OFM Training

Accounting For Payroll

Wages Subject to FIT, OASI, Medicare

- Gross Subject to Federal Income Tax (FIT or W/H)
  - Gross Earnings + Net Taxable Allowances & Fringe Benefits:
  - Less:
    1. Pretax Health Insurance
    2. Dependent Care
    3. VEBA Reductions
    4. Sick Leave Buyout due to death or disability
    5. Wages paid after death (always exempt from FIT)
    6. ***Deferred Retirement***
    7. ***Deferred Compensation***
    8. ***Other Tax Sheltered Deductions***
    9. ***Flexible Spending***

- Gross Subject to Social Security (OASI)
  - Gross Earnings + Net Taxable Allowances & Fringe Benefits:
  - Less:
    1. Pretax Health Insurance
    2. Dependent Care
    3. VEBA Reductions
    4. Flexible Spending
    5. Sick Leave Buyout due to death or disability
    6. Wages paid after death ***in future year***
    7. ***Sick Leave payments after six continuous months absences due to sick leave***
    8. ***Wages for certain exempt employees***
    9. ***Wages over federal calendar year maximum (for 2009 - $106,800)***

- Gross Subject to Medicare
  - Gross Earnings + Net Taxable Allowances & Fringe Benefits:
  - Less:
    1. Pretax Health Insurance
    2. Dependent Care
    3. VEBA Reductions
    4. Flexible Spending
    5. Sick Leave Buyout due to death or disability
    6. Wages paid after death ***in future year***
    7. ***Sick Leave payments after six continuous months absences due to sick leave***
    8. ***Wages for certain exempt employees***