

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.....	4
Disability Insurance Tax.....	5
Employee Benefits.....	5
1.2 Introduction to Payroll	5
Challenges.....	6
The Payroll Process	7
1.3 Employee/Independent Contractor	7
Worker 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.....	35
Overtime	38
Work Hours.....	40
Other FLSA Provisions.....	43
1.5 Employment Forms	46
Employee Forms	46

Module 2: Calculations of Pay

2.1 Calculation of Regular Pay	62
Calculate Regular Rate of Pay	62
Calculate Tip Pay	63
Calculate Pay for Time Worked	64
Calculate Other Pay	66
2.2 Calculation of Overtime Premium	67
Calculate FLSA Overtime Premium Pay.....	67
Calculate Overtime Using a Weighted Average.....	69
Calculate Nonexempt Salaried Overtime Premium Pay.....	70
Calculate Commission Overtime Premium Pay	72
Calculate Piecework Overtime Premium Pay.....	73
2.3 Calculation of Gross Pay	74
Final Pay	75
2.4 Calculation of Federal Income Tax	76
Taxable Wages.....	76
Federal Income Tax Withholding	78
2.5 Calculation of Social Security and Medicare Taxes	96
Employee Taxes.....	97
2.6 Calculation of Voluntary Deductions	101
Calculate Other Deductions	101
2.7 Calculation of Employer Taxes	102
Calculate Employer Social Security Liability	102
Calculate Employer Medicare Liability.....	102
Calculate Employer Total Tax Liability	103
2.8 Calculation of Gross-Ups	104
Grossing-up.....	104
2.9 State Income Taxation and Railroad Retirement	105
Multi-State Income Taxation	105

Module 3: Calculations of Deductions and Net Pay

3.1 Calculation of Involuntary Deductions	112
Withholding Orders	112
Child Support.....	112
Federal Tax Levy	120
Creditor Garnishment	127
Other Withholding Orders	131
Federal Agency Garnishments.....	134
3.2 Calculation of Net Pay	139
Calculate Total Deductions.....	139
Calculate Total Payroll	139
Calculate Net Pay.....	140

Module 4: Fringe Benefits and Other Payments

4.1 Fringe Benefit Rules	142
IRS Regulations Impacting Payroll	143
IRS Requirements	143
4.2 Nontaxable Benefits	144
Section 132 (Income Exclusion Basics)	144
No-Additional-Cost Fringe Benefits.....	145
Qualified Employee Discounts	145
De Minimis Fringe Benefits	146
Working Condition Fringe Benefits	148
Qualified Transportation Fringe Benefits	149
On-Premises Athletic Facilities	153
Qualified Retirement Advice	154
Moving Expenses.....	154
4.3 Employer-Provided Benefits	155
Awards and Prizes Income/Exclusion	155
Personal Use of Company Vehicles.....	157
Accounting for Vehicle Use	158
Group-Term Life Insurance	164
Educational Assistance	166
4.4 Other Payments	167
Advances and Overpayments.....	167
Bonuses	169
Commissions.....	169
Jury Duty Pay.....	170
Retroactive Wage Payments	170
Taxable Tips	171
Repayment of Employer-Provided Loans.....	174
Workers' Compensation	174

Module 5: Retirement Plans

5.1 Qualified Plans	176
Retirement Plans	176
5.2 Deferred Compensation Plans	178
Deferred Compensation	178
Annual Compensation and Contribution Limits.....	179
Deferred Compensation Regulations	180
How After-Tax and Pre-Tax Contributions Affect Net Pay	181
5.3 Deferred Compensation Regulations (401(k), 403(b), 457(b))	183
5.4 Nonqualified Plans	183

Module 6: Cafeteria Plans

6.1 Cafeteria Plans	186
IRC Section 125 Components.....	186
IRC §125 Elections	187

6.2 Flexible Spending Arrangements	189
Flexible Spending Arrangements.....	189

Module 7: Payroll Reporting and Employment Taxes

7.1 Tax Deposit Requirements	196
Lookback Period	196
Tax Deposit Frequency	199
Calculate Federal Tax Deposits	205
Tax Deposit Methods.....	205
Federal Tax Forms (An Overview).....	209

7.2 Quarterly Returns	211
Purpose of Form 941.....	211
Form 941 Reporting/Filing Requirements	212
Form 941 Line-By-Line Reporting Requirements.....	216
Schedule B (Form 941) Reporting/Filing Requirements	228
Schedule B (Form 941) Line-By-Line Requirements.....	228

7.3 Annual Returns	235
Forms W-2, W-3, and Electronic Filing	235
Federal Unemployment Tax	263
Forms 1099	280
Other Annual Returns	286

7.4 Correcting Returns	288
Purpose of Form W-2c.....	288
Purpose of Form 941-X	289
Purpose of Form 843.....	289

7.5 Other Reporting Requirements	290
Taxation and Reporting of Wages Paid to Deceased Employees	290
Calculate Withholding for Wages Paid to Deceased Employees	291

Module 8: Record Keeping and Payroll Practices

8.1 Payment Methods	294
Payment by Check or Cash	294
Payment by Direct Deposit	297
Payment by Paycard.....	306
Escheat	309
Other Payment Regulations	310

8.2 Payroll Practices	311
Payroll Processing.....	311
Confidentiality	321
Legislation Impacting Payroll.....	326
Business Continuity Plans	327
Workflow	328
Service Level Agreements	329
8.3 Record Keeping	330
DOL Record Keeping Regulations	332
IRS Record Keeping Regulations	332
USCIS Record Keeping Regulations	333
HIPAA Record Keeping Regulations	334
8.4 Systems	335
System Processes	335
Other System Issues.....	345
8.5 Penalties	347
DOL Penalties.....	348
IRS Penalties.....	348

Module 9: Payroll Accounting

9.1 Accounting Terminology	354
Accounting Principles.....	354
Accounting Periods.....	360
Balance Sheet and Income Statement.....	361
9.2 Account Classification	363
Recording Transactions	363
9.3 Journal Entries	365
Purpose and Recording of Payroll Journal Entries	365
Recording and Posting Payroll Transactions	368
Purpose and Recording of Accruals and Reversals	372
9.4 Reconciliations	373
Repayment of Wages	373
Reconciliation of Output Reports	374
9.5 Internal Control	374
Internal Controls	374
Audits—External and Internal	379

Module 10: Payroll Administration and Management

10.1 Customer Service	382
Definition	382
Responding Efficiently to and Resolving Customer Requests	382
10.2 Communication	387
Communicate Effectively	387
Effective Communication Techniques.....	388
10.3 Personal Time Management	391
Personal Time Management Techniques.....	391

Module 11: Health Benefits

11.1 Health Benefits Basics	396
11.2 Taxation of Health Plans	396
11.3 HSA/HRA & COBRA	396
11.4 Employer Shared Responsibility and Reporting	396
Information Reporting by Applicable Large Employers Under the ACA.....	396
11.5 Health Insurance Reporting on Form W-2	398

Module 12: International Payments

12.1 Non-Resident Aliens	400
Resident/Nonresident Alien Taxation.....	400
12.2 Expatriates	400
Expatriates/Resident Aliens	400