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How to Track Your Paycheck Deductions in a Google Spreadsheet

By Joseph Fieber - On July 11, 2022

How to Track Your Paycheck Deductions in Google Sheets



Tiller automatically imports your daily financial transactions and account balances into Google Sheets and Microsoft Excel.

By organizing these transactions into groups and categories you can see how much you are spending, and what it's being spent on. It's easy to see

what percentage of your income goes towards food, or how much you spent on healthcare last year.

But there's a problem: some of your spending isn't making its way into Tiller, so you're not seeing the full picture.

The Problem

If you are an employee (working for someone else) and not an independent contractor (self-employed), you receive a W-2 each year, and deductions in the form of taxes and fees are automatically removed from each paycheck you receive. Your paycheck is the resultant *Net Pay*, which is your *Gross Pay* minus deductions.

That paycheck will either auto-deposit into your bank account, or you'll cash the check at your bank and likely deposit the funds in your bank account.

Tiller will pull the bank's transactions, which will include that deposit, and you'll probably categorize it as some form of Income, which will be reflected in your various reports and templates.

The deductions that were taken from your paycheck may appear on your paycheck stub or statement, but Tiller never sees them, so they aren't factored into any reports or templates.

The result is that a large percentage of your spending isn't reflected in Tiller, in my case, almost 40% of my W-2 earnings!

What's Missing?

There are many different types of deductions that can be broken into two categories:

Mandatory Deductions

By law, your employer is required to withhold certain taxes from your wages and submit them to the appropriate agencies. These include:

- Federal Income Tax, which is based on the W-4 form you filled out.
- State and Local Income Taxes, which vary by state.
- FICA Tax (Federal Insurance Contributions Act) taxes include Social Security and Medicare.

- Garnishments are wages withheld to pay a debt by order of a court or regulatory agency.

Voluntary Deductions

‘Voluntary’ deductions, some of which may be required by your employer, are taken after the mandated taxes have been withheld. Some are common, while others are rare. Here’s an example of the types of deductions you might see on your paycheck statements:

- Retirement plans (401K, 403B, Roth IRA, etc)
- Pension
- Disability/Life Insurance
- Health Insurance (Medical, Dental, Vision, etc)
- Union Dues
- Charitable Donations
- Job-Related Expenses (Parking, Meals, Travel, etc)
- Stock Plans
- Profit-Sharing

What Can You Do?

The solution to this problem is to manually create transactions that represent the deductions that were taken from your check.

However, that creates a different problem. If you add the additional expenses (the deductions), but you don't add the part of your wages that you earned but never received (because it was used to pay the deductions) your reports are going to be even worse than if you hadn't added those deductions.

The proper way to manually add your deductions requires you to start with a transaction for your Gross Pay. You can then create transactions for each of the deductions you see on your payroll statement.

Finally, to avoid having both your Gross Pay and Net Pay transactions show up in your reports and templates, you need to create a 'deduction' transaction for your Net Pay. You can then categorize both your Net Pay transaction and your bank's deposit transaction as Transfers (in effect you're transferring payment from your employer to your bank). Doing this prevents the net payment transactions from showing up in reports and templates, and they properly offset each other (one transfers out, the other transfers in).

Here's what those transactions might look like, with the first one being the paycheck deposit transaction from your bank, and the others being manually created based on your paycheck and deductions:

The result is that your Gross Pay shows up in reports and templates as income, and your deductions show up as expenses, just like the rest of your transactions. You can then categorize the deductions to reflect best how you want to view your earnings and expenses.

With that done, you will see a bigger picture of how much you actually spend on health, retirement, taxes, etc.

Simplify the Process!

Manually creating transactions for each deduction on your paycheck every time your payroll date comes around is a lot of work.

Thankfully, if you use Tiller on Google Sheets, there's a way to simplify the process. I created a template for [Tiller Community Solutions](#) called "[Paycheck Deduction Transaction Generator](#)" (say that fast five times!).

The template includes sections for entering and storing your paycheck information, configuring your deduction and account information, and finally, a section that shows you the resulting transactions which you can copy to your Transactions sheet.

The template also supports methods of working with current and past paychecks, so you can import past paycheck information in to get 'up-to-date' on the year.

You can get more information, including detailed instructions in this [Tiller Community](#) post.

The Benefits

I have numerous categories in a group called 'Health'. Until I started including deductions for my health insurance, which include a PPO, extended PPO benefits, Vision, etc. I wasn't getting the full picture. Now, I can see the real cost of healthcare.

Another thing I found interesting is to see how much I actually pay in taxes. If you categorize your federal and state tax deductions, and then use the same category for your federal or state tax payment/return, you can get a more realistic view of how much you actually pay in taxes each year.

As I get older, retirement is something I think about increasingly. I have a group for Retirement, that includes Social Security, Medicare, Pension,

401K/403B/IRA, etc. This helps me understand how much of my current income is going towards supporting my future retirement.

Knowing all of this may or may not matter to your budget, but it does help put your spending into perspective. In my case, seeing my tax payments every other week, and then my tax return in the spring helped me realize I should adjust my W-4 so less is taken out of my paycheck. Budgeting is easier if I have predictably bigger paychecks all year long than if I get a less-predictable lump-sum payment each spring.

Get To It!

Whether you create your own transactions or use the template to simplify the process, it's well worth doing. It's not too late to add this year's paycheck deductions so you can have a better understanding of your spending in 2022!

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