

Spreadsheet Directions

1. Start your spreadsheet software program.
2. Recreate the table above using your spreadsheet program.
3. Enter the formulas for the first employee to calculate each of the following:
Gross Pay (Hourly wages multiplied by number of hours worked)
FICA taxes
State taxes
Federal taxes
Total deductions (Add FICA, state, and federal taxes)
Net Pay (Total deductions subtracted from Gross Pay)
Copy these formulas to appropriate cells in all remaining rows.
4. After completing your calculations, save your work.
5. Print out a copy of your work if your teacher has instructed you to do so. Then answer the following questions.

Interpreting Results

1. What is the net pay for each of the following employees?
Net pay is as follows—

1. _____ 3. _____
2. _____ 4. _____

2. Which employee has the highest net pay? The lowest?

Drawing Conclusions

3. Why are employers responsible for withholding FICA, state, and federal income taxes rather than having each employee pay these taxes at the end of the year?

4. Should federal and state governments reimburse business owners for collecting these taxes for them?

