

GROSSING UP BONUS CHECKS

Many Employers 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 supplemental bonus run template form.

The below calculation will show you how to calculate the net bonus when Employers 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.

Net	Gross Up	Net	Gross 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