

Contents

Module 1: Payroll Concepts

1.1 Introduction to Payroll in the United States	2
Documents Employers Request.....	2
Social Security Numbers	2
Methods of Paying Employees	3
Withholding Taxes.....	3
Social Security	4
Medicare	4
Unemployment Insurance Tax.....	5
Disability Insurance Tax	5
Employee Benefits	5
1.2 Introduction to Payroll	6
Challenges.....	6
The Payroll Process	7
1.3 Employee/Independent Contractor	7
Employee Classification	8
Backup Withholding	15
New Hire Reporting.....	16
Social Security Numbers	19
1.4 Fair Labor Standards	20
Fair Labor Standards: Concepts.....	20
Exempt/Nonexempt Employees: Concepts	21
Exempt/Nonexempt Employees: Definition.....	22
Minimum Wage	24
Tips	27
Regular Rate of Pay	29
The Workweek.....	33
Overtime	36
Work Hours.....	38
Other FLSA Provisions.....	41
1.5 Employment Forms	44
Employee Forms	44

Module 2: Calculations of Pay

2.1 Calculation of Regular Pay	56
Calculate Regular Rate of Pay	56
Calculate Tip Pay	57
Calculate Pay for Time Worked	58
Calculate Other Pay	60
2.2 Calculation of Overtime Premium	61
Calculate FLSA Overtime Premium Pay	61
Calculate Overtime Using a Weighted Average	63
Calculate Salaried Overtime Premium Pay	64
Calculate Commission Overtime Premium Pay	65
Calculate Piecework Overtime Premium Pay	67
2.3 Calculation of Gross Pay	68
Final Pay	68
2.4 Calculation of Federal Income Tax	69
Taxable Wages	69
Federal Income Tax Withholding	71
2.5 Calculation of Social Security and Medicare Taxes	79
Employee Taxes	80
2.6 Calculation of Voluntary Deductions	84
Calculate Other Deductions	84
2.7 Calculation of Employer Taxes	85
Calculate Employer Social Security Liability	85
Calculate Employer Medicare Liability	85
Calculate Employer Total Tax Liability	86
2.8 Calculation of Gross-Ups	86
Grossing-up	87
2.9 State Income Taxation and Railroad Retirement	88
Multi-State Income Taxation	88

Module 3: Calculations of Deductions and Net Pay

3.1 Calculation of Involuntary Deductions	94
Withholding Orders	94
Child Support	94
Federal Tax Levy	102
Creditor Garnishment	109
Other Withholding Orders	113
Federal Agency Garnishments	116
3.2 Calculation of Net Pay	119
Calculate Total Deductions	120
Calculate Total Payroll	120
Calculate Net Pay	121

Module 4: Fringe Benefits and Other Payments

4.1 Fringe Benefit Rules	124
IRS Regulations Impacting Payroll	125
IRS Requirements	125
4.2 Nontaxable Benefits	126
Section 132 (Income Exclusion Basics)	126
No-Additional-Cost Fringe Benefits.....	127
Qualified Employee Discounts	127
De Minimis Fringe Benefits	128
Working Condition Fringe Benefits	129
Qualified Transportation Fringe Benefits	130
On-Premises Athletic Facilities	135
Qualified Retirement Advice	135
Moving Expenses.....	135
4.3 Employer-Provided Benefits	137
Awards and Prizes Income/Exclusion	137
Personal Use of Company Vehicles.....	139
Accounting for Vehicle Use	139
Group-Term Life Insurance	145
Educational Assistance	147
4.4 Other Payments	148
Advances and Overpayments.....	148
Bonuses	150
Commissions.....	151
Jury Duty Pay.....	151
Retroactive Wage Payments	152
Taxable Tips	152
Repayment of Employer-Provided Loans.....	155
Workers' Compensation	155

Module 5: Retirement Plans

5.1 Qualified Plans	158
Retirement Plans	158
5.2 Deferred Compensation Plans	162
Deferred Compensation	162
Annual Compensation and Contribution Limits.....	163
Deferred Compensation Regulations	163
5.3 Deferred Compensation Regulations (401(k), 403(b), 457(b))	165
5.4 Nonqualified Plans	165

Module 6: Cafeteria Plans

6.1 Cafeteria Plans	168
IRC Section 125 Components.....	168
IRC Section 125 Elections.....	169
6.2 Flexible Spending Accounts	172
Flexible Spending Accounts	172

Module 7: Payroll Reporting and Employment Taxes

7.1 Tax Deposit Requirements	178
Lookback Period	178
Tax Deposit Frequency	181
Calculate Federal Tax Deposits	187
Tax Deposit Methods.....	187
Federal Tax Forms (An Overview).....	192
7.2 Quarterly Returns	193
Purpose of Form 941.....	193
Form 941 Reporting/Filing Requirements	194
Form 941 Line-By-Line Reporting Requirements.....	198
Schedule B (Form 941) Reporting/Filing Requirements	204
Schedule B (Form 941) Line-By-Line Requirements.....	205
7.3 Annual Returns	210
Forms W-2, W-3, and Electronic Filing	210
Federal Unemployment Tax	237
Forms 1099	254
Other Annual Returns	258
7.4 Correcting Returns	260
Purpose of Form W-2c.....	260
Form W-2c Reporting/Filing Requirements	260
Form 843 Purpose and Reporting/Filing Requirements	261
7.5 Other Reporting Requirements	261
Taxation and Reporting of Wages Paid to Deceased Employees.....	261
Calculate Withholding for Wages Paid to Deceased Employees	262

Module 8: Record Keeping and Payroll Practices

8.1 Payment Methods	266
Payment by Check or Cash	266
Payment by Direct Deposit	269
Payment by Payroll Card	278
Escheat	281
Other Payment Regulations	281

8.2 Payroll Practices	283
Payroll Processing.....	283
Confidentiality	293
Legislation Impacting Payroll.....	298
Business Continuity Plans	299
Workflow	300
Service Level Agreements	300
8.3 Record Keeping	301
DOL Record Keeping Regulations	303
IRS Record Keeping Regulations	303
USCIS Record Keeping Regulations	304
HIPAA Record Keeping Regulations	305
8.4 Systems	306
System Processes	307
Other System Issues.....	314
8.5 Penalties	315
DOL Penalties.....	316
IRS Penalties.....	317

Module 9: Payroll Accounting

9.1 Accounting Terminology	322
Accounting Principles.....	322
Accounting Periods.....	328
Balance Sheet and Income Statement.....	329
Accounting Entries	331
9.2 Account Classification	334
Account Classifications	334
9.3 Journal Entries	336
Purpose and Recording of Payroll Journal Entries	336
Recording and Posting Payroll Transactions	338
Purpose and Recording of Accruals and Reversals	342
9.4 Reconciliations	344
Repayment of Wages	344
Reconciliation of Output Reports	345
9.5 Internal Control	345
Internal Controls	345
Audits—External and Internal	350

Module 10: Payroll Administration and Management

10.1 Customer Service	354
Definition	354
Responding Efficiently to and Resolving Customer Requests	354
10.2 Communication	359
Communicate Effectively	359
Effective Communication Techniques.....	359
10.3 Time Management	362
Time Management Techniques.....	362
10.4 Procedures and Policies	365
Develop, Implement, and Organize Department Processes.....	366
Documenting Processes	366
The Payroll Department's Objective	368

Module 11: Health Benefits

11.1 Health Benefits Basics	370
11.2 Taxation of Health Plans	370
11.3 HSA/HRA & COBRA	370
11.4 Employer Shared Responsibility and Reporting	370
Information Reporting by “Applicable Large Employers” Under the ACA	370
11.5 Health Insurance Reporting on Form W-2	372

Module 12: International Payments

12.1 Non-Resident Aliens	374
Resident/Nonresident Alien Taxation.....	374
12.2 Expatriates	374
Expatriates/Resident Aliens	374