

Practice: Payroll

1. Open “Payroll” from the G: Drive/Kantack computer class/Excel.
Gross pay is the amount earned BEFORE any deductions and is calculated by multiplying the hours worked by the employee’s rate per hour.
2. In cell E7, enter the formula =C7*D7 The gross pay of \$225.00 is displayed.
3. Select cell E7 and drag the Fill handle (small black box in bottom right corner of the cell) to cell E23.
Social Security tax is calculated by multiplying the gross pay by the social security rate, which is stored in cell B3.
4. In cell F7, enter the formula =E7*\$B\$3 The social security tax of \$14.63 is displayed.
5. Select cell F7 and drag the Fill handle to cell F23.
6. Change the Social Security rate (in cell B3) to 6.0%. Excel automatically recalculates all the values under column F.
7. Taxes are calculated by multiplying the *gross pay*, which is stored in cell E7, by 15%. In cell G7, enter the formula =E7*15% Taxes of \$33.75 should be displayed.
8. *Net pay is the amount that the employee receives AFTER deductions and is calculated by subtracting social security and taxes from the gross pay.* In cell H7, enter the formula =E7-F7-G7 and press enter. The *net pay* of \$177.75 should be displayed.
9. Select cells G7 and H7 and then drag the Fill handle to cells G23 and H23.
Overtime hours are hours that are worked BEYOND the typical work week – usually any hours over 40 hours. Often employees are paid for overtime hours at a higher hourly rate.
10. Select cell E5 and then click Home → Insert → Insert Sheet Columns. A column is inserted.
11. In cell E5, enter the label “Overtime Hours”. Note that the label is automatically formatted but not entirely displayed.
12. Select the label “Overtime Hours” again and in your “Home” tab select a button called “Wrap Text”. It should be right above your merge button. You can also widen that column by double clicking the lines between the column letters at the top of the page.
13. *An IF Function is used to check to see if the Hours value stored in cell D7 is greater than 40, which is the number of hours in a work week. If the value is greater than 40, overtime hours are calculated and displayed in the cell. If not, zero is displayed.*
Overtime hours are calculated by subtracting the Hours, from cell D7, from 40.
14. In cell E7, enter the formula =IF(D7>40, D7-40,0) Since the hours in this row is less than 40, 0 is displayed.
15. In cell E7, drag the Fill handle to cell E23.
16. Select cell F5 and then click Home → Insert → Insert Sheet Columns. A column is inserted.

17. Click “Insert Options” → Format same as Right. Column G formatting is now applied to column F.

18. In cell F5, enter the label “Overtime Pay”

19. Select cell E5, click the Format Painter (top left corner in Home tab) and click cell F5.

The wrap text format is now applied from cell E5 to cell F5.

Overtime pay is calculated by multiplying the overtime hours by the overtime rate. The overtime rate in this case will be one and a half (1 ½) that of the base rate. This rate is calculated as 1.5 TIMES the hourly rate.

20. In cell F7, enter the formula =E7*(C7*1.5)

21. In cell F7, drag the Fill handle to cell F23.

22. The Gross Pay formula needs to be modified to add the Overtime Pay. Modify the formula in cell G7 to =IF(D7<=40, C7*D7, C7*40+F7) Because the value in cell F7 is 0, the gross pay does not change.

23. In cell G7, drag the Fill handle to cell G23.

24. Your worksheet should look like this:

	A	B	C	D	E	F	G	H	I	J	K	L
1	Payroll											
2												
3	Soc. Sec. Rate:		6.0%									
4												
5	Last Name	First Initial	Rate/Hr	Hours	Overtime Hours	Overtime pay	Gross Pay	Soc. Sec.	Taxes	Net Pay		
6												
7	Alban	B.	\$7.50	30.0	0	\$0.00	\$225.00	\$13.50	\$33.75	\$177.75		
8	Angulo	M.	\$8.00	29.5	0	\$0.00	\$236.00	\$14.16	\$35.40	\$186.44		
9	Balto	Y.	\$8.00	29.0	0	\$0.00	\$232.00	\$13.92	\$34.80	\$183.28		
10	Cruz	S.	\$7.75	13.0	0	\$0.00	\$100.75	\$6.05	\$15.11	\$79.59		
11	Del Vecchio	E.	\$9.00	43.5	3.5	\$47.25	\$407.25	\$24.44	\$61.09	\$321.73		
12	Eklund	E.	\$9.50	31.0	0	\$0.00	\$294.50	\$17.67	\$44.18	\$232.66		
13	Esposito	S.	\$11.75	43.5	3.5	\$61.69	\$531.69	\$31.90	\$79.75	\$420.03		
14	Hirsch	I.	\$9.50	18.0	0	\$0.00	\$171.00	\$10.26	\$25.65	\$135.09		
15	Juarez	V.	\$7.75	21.0	0	\$0.00	\$162.75	\$9.77	\$24.41	\$128.57		
16	Karas	A.	\$8.00	15.0	0	\$0.00	\$120.00	\$7.20	\$18.00	\$94.80		
17	Keller-Sakis	G.	\$8.50	20.0	0	\$0.00	\$170.00	\$10.20	\$25.50	\$134.30		
18	Lopez	R.	\$9.00	17.0	0	\$0.00	\$153.00	\$9.18	\$22.95	\$120.87		
19	Parker	L.	\$10.75	29.0	0	\$0.00	\$311.75	\$18.71	\$46.76	\$246.28		
20	Quinn	P.	\$11.75	41.0	1	\$17.63	\$487.63	\$29.26	\$73.14	\$385.22		
21	Ramis	C.	\$8.00	18.0	0	\$0.00	\$144.00	\$8.64	\$21.60	\$113.76		
22	Rappaport	L.	\$7.75	18.0	0	\$0.00	\$139.50	\$8.37	\$20.93	\$110.21		
23	Rosen	R.	\$9.50	10.0	0	\$0.00	\$95.00	\$5.70	\$14.25	\$75.05		
24												
25												
26												
27												

25. Save it to your H: Drive under Excel as “Payroll_ your name” and submit it.