How to prepare payroll

Use this example to prepare payroll for your employees:

Use this information to prepare your payroll	
Excess Credit Allocation to Taxable Cash (Add to Gross Income)	$4.76 ①
LCC Required Pension Deduction - (Before Income Tax Deduction)	$120.19 ②
DC Optional Pension Deduction - (Before Income Tax Deduction)	$60.10 ③
LTD Payroll Deduction (After Income Tax deduction)	$36.17
Flex Benefit Deduction (After Income Tax deduction)	$2.89
Total Deductions	$219.35 ④
Taxable Benefit:	$37.31 ⑤

Income for calculating deductions **MONTHLY**		
Salary & Housing		$3,000.00
Taxable Cash	+	$4.76 ①
Allowances	+	$100.00 book, car, etc
Total Compensation	=	**$3,104.76** ❶
Taxable Benefit	+	$37.31 ⑤
Taxable Compensation	=	**$3,142.07** ❷

Income Tax		
$3,142.07	❷	
- $120.19	②	
- $60.10	③	
= **$2,961.78**		Calculate Income Tax on this figure
$ @.@@	❸	Income Tax on $2,961.78

Calculate EI on this figure	
$3,104.76	❶
$✓.✓✓	④

Calculate CPP on this figure	
$3,142.07	❷
$☺.☺☺	❺

Calculate Net Pay		
$3,104.76	❶	**
- $ @.@@	❸	
- $✓.✓✓	④	
- $☺.☺☺	❺	
- $219.35	④	
= $?.??		Total Net Pay

**If the housing is non-cash (parsonage), adjust this amount for Net Pay.

Should you have any questions or require further clarification, please do not hesitate to contact us.
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