

PayTrain

Book 1

Contents

Module 1: Payroll Concepts

- 1.1 Introduction to Payroll in the United States2**
 - Documents Employers Request 2
 - Social Security Numbers 2
 - Methods of Paying Employees 3
 - Withholding Taxes 3
 - Social Security 4
 - Medicare 4
 - Unemployment Insurance Tax 4
 - Disability Insurance Tax 5
 - Employee Benefits 5
- 1.2 Introduction to Payroll5**
 - Challenges 6
 - The Payroll Process 7
- 1.3 Employee/Independent Contractor7**
 - Worker Classification 8
 - Backup Withholding 20
 - Statutory Employee/Nonemployee 21
 - New Hire Reporting 24
 - Social Security Numbers 27
- 1.4 Fair Labor Standards28**
 - Fair Labor Standards: Concepts 28
 - Exempt/Nonexempt Employees: Concepts 30
 - Exempt/Nonexempt Employees: Definition 30
 - Minimum Wage 42
 - Tips 45
 - Regular Rate of Pay 47
 - The Workweek 52
 - Overtime 62
 - Work Hours 63
 - Other FLSA Provisions 69
- 1.5 Employment Forms81**
 - Employee Forms 81

Module 2: Calculations of Pay

2.1 Calculation of Regular Pay	104
Calculate Regular Rate of Pay	104
Calculate Tip Pay	105
Calculate Pay for Time Worked	107
Calculate Other Pay	108
2.2 Calculation of Overtime Premium	109
Calculate FLSA Overtime Premium Pay	109
Calculate Overtime Using a Weighted Average	111
Calculate Nonexempt Salaried Overtime Premium Pay	113
Calculate Commission Overtime Premium Pay	114
Calculate Piecework Overtime Premium Pay	115
2.3 Calculation of Gross Pay	116
Final Pay	117
2.4 Calculation of Federal Income Tax	118
Taxable Wages	118
Federal Income Tax Withholding	121
2.5 Calculation of Social Security and Medicare Taxes	132
Employee Taxes	132
Other FICA Tax Issues	137
2.6 Calculation of Voluntary Deductions	142
Calculate Other Deductions	143
Non-Tax Deduction Reporting	143
2.7 Calculation of Employer Taxes	144
Calculate Employer Social Security Liability	144
Calculate Employer Medicare Liability	145
Calculate Employer Total Tax Liability	146
2.8 Calculation of Gross-Ups	146
Grossing-up	147
Grossing Up When Crossing the Social Security Wage Base	148
Grossing Up With 401(k)	150
Grossing Up Crossing Additional Medicare Tax Threshold (\$200,000)	151
2.9 State Income Taxation and Railroad Retirement	154
Multi-State Income Taxation	154
Railroad Retirement Tax Act	158

Module 3: Calculations of Deductions and Net Pay

3.1 Calculation of Involuntary Deductions	162
Withholding Orders	162
Child Support	163
Federal Tax Levy	180
Creditor Garnishment	186
Other Withholding Orders	192
Federal Agency Garnishments	197
3.2 Calculation of Net Pay	206
Calculate Total Deductions	206
Calculate Total Payroll	207
Calculate Net Pay	207

Module 4: Fringe Benefits and Other Payments

4.1 Fringe Benefit Rules	210
IRS Regulations Impacting Payroll	211
IRS Requirements	211
IRS Requirements	212
Special Accounting Rule	215
4.2 Nontaxable Benefits	216
Section 132 (Income Exclusion Basics)	216
No-Additional-Cost Fringe Benefits	216
Qualified Employee Discounts	217
De Minimis Fringe Benefits	218
Working Condition Fringe Benefits	219
Cell Phones—Working Condition Fringe Benefits	220
Qualified Transportation Fringe Benefits	221
On-Premises Athletic Facilities	225
Qualified Retirement Advice	226
Moving Expenses	226
4.3 Employer-Provided Benefits	227
Awards and Prizes Income/Exclusion	227
Personal Use of Company Vehicles	229
Accounting for Vehicle Use	230
Group-Term Life Insurance	236
Whole-Life Insurance	240
Personal Use of Company Aircraft	242
Educational Assistance	243
Business Travel Expenses	246

Reimbursements Under an Accountable Plan	248
Payments Under a Nonaccountable Plan	251
Per Diem Allowances	252
Daily Transportation Expenses	255
Mileage Allowances	257
Taxation and Reporting Requirements	260
Meals and Lodging	262
4.4 Other Payments	264
Advances and Overpayments	264
Back Pay Awards	270
Bonuses	275
Commissions	277
Death Benefits	278
Disaster Relief Payments	278
Jury Duty Pay	280
Leave-Sharing Plans	280
Retroactive Wage Payments	282
Taxable Tips	283
Repayment of Employer-Provided Loans	290
Loans to Employees	291
Sick Pay	292
Reporting Responsibilities	298
Stock Options/Purchases	302
Stock Awards	311
Workers' Compensation	315
Dependent Care Assistance	316
Severance	318
Golden Parachute	318
Club Memberships	319
Adoption Assistance	321
Differential Military Pay	325
ID Protection Services	326

PayTrain

Book 2

Contents

Module 5: Retirement Plans

5.1 Qualified Plans	2
Retirement Plans	2
5.2 Deferred Compensation Plans	5
Deferred Compensation	5
Annual Compensation and Contribution Limits	6
Tax Treatment of Pension and Profit-Sharing Plans	7
Qualified Annuity Plans Under §403(a)	8
ERISA Requirements	8
Deferred Compensation Regulations	9
5.3 Deferred Compensation Regulations (401(k), 403(b), 457(b))	10
Contribution Limits	11
Holding Periods for Elective Deferrals	13
Automatic 401(k) Enrollment	14
Tax Treatment of §401(k) Plans	17
Reporting Requirements	17
Roth Contributions to 401(k) Plans	18
Tax-Sheltered Annuities (403(b) Plans)	18
Deferred Comp Plans for Public Sector, Tax-Exempt Entities	21
Nondiscrimination Testing—401(k) Plans	24
5.4 Nonqualified Plans	28
Federal Income Tax Treatment	28
Nonqualified Deferred Compensation Plan Defined for Social Security/Medicare Taxation	42
Determining the Amount Deferred	43
Withholding Rules	44
Reporting Requirements	45

Module 6: Cafeteria Plans

6.1 Cafeteria Plans	48
IRC Section 125 Components	48
IRC §125 Elections	49
6.2 Flexible Spending Arrangements	65
Flexible Spending Arrangements	65

Module 7: Payroll Reporting and Employment Taxes

7.1 Tax Deposit Requirements	72
Lookback Period	72
Tax Deposit Frequency	75
Calculate Federal Tax Deposits	81
Tax Deposit Methods	81
Federal Tax Forms (An Overview)	85
7.2 Quarterly Returns	87
Purpose of Form 941	87
Form 941 Reporting/Filing Requirements	88
Form 941 Line-By-Line Reporting Requirements	92
Employment Tax e-file System for Forms 940 and 941	99
Schedule B (Form 941) Reporting/Filing Requirements	104
Schedule B (Form 941) Line-By-Line Requirements	104
Multiple Worksite Reporting	110
7.3 Annual Returns	112
Forms W-2, W-3, and Electronic Filing	112
Federal Unemployment Tax	145
Forms 1099	164
Other Annual Returns	172
7.4 Correcting Returns	180
Purpose of Form W-2c	180
Form W-2c Reporting/Filing Requirements	180
Form 843 Purpose and Reporting/Filing Requirements	216
7.5 Other Reporting Requirements	219
Taxation and Reporting of Wages Paid to Deceased Employees	219
Calculate Withholding for Wages Paid to Deceased Employees	220
Purpose of Form 4070	221
Form 4070 Requirements	221
Form 8027 Requirements	221
Purpose of Form SS-4	222

Module 8: Record Keeping and Payroll Practices

8.1 Payment Methods	224
Payment by Check or Cash	224
Payment by Direct Deposit	227
Payment by Paycard	236
Escheat	239
Other Payment Regulations	240

8.2 Payroll Practices	242
Payroll Processing.....	242
Confidentiality	255
Legislation Impacting Payroll.....	265
Procedures and Practices	284
Business Continuity Plans	287
Workflow	293
Service Level Agreements.....	294
8.3 Record Keeping	296
DOL Record Keeping Regulations	298
IRS Record Keeping Regulations	303
USCIS Record Keeping Regulations	308
HIPAA Record Keeping Regulations	309
8.4 Systems	316
System Processes	316
Artificial Intelligence/Machine Learning	324
System Selection and Implementation.....	327
Other System Issues.....	343
8.5 Penalties	346
DOL Penalties	347
IRS Penalties.....	347

PayTrain

Book 3

Contents

Module 9: Payroll Accounting and Auditing

9.1 Accounting Terminology	2
Accounting Principles	2
Accounting Periods	8
Balance Sheet and Income Statement	9
9.2 Account Classification	15
Recording Transactions	15
9.3 Journal Entries	17
Purpose and Recording of Payroll Journal Entries	17
Recording and Posting Payroll Transactions	19
Purpose and Recording of Accruals and Reversals	23
9.4 Reconciliations	27
Repayment of Wages	27
Reconcile General Ledger Payroll Accounts	30
Reconciliation of Output Reports	31
9.5 Internal Control	31
Internal Controls	31
Audits—External and Internal	37
Sarbanes-Oxley Compliance/SSAE 16	38

Module 10: Payroll Administration and Management

10.1 Customer Service	44
Definition	44
Responding Efficiently to and Resolving Customer Requests	44
10.2 Communication	49
Communicate Effectively	49
Effective Communication Techniques	51
Effectively Manage Interpersonal Relationships	57
10.3 Time Management	58
Time Management Techniques	58
10.4 Procedures and Policies	61
Develop, Implement, and Organize Department Processes	62
Documenting Processes	62
The Payroll Department’s Objective	64

10.5 Management	65
Basic Management Skills (An Overview)	65
Planning and Organizing	66
Staffing	88
Directing Employees	91
Payroll Staff’s Skills and Abilities	98
Prepare Job Descriptions	100
Interviewing Job Candidates	104
Training Resources	105
Strategic Planning	105
Budgeting	107
Business Planning Concepts, Methods, and Resources	109
Team Building Techniques (adapted from Tuckman’s team development model)	112
Management Theories and Skills	114

Module 11: Health Benefits

11.1 Health Benefits Basics	126
Types of Health Insurance Plans	126
11.2 Taxation of Health Plans	128
Tax Treatment of Contributions and Benefits	128
11.3 HSA/HRA and COBRA	135
Health Savings Account	135
Health Reimbursement Arrangement	137
COBRA Continuation	142
11.4 Employer Shared Responsibility and Reporting	146
Employer Shared Responsibility	146
Information Reporting by Applicable Large Employers Under the ACA	156
11.5 Health Insurance Reporting on Form W-2	168
W-2 Reporting of Cost of Employer-Provided Health Coverage	168

Module 12: International Payments

12.1 Non-Resident Aliens	178
Resident/Nonresident Alien Taxation	178
Tax Treaties	186
Purpose of Form 8233	187
Form 8233 Requirements	188
Impact of Visa Status on Taxation	189
12.2 Expatriates	193
Expatriates/Resident Aliens	193
Foreign Earned Income Exclusion/Expatriate Taxation	195
Totalization Agreements—Social Security/Medicare Taxes	199
Employer Tax Reimbursement Policies	201
Currency Conversion	205
Managing International Relationships	205