

## Numbers and Operations: Full Charge Bookkeeper

**Boise Hardware, Inc.**

**Job Description:** Responsible for accounts receivable, accounts payable, payroll, general ledger, inventory maintenance.

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### Problem:

All employees have to have Federal Social Security (FICA) and Medicare taxes taken from their gross wages. Figure the FICA and Medicare taxes for the following employee's gross wages and for the total gross wages.

Gross wages is the total earned before any deductions. FICA is 6.2% of the gross wages. Medicare is 1.45% of the gross wages.

employee **a** \$ 540.00  
employee **b** \$ 870.00  
employee **c** \$ 250.00  
employee **d** \$ 125.00  
employee **e** \$1,600.00

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### Solution:

employee a	\$ 540.00
employee b	\$ 870.00
employee c	\$ 250.00
employee d	\$ 125.00
employee e	+\$1,600.00
<b>Total Gross Wages</b>	<b>\$3,385.00</b>

**FICA** = 6.2% of \$3,385 = \$209.87

**Medicare** = 1.45% of \$3,385 = \$49.08

Employee	FICA	Medicare
a	6.2% of \$540 = \$33.48	1.45% of \$540 = \$7.83
b	6.2% of \$870 = \$53.94	1.45% of \$870 = \$12.62
c	6.2% of \$250 = \$15.50	1.45% of \$250 = \$3.63
d	6.2% of \$125 = \$ 7.75	1.45% of \$125 = \$1.81
e	6.2% of \$1600 = \$99.20	1.45% of \$1600 = \$23.20
<b>Total</b>	<b>\$209.87</b>	<b>\$49.09</b>