</u>	Total w/h allowance amount (\$130.77 x1) Line 5 on W-4
	\$670.47	
less	<u>(308.00)</u>	From Married Tax Table (Over- \$308 But not over- \$898)
	\$362.47	
multiplied by	<u>10%</u>	From Married Tax Table (of excess over- \$308)
	\$36.25	Amount of Federal withholding tax to be deducted from pay check

**\*\*Tax Table updated at least yearly\*\***

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## FICA Medicare:

**Note:** Employees who have been employed by the University without break since 03/31/86 are not required to pay FICA Medicare. Full-Time students who are student employees, (Employee class (ECLS) GN or SN), are exempt from FICA Medicare tax. Certain visa holders may not have to contribute to FICA. The PPAINTL form will show visa type.

FICA Medicare tax is calculated on the applicable gross pay. The applicable gross is arrived at by taking the gross pay and reducing it by the deductions that are considered to be pre-tax and by adding to the gross pay benefits that are considered to be taxable. See table, Tax Calculations Deductions and Benefits.

The FICA Medicare tax rate is 1.45% of the applicable gross.

Example:

	\$936.80	Gross Pay
less	(86.53)	Supplemental Health Family
less	(16.60)	UA Health Dependent Charges
less	(50.00)	Reimbursable Account Dependent Care (Flexible Spending Account)
less	(100.00)	Parking UAA
plus	205.80	UA FIP Taxable Health Benefit
	<u>\$889.47</u>	FICA Medicare Applicable Gross
	\$889.47	FICA Medicare Applicable Gross
multiplied by	<u>1.45%</u>	FICA Medicare tax rate
	\$12.90	Amount of FICA Medicare tax to be deducted from pay check

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## FICA Old Age:

**Note:** Only certain employees must contribute to FICA Old Age, (ECLS CT, FT, FW, GT, NT, NX, ST, XT, and XX). Temporary employees who are or were adjuncts (ECLS FT or FW, BCAT F1) since 07/01/91, do not have to contribute to FICA Old Age because they are covered by the University Pension plan. Certain visa holders may not have to contribute to FICA. The PPAINTL form will show visa type. Employees who have retired and are receiving retirement or FICA benefits do not have to contribute to FICA Old Age

FICA Old Age tax is calculated on the applicable gross pay. The applicable gross is arrived at by taking the gross pay and reducing it by the deductions that are considered to be pre-tax and by adding to the gross pay benefits that are considered to be taxable. See table, Tax Calculations Deductions and Benefits.

The FICA Old Age tax rate is 6.2% of the applicable gross.

Example:

	\$450.00	Gross Pay
less	<u>(100.00)</u>	Parking UAA
	\$350.00	FICA Old Age Applicable Gross
	\$350.00	FICA Old Age Applicable Gross
multiplied by	<u>6.2%</u>	FICA Old Age tax rate
	\$21.70	Amount of FICA Old Age tax to be deducted from pay check