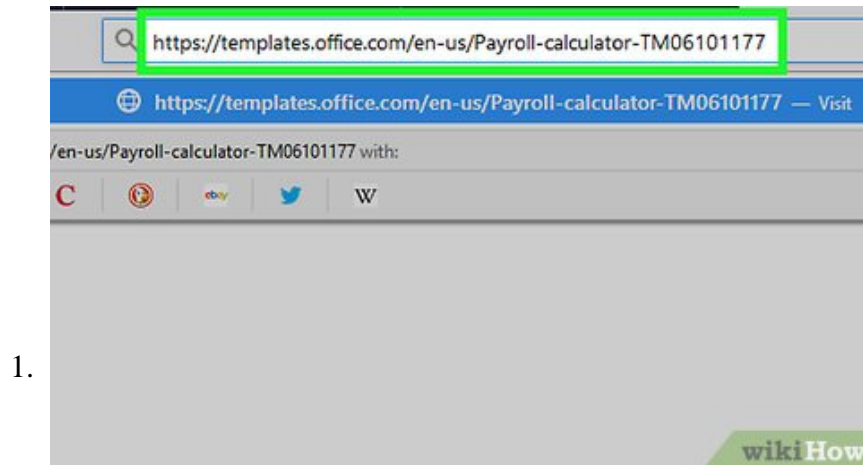


How to Prepare Payroll in Excel

This wikiHow teaches you how to calculate payroll for your employees in Microsoft Excel. Creating a payroll calculator from scratch is an incredibly tedious process, but Microsoft has a free payroll calculator template for Excel on both...

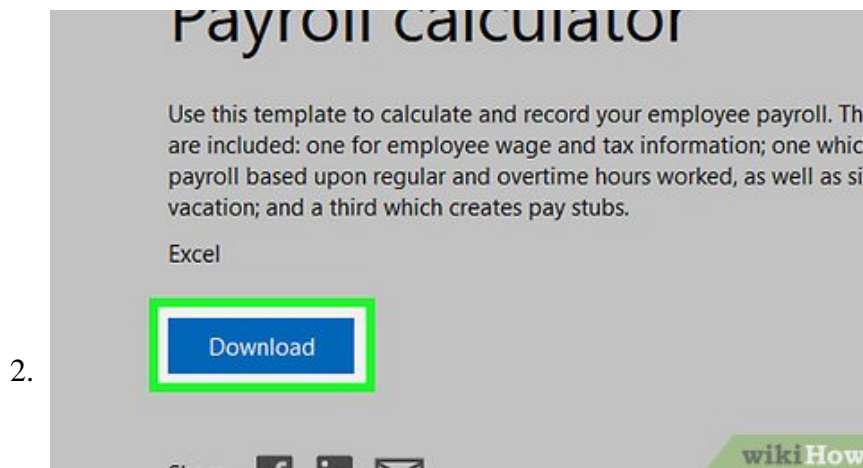
Part 1 of 3:

Creating the Payroll Calculator



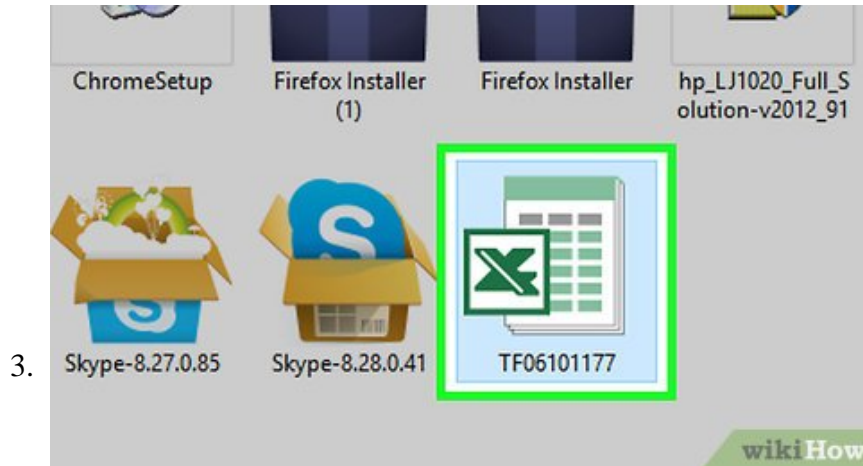
Open the Payroll Calculator website. Go to <https://templates.office.com/en-us/Payroll-calculator-TM06101177> in your computer's web browser.

1. This calculator is a free Excel template from Microsoft.

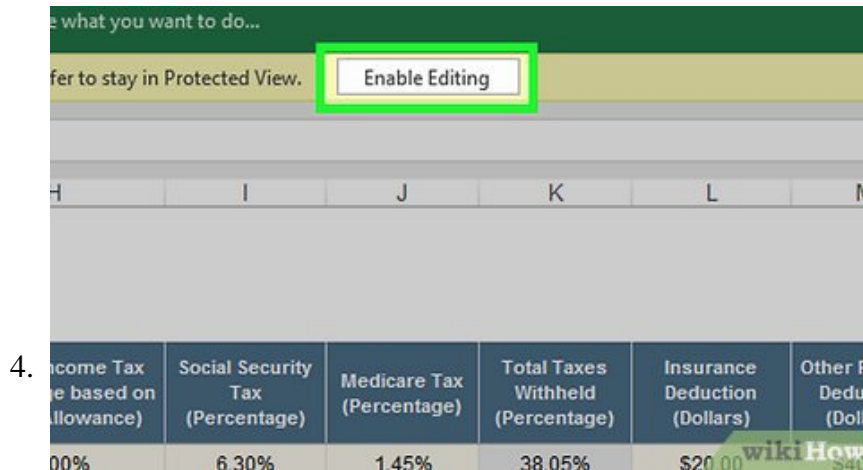


Click **Download**. It's a blue button near the bottom of the window. The template will begin downloading onto your computer.

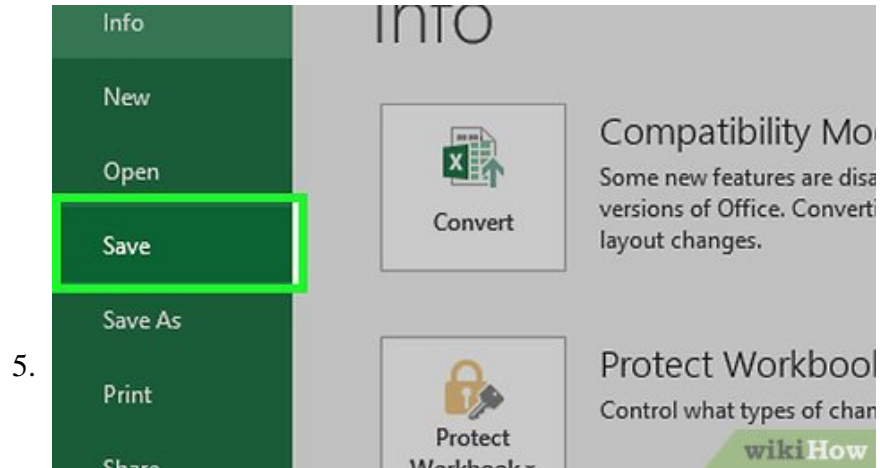
1. Depending on your browser, you may first have to enter a save location and click **Save** before the file will download.



Open the template. Double-click the downloaded Excel template file to open it in Excel.



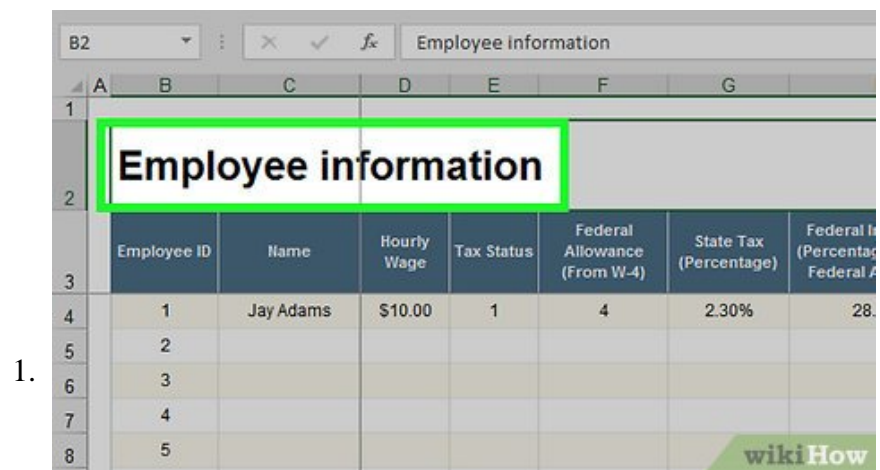
Click **Enable Editing**. This button is in the yellow bar at the top of the Excel window. Doing so will unlock the Excel file for editing.



Save your document. Before you edit the template any further, press **Ctrl + S** (Windows) or **Command + S** (Mac), enter your file's name (e.g., "Payroll 5.12.2018"), and click **Save**. This ensures that your payroll sheet will automatically be saved as a separate file. At this point, you can begin calculating payroll.

Part 2 of 3:

Entering Employee Information



Click **Employee information**. It's in the bottom-left corner of the Excel window. This will ensure that you're on the Employee Information sheet.

2. **Federal Allowance** - A number that determines an employee's tax bracket. Usually found on the W-4.
3. **State Tax (Percentage)** - Your state's income tax percentage.
4. **Federal Income Tax (Percentage)** - The employee's tax bracket's income tax percentage.
5. **Social Security Tax (Percentage)** - The current social security tax percentage.
6. **Medicare Tax (Percentage)** - The current medicare tax percentage.
7. **Total Taxes Withheld (Percentage)** - This field will automatically be calculated once you've filled in the other tax fields.

5.

Medicare Tax (Percentage)	Total Taxes Withheld (Percentage)	Insurance Deduction (Dollars)	Other Regular Deduction (Dollars)	Total Regular Deductions (Excluding taxes, in dollars)
1.45%	38.05%	\$20.00	\$40.00	\$60.00
	0.00%			\$0.00
	0.00%			\$0.00
	0.00%			\$0.00
	0.00%			\$0.00
	0.00%			\$0.00
	0.00%			\$0.00
	0.00%			\$0.00
	0.00%			\$0.00

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Determine your employee's deductions. This will depend on things like your employee's benefits, investments, and so on:

1. **Insurance Deduction (Dollars)** - The amount in dollars that you withhold for insurance.
2. **Other Regular Deduction (Dollars)** - Any other amount that you withhold.

6.

ID	Name	Hourly Wage	Tax Status	Federal Allowance (From W-4)	State Tax (Percentage)	Federal Income Tax (Percentage based on Federal Allowance)	Social Security Tax (Percentage)	Medicare Tax (Percentage)
	Rock Brown	\$16.00	2	5	3.00%	25.00%	7.00%	2.00%

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Add your other employees' information. Once you've added a row of information for every employee, you can proceed to calculating payroll.

Part 3 of 3:

Calculating Payroll

4.

Employee Name	Regular Hours Worked	Vacation Hours	Sick Hours	Overtime Hours	Overtime Rate	Gross Pay
Jay Adams	40	5	1			\$690.00
Rock Brown						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00

Add vacation and sick hours if necessary. If your employee used any vacation time or sick time, note the number of hours in the "Vacation Hours" or "Sick Hours" column, respectively.

5.

Regular Hours Worked	Vacation Hours	Sick Hours	Overtime Hours	Overtime Rate	Gross Pay
40	5	1	20	15	\$990.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00

Enter overtime hours and rate. If your employee worked any overtime (e.g., time over 40 hours in a week), enter the number of hours worked in the "Overtime Hours" column, then enter the overtime rate (in dollars) in the "Overtime Rate" column.

1. The overtime rate is usually 150 percent of the employee's usual rate (hence the phrase "time and a half").

6.

Overtime Rate	Gross Pay	Taxes and Deductions	Other Deduction	Net Pay
15	\$990.00	\$436.70	\$20.00	\$533.31
	\$0.00	\$58.00		-\$58.00
	\$0.00	\$0.00		\$0.00
	\$0.00	\$0.00		\$0.00
	\$0.00	\$0.00		\$0.00
	\$0.00	\$0.00		\$0.00
	\$0.00	\$0.00		\$0.00
	\$0.00	\$0.00		\$0.00

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Add any last-minute deductions. In the "Other Deduction" column, enter the dollar amount of deductions that fall outside of the normal deductions.

1. For example, if your employee took a deduction to pay for equipment, you'd enter it here as a one-time payment.

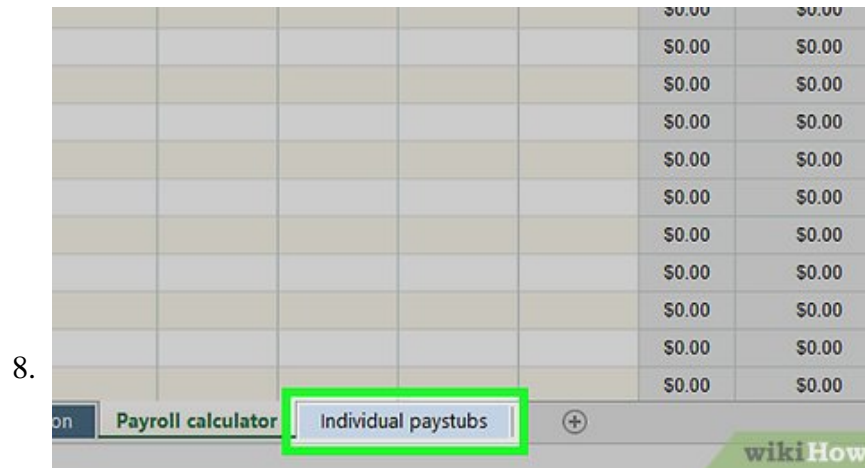
7.

Overtime Rate	Gross Pay	Taxes and Deductions	Other Deduction	Net Pay
15	\$990.00	\$436.70	\$20.00	\$533.31
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	\$0.00	\$0.00		\$0.00
	\$0.00	\$0.00		\$0.00
	\$0.00	\$0.00		\$0.00
	\$0.00	\$0.00		\$0.00
	\$0.00	\$0.00		\$0.00

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Review the employee's net pay. In the "Net Pay" column, you'll be able to see how much your employee's take-home is; if this number looks correct, you're done calculating payroll for that employee.

1. You can also check the pre-taxes pay in the "Gross Pay" column.



Calculate your other employees' payroll. For each employee listed in the "Employee Name" field, fill out the calculator to determine their take-home pay.

1. You can check your employees' pay stubs in the **PAYROLL PAYSTUBS** or **Individual Paystubs** tab at the bottom of the page once you're done.

You finished reading the article "**How to Prepare Payroll in Excel**" edited by the [TipsMake](#) team. We hope this article has provided you with many useful tech tips and tricks. You can search for similar articles on tips and guides. Thank you for reading and for following us regularly.