







# How to Calculate Gross Monthly Income

Are you confused about what your gross monthly income is? Want to know how much money you bring in each month total?

Your gross monthly income is worth knowing, even if some money is removed for taxes before receiving your paycheck. Understanding your gross monthly income amount is part of staying on top of your finances.

Being informed about your money will help you make the best decisions possible for your life and financial future.

## What is Gross Monthly Income?

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The easiest way to understand your gross monthly income is as the amount of money you make in your paycheck or from every job before any of it is deducted for taxes or other things.

It is the total amount you actually earned before any money is taken out. Your gross monthly income is significant because even though it isn't the amount you see in your paycheck, it is the amount you earn in total.

## Gross Pay Vs. Net Pay: What's the Difference?

Is there a difference? Yes! How do you know what the difference is between your gross pay and net pay?

Gross pay is calculated by how much you make before taxes or payroll deductions are taken out.

But what matters most is your net pay or the amount you get to spend. It's the amount you earn after taxes and deductions.

Before deductions, you can think of gross pay as your total income on paper. And think of net pay as the amount you actually make – what shows up in your account each month.

## Is Salary Gross or Net?

Generally, if someone offers you a salary amount, they will tell you the gross pay. This is the amount before taxes, or other expenses are subtracted from it.

You might make an annual salary of \$40,000.00. But remember that you will take home less than this. Your take-home pay is your net pay.

