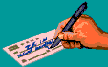
**JOURNALIZING PAYROLL TRANSACTIONS**

****Reynolds’ Baseball, Inc., completed payroll transactions during the period October 1 to November 15 of the current year. Payroll tax rates are as follows:

Social security—6.2%

Medicare—1.45%

Federal Unemployment—0.8%

State Unemployment—5.4%

The company buys savings bonds for employees as accumulated withholdings reach the necessary amount to purchase a bond. No total earnings have exceeded the tax base for calculating unemployment taxes. Reynolds’ Baseball, Inc. is a monthly schedule depositor for payroll taxes.

**Instructions:**

1. Journalize the following transactions on page 14 of the cash payments journal and page 10 of the general journal. Source documents are abbreviated as follows: check, C, and memorandum, M.

**Transactions:**

October 15 Paid cash for September’s payroll tax liability. Withheld taxes from September’s payrolls: employee income tax, $676.00; social security tax, $1,038.00; and Medicare tax, $234.00. C501

October 15 Paid cash for semimonthly payroll. Total earnings, $6,457.00; withholdings: employee income tax, $323.00; U.S. Savings bonds, $120.00 (calculate the social security and Medicare deductions). C502

October 15 Recorded employer payroll taxes expense for the October 15 payroll. M40

October 15 Paid cash for U.S. savings bonds for employees, $420.00. C503

October 31 Paid cash for semimonthly payroll. Gross wages, $6,739.00; withholdings: employee income tax, $698.00; U.S. Savings “bonds, $120.00; (calculate the social security and Medicare deductions). C504

October 31 Recorded employer payroll taxes expense for the October 31 payroll. M41

October 31 Paid cash for federal unemployment tax liability for quarter ended September 30, $315.00. C505

October 31 Paid cash for state unemployment tax liability for quarter ended September 30, $1,867.00. C506

November 15 Paid cash for the October liability for employee income tax, social security tax, and Medicare tax. C507 (Calculate the social security and Medicare tax liabilities by multiplying total earnings for the period by 12.4% for social security tax and 2.9% for Medicare tax.)

November 15 Paid cash for semimonthly payroll. Gross wages, $6,345.00; withholdings: employee income tax, $319.00; U.S. Savings Bonds, $60.00. C508

November 15 Recorded employer payroll taxes expense. M42

1. Prove and rule the cash payments journal.

