

---

# Gross-to-Net Explanation

Revised 1/8/21



OFFICE OF THE  
COMPTROLLER  
Illinois State University

Payroll

---

An employee's Gross-to-Net is summarized in the Paycheck Summary section of an employee's pay statement. Gross-to-Net is calculated as follows:

**1. Add Total Gross Earnings (Earnings section)**

Total gross earnings are displayed in the Earnings section of an employee's pay statement. The total gross earnings consists of all cash payments made through the payroll process. Gross earnings NOT include any taxable fringe benefits listed in the earnings section.

**2. Subtract Before -Tax Deductions (Before-Tax Deductions section).**

Before-tax deductions reduce your taxable wages. Some before-tax deductions will reduce your Federal and State, or W-2, wages, while others will also reduce your social security and Medicare wages.

**3. Subtract Federal Employment Taxes (Taxes section)**

Amount withheld for Medicare and/or Old Age Survivor's Disability Insurance (Social Security) employment tax.

**4. Subtract Federal Income Taxes (Taxes section)**

Amount withheld for Federal Income Taxes.

**5. Subtract State Income Taxes (Taxes section)**

Amount withheld for state income taxes.

**6. Subtract After-Tax Deductions (After-Tax Deductions section)**

After-tax deductions do not reduce your taxable wages. They are taken only after taxes have been withheld from taxable wages.

**7. Equals Net Pay. (Payroll Summary section)**

Net pay is the remaining amount after all taxes, involuntary deductions, and voluntary deductions have been subtracted from gross wages.

If you have questions, call the Payroll Office at (309) 438-7677 or e-mail [payroll@ilstu.edu](mailto:payroll@ilstu.edu).