

PAYROLL TAXES

(SOCIAL SECURITY, MEDICARE, FICA, & FEDERAL TAXES)

Great Discovery Lesson

A Great Tax Lesson for
Accounting Class,
Personal Finance, or
Business Law (when
covering tax law)

A Digital Activity that
attaches easily to any
LMS!

Great for Remote
Learning
or a Sub Day!

Includes Teacher's Key
NO PREP!



A Great Introduction to Payroll Taxes

- How does income tax work?
- What are tax brackets?
- Federal and State income taxes explained.
- What is FICA?
- Payroll tax calculation exercise.
- A student reflection on taxes.

NO PREP!

GREAT FOR A SUB DAY or REMOTE LEARNING!

\$\$\$Federal Income Tax\$\$\$

Use [THIS RESOURCE LINK](#) to complete the table below...

Section 1: How does federal income tax work?

Who pays federal income tax?	
What are four things in which federal income tax revenue is used?	
In 2018, how much federal income tax was collected?	
What is NET INCOME?	
What is GROSS INCOME?	
What does <i>progressive tax system</i> mean?	

PREVIEW

Using that table, complete the following...

If a taxpayer made the following amount in 2020 ⇒	...what would be their tax rate?
\$18,424.00	
\$36,853.00	
\$62,862.00	
\$248,674.00	

<p>Section 3: (Using the table above) Name FIVE states that have no state income tax at all.</p>	

PREVIEW

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economic security for millions of Americans-retirees, disables persons, and families of retired, disable or deceased workers. Today's workers pay Social Security Taxes into the program and money flows back out as monthly income to beneficiaries. Medicare is a health insurance system for older Americans and those with disabilities.
Social Security Tax is 6.2% of an employee's GROSS pay.
Medicare Tax is 1.45% of an employee's GROSS pay.

What does FICA stand for?	
What is its purpose? Who benefits?	
Who benefits from Medicare?	
Why is there a social security and medicare system?	

PREVIEW

Complete the payroll register below. Multiply the GROSS PAY by each deduction to calculate that deduction. Add all four deductions for the "total deductions" column. Subtract the "total deductions" from the "gross pay" to get the "net pay". Each employee's paycheck will be written out for the "net pay" amount.

Employee Information	Employee Wages this pay (GROSS PAY)	Federal Income tax withheld at 11%	PA State income tax withheld at 3.07%	Social Security tax that will be withdrawn at 6.2%	Medicare tax that will be withdrawn at 1.45%	TOTAL Deductions	NET PAY Total wages AFTER social security, Medicare, Federal, and State taxes
Debbie Kicks	\$856.65						
Robert Shader	\$953.25						
MacKenzie Ash	\$1,500.00						
Kip Rybon	\$680.00						

PREVIEW

Section 6: Look at the difference in pay between the GROSS pay and the NET pay for the employees above. What are your thoughts?

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A self-guided discovery activity

Teacher Testimonials



This resource was **invaluable** in making my students care about financial algebra. In order for them to grasp the importance of the class, it needs to be translated to the real world.

This resource did that!



Love using this resource with my accounting students once we have covered the payroll chapter, it provides a **great reinforcement!**



This truly was a **plug and play lesson** for me. I was able to assign this to my students and they didn't need a lot of direction to get it finished on their own.



My students **enjoyed** working through this activity and getting to be in charge of the payroll for the business!



Can **always** can't (sic) on **her awesome resources** to save me time and hassle.

Hi! My name is Denise Leigh. I have been teaching Business Education for over 25 years! I love collaborating with business educators all over the world. I am a 2022 Pennsylvania Teacher of the Year Finalist and relentless lifetime learner and lover of everything education. Engaging students and connecting them to their world is my jam! Thank you for exploring my resources and sharing my passion for BUSINESS EDUCATION!

Denise Leigh is an expert on student-led instruction. She was featured on CBS Pittsburgh for her City Collaborative™ Project-Based Business Education (PBL) Classroom.

