

Problem 23

An employee is a waiter. In his first weekly pay in March, he earned \$120.00 for the 40 hours he worked. In addition, he reports his tips for February to his employer (\$450.00), and the employer withholds the appropriate taxes for the tips from this first pay in March.

Calculate his net take-home pay assuming the employer withheld federal income tax (wage-bracket method, married, 2 allowances), FICA taxes, and state income tax (SIT) of 2%.