## **GROSSING UP BONUS CHECKS**

Many ERs want to give their employees "net bonuses" for a set amount. In order to accomplish this, you will need to "gross up" or increase the net by the amount of taxes that need to be withheld. Bonuses are subject to all taxes, but many employers do not want to withhold FWT or SWT taxes. Determine which taxes the ER wants to withhold...refer to their bonus setup sheet.

The below calculation will show you how to calculate the net bonus when ERs want only FICA withheld.

## Net divided by (100% -tax %.) = Gross

EX: An employer wants to pay a net bonus of \$200 and withhold only OASDI & Medicare. OASDI is 6.2% of gross and Medicare is 1.45% of gross for a total FICA calculation of 7.65%

100% - 7.65% = 92.35% \$200 divided by 92.35% = \$216.56

\$216.56 is the gross to be entered.

216.56 \* 6.2% = 13.43 OASDI, 216.56 \* 1.45% = 3.14 Medicare (total tax = 16.57) 216.56 - 16.57 = 200.00 net.

Following is a quick guide to grossing up bonuses that include **OASDI & Medicare only with FWT & SWH Blocked.** If the client wishes to include FWT & SWH as well, use the tax calculator. Some clients may want to use the Supplemental Federal tax rate of 25% & the state supplemental rate (from the BNA Payroll Reference Ruler) - just override the tax rate in check options in pay entry or begin new pay period.

Net	Gross Up		Net G	ross Up
	50.00	54.15	1000.00	1082.84
	100.00	108.28	1500.00	1624.25
	150.00	162.43	2000.00	2165.67
	200.00	216.57	2500.00	2707.09
	250.00	270.71	3000.00	3248.51
	300.00	324.85	3500.00	3789.93
	350.00	379.00	4000.00	4331.34
	400.00	433.13	4500.00	4872.77
	450.00	487.28	5000.00	5414.19
	500.00	541.42	5500.00	5955.61
	550.00	595.57	6000.00	6497.03
	600.00	649.70	6500.00	7038.44
	650.00	703.85	7000.00	7579.86
	700.00	757.99	7500.00	8121.28
	750.00	812.13	8000.00	8662.70
	800.00	866.27	8500.00	9204.12
	850.00	920.42	9000.00	9745.53
	900.00	974.55	9500.00	10286.95
	950.00	1028.70	10000.00	10828.37

VERY IMPORTANT: It is crucial that you ALWAYS pre-process the payroll or recalculate the checks to ensure that the net amounts are correct. Evolution is constantly monitoring the YTD FICA amounts and has a .05 rounding factor built in. If you don't pre-process or recalculate the checks, the net pay may be off by this .05 which will result in a correction run having to be processed. Pre-processing will also identify any employee's who have additional federal and/or state withholding set up.