

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 7
 - Backup Withholding 17
 - Statutory Employee/Nonemployee 18
 - New Hire Reporting 21
 - Social Security Numbers 23
- 1.4 Fair Labor Standards25**
 - Fair Labor Standards: Concepts 25
 - Exempt/Nonexempt Employees: Concepts 26
 - Exempt/Nonexempt Employees: Definition 27
 - Minimum Wage 39
 - Tips 41
 - Regular Rate of Pay 44
 - The Workweek 50
 - Overtime 57
 - Work Hours 59
 - Other FLSA Provisions 64
- 1.5 Employment Forms75**
 - Employee Forms 75

Module 2: Calculations of Pay

2.1 Calculation of Regular Pay	98
Calculate Regular Pay for Time Worked.....	98
Calculate Other Pay	99
Calculate Regular Rate of Pay	101
2.2 Calculation of Overtime Premium	101
Calculate Overtime Using a Weighted Average.....	103
Calculate Nonexempt Salaried Overtime Premium Pay.....	104
Calculate Commission Overtime Premium Pay	105
Calculate Piecework Overtime Premium Pay.....	107
2.3 Calculation of Gross Pay	108
Final Pay	109
2.4 Calculation of Federal Taxes	109
Taxable Wages.....	110
Federal Income Tax Withholding.....	113
Treatment of 2019 and Earlier Forms W-4 as Forms 2020 or Later	132
2.5 Calculation of Social Security and Medicare Taxes	137
Social Security Tax Withholding Requirements	137
Medicare Tax Withholding Requirements.....	139
Other FICA Tax Considerations	140
2.6 Calculation of Voluntary Deductions	144
Union Dues	144
Credit Union Deductions	145
Charitable Contributions.....	145
2.7 Calculation of Employer Tax Liability	146
Calculate Employer Social Security Liability	146
Calculate Employer Medicare Liability.....	146
Calculate Employer Total Tax Liability	147
2.8 Calculation of Gross-Ups	148
Grossing-up.....	148
Grossing Up When Crossing the Social Security Wage Base	149
Grossing Up With 401(k)	150
2.9 Other Tax Considerations	151
Multi-State Income Taxation	151
Railroad Retirement Tax Act.....	156

Module 3: Calculations of Deductions and Net Pay

3.1 Calculation of Involuntary Deductions	160
Withholding Orders	160
Child Support	161
Federal Tax Levy	176
Creditor Garnishments	183
Other Withholding Orders	189
Priorities of Withholding Orders	196
3.2 Calculation of Net Pay	202
Calculate Total Deductions.....	203
Calculate Total Payroll	203
Calculate Net Pay.....	203

Module 4: Fringe Benefits and Other Payments

4.1 Fringe Benefit Rules	206
IRS Regulations Impacting Payroll	207
Taxation Requirements	207
IRS Requirements	208
Special Accounting Rule	210
4.2 Nontaxable Benefits	211
Section 132 (Income Exclusion Basics)	211
Plans That Favor Highly Compensated Employees	212
Plans That Favor Key Employees.....	212
No-Additional-Cost Fringe Benefits.....	213
Qualified Employee Discounts	214
De Minimis Fringe Benefits	214
Working Condition Fringe Benefits	216
Cell Phones—Working Condition Fringe Benefits	217
Qualified Transportation Fringe Benefits	218
On-Premises Athletic Facilities	222
Qualified Retirement Advice	222
Moving Expenses.....	222
4.3 Employer-Provided Benefits	223
Awards and Prizes Income/Exclusion	223
Personal Use of Company Vehicles.....	226
Accounting for Vehicle Use	226
Group-Term Life Insurance	231
Whole-Life Insurance	235
Personal Use of Company Aircraft.....	236
Educational Assistance	237
Business Travel Expenses.....	240
Meals and Lodging	252

4.4 Other Payments	254
Advances and Overpayments.....	254
Clawbacks	259
Back Pay Awards	259
Bonuses	263
Commissions.....	264
Death Benefits.....	265
Disaster Relief Payments	265
Jury Duty Pay.....	267
Leave-Sharing Plans	267
Retroactive Wage Payments	269
Taxable Tips	270
Loans to Employees.....	276
Repayment of Employer-Provided Loans.....	277
Sick Pay	277
Stocks and Stock Options	286
Workers' Compensation	293
Dependent Care Assistance Programs	294
Severance	296
Golden Parachute.....	296
Club Memberships.....	297
Adoption Assistance	299
Differential Military Pay.....	302
Identification Protection Services	304

Contents

Module 5: Retirement Plans

- 5.1 Retirement and Deferred Compensation Plans2**
 - Qualified Pension and Profit-Sharing Plans 2
- 5.2 Deferred Compensation Plans3**
 - Deferred Compensation 3
 - Annual Compensation and Contribution Limits 4
 - Tax Treatment of Pension and Profit-Sharing Plans 5
 - Qualified Annuity Plans Under §403(a) 6
 - ERISA Requirements 6
 - Deferred Compensation Regulations 6
 - How After-Tax and Pre-Tax Contributions Affect Net Pay 8
- 5.3 Deferred Compensation Regulations (401(k), 403(b), 457(b))9**
 - Eligibility for Catch-Up Contributions 10
 - Holding Periods for Elective Deferrals 12
 - Automatic 401(k) Enrollment 13
 - Tax Treatment of §401(k) Plans 16
 - Reporting Requirements 16
 - Roth Contributions to 401(k) Plans 17
 - Tax-Sheltered Annuities (403(b) Plans) 17
 - Deferred Comp Plans for Public Sector, Tax-Exempt Entities 20
 - Nondiscrimination Testing—401(k) Plans 23
- 5.4 Nonqualified Plans27**
 - Federal Income Tax Treatment 27
 - Nonqualified Deferred Compensation Plan Defined for
 - Social Security/Medicare Taxation 39
 - Determining the Amount Deferred 40
 - Withholding Rules 41
 - Reporting Requirements 42

Module 6: Cafeteria Plans

- 6.1 Cafeteria Plans46**
 - IRC Section 125 Components 46
 - IRC §125 Elections 47
- 6.2 Flexible Spending Arrangements62**
 - Flexible Spending Arrangements 62

Module 7: Payroll Reporting and Employment Taxes

7.1 Tax Deposit Requirements	70
Lookback Period	70
Tax Deposit Frequency	73
Calculate Federal Tax Deposits	79
Tax Deposit Methods	79
Federal Tax Forms (An Overview).....	83
7.2 Quarterly Returns	85
Purpose of Form 941.....	85
Form 941 Reporting/Filing Requirements	86
Form 941 Line-By-Line Reporting Requirements.....	91
E-File Employment Tax for Forms 940 and 941	102
Schedule B (Form 941) Reporting/Filing Requirements	103
Schedule B (Form 941) Line-By-Line Requirements.....	104
Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers	110
Multiple Worksite Reporting	110
7.3 Annual Returns	112
Forms W-2, W-3, and Electronic Filing	112
Information Reporting Requirement for H-2A Workers	133
Purpose of Form W-3	134
Federal Unemployment Tax	144
Forms 1099	163
Forms 1094-C and 1095-C	171
Other Annual Returns	180
7.4 Correcting Returns	189
Purpose of Form W-2c.....	189
Purpose of Form W-3c.....	193
Overcollected/Undercollected Taxes.....	197
Purpose of Form 941-X	201
Purpose of Form 843.....	237
7.5 Other Reporting Requirements	240
Taxation and Reporting of Wages Paid to Deceased Employees	240
Calculate Withholding for Wages Paid to Deceased Employees	241
Purpose of Form 4070.....	242
Form 4070 Requirements.....	242
Form 8027 Requirements.....	242
Purpose of Form SS-4.....	243

Module 8: Record Keeping and Payroll Practices

- 8.1 Payment Methods246**
 - Payment by Check or Cash 246
 - Payment by Direct Deposit 249
 - Payment by Paycard..... 258
 - Escheat 261
 - Other Payment Regulations 262

- 8.2 Payroll Practices263**
 - Payroll Processing..... 263
 - Confidentiality 276
 - Legislation Impacting Payroll..... 286
 - Procedures and Practices 303
 - Business Continuity Plans 306
 - Workflow 312
 - Service Level Agreements 313

- 8.3 Record Keeping315**
 - DOL Record Keeping Regulations 317
 - IRS Record Keeping Regulations 323
 - USCIS Record Keeping Regulations 327
 - HIPAA Record Keeping Regulations 328

- 8.4 Systems335**
 - System Processes 336
 - Artificial Intelligence/Machine Learning 346
 - System Selection and Implementation..... 349
 - Other System Issues..... 366

- 8.5 Penalties368**
 - DOL Penalties..... 369
 - IRS Penalties..... 369

Contents

Module 9: Payroll Accounting and Auditing

9.1 Accounting Terminology	2
Accounting Principles	3
Accounting Periods	6
Balance Sheet and Income Statement	8
9.2 Account Classification	14
Recording Transactions	14
Account Balances	15
Debits and Credits	16
9.3 Journal Entries	16
Recording of Payroll Journal Entries	16
Posting Payroll Transactions	17
Purpose and Recording of Accruals and Reversals	22
9.4 Reconciliations	26
Reconciling the Payroll Bank Account	26
Reconcile General Ledger Payroll Accounts	27
Reconciliation of Output Reports	28
9.5 Internal Control	29
Internal Controls	29
Audits—External and Internal	34
Sarbanes-Oxley Compliance/SSAE 18	36

Module 10: Payroll Management Administration

10.1 Customer Service	42
Principles of Customer Service	42
Customer Service Training	43
Responding Efficiently to and Resolving Customer Requests	44
10.2 Communication	46
Communicate Effectively	46
Effective Communication Techniques	47
Effectively Manage Interpersonal Relationships	52
10.3 Personal Time Management	53
Personal Time Management Techniques	53
10.4 Management	56
Management Skills	56
Becoming a More Effective Manager	74
10.5 Management Theories and Techniques	76
The Role of the Manager	76

10.6 Project Management	83
Project Management	83
Team Building Techniques (adapted from Tuckman’s team development model).....	103

Module 11: Health Benefits

11.1 Health Benefits Basics	108
Types of Health Insurance Plans	108
11.2 Taxation of Health Plans	110
Tax Treatment of Contributions and Benefits	110
11.3 HSA/HRA and COBRA	117
Health Savings Account.....	117
Health Reimbursement Arrangement	119
COBRA Continuation.....	124
11.4 Employer Shared Responsibility and Reporting	128
Employer Shared Responsibility	128
Information Reporting by Applicable Large Employers Under the ACA.....	136
11.5 Health Insurance Reporting on Form W-2	139
Reporting the Total Cost of Employer-Provided Health Coverage on Employees	139

Module 12: International Payments

12.1 Non-Resident Aliens	148
Resident/Nonresident Alien Taxation.....	148
Tax Treaties	157
Purpose of Form 8233.....	158
Form 8233 Requirements.....	158
Impact of Visa Status on Taxation.....	159
12.2 Expatriates	163
Expatriates/Resident Aliens	163
Foreign Earned Income Exclusion/Expatriate Taxation.....	165
Totalization Agreements—Social Security/Medicare Taxes.....	169
Employer Tax Reimbursement Policies	171
Currency Conversion	175
Managing International Relationships	175