

# Contents

<b>Module 1: Payroll Concepts.....</b>	<b>1</b>
1.1 Fundamental Payroll Concepts.....	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
Introduction to Payroll.....	5
Employee/Independent Contractor.....	7
Statutory Employee/Non-employee.....	18
New Hire Reporting.....	20
Social Security Numbers.....	22
1.2 Employment Forms.....	24
Employee Forms.....	24
1.3 Fair Labor Standards.....	42
Fair Labor Standards: Concepts.....	42
Exempt/Nonexempt Employees: Concepts & Definition.....	44
Minimum Wage.....	56
Tips.....	58
Regular Rate of Pay.....	60
Payments to Include in Regular Rate of Pay.....	61
Payments to Exclude from Regular Rate of Pay.....	63
The Workweek.....	66
Overtime.....	74
Work Hours.....	76
Other FLSA Provisions.....	81
<b>Module 2: Calculations of Pay.....</b>	<b>91</b>
2.1 Fundamental Pay Calculations.....	92
Calculate Regular Pay for Time Worked.....	92

Calculate Tip Pay.....	93
Calculate Salaried Pay.....	94
Calculate Commission Pay.....	95
Calculate Regular Rate of Pay.....	95
Calculation of Overtime Premium.....	96
Calculate Overtime Using a Weighted Average.....	97
Calculate Nonexempt Salaried Overtime Premium Pay.....	99
Calculate Commission Overtime Premium Pay.....	100
Calculate Piecework Overtime Premium Pay.....	102
Calculation of Gross Pay.....	103
<b>2.2 Fundamental Tax Calculations.....</b>	<b>105</b>
Taxable Wages.....	105
Federal Income Tax Withholding.....	107
Calculation of Social Security and Medicare Taxes.....	137
Other FICA Tax Considerations.....	141
Calculation of Employer Tax Liability.....	144
Calculation of Gross-Ups.....	146
Multi-State Income Taxation.....	151
Railroad Retirement Tax Act.....	155
<b>2.3 Calculation of Deductions and Net Pay.....</b>	<b>156</b>
Withholding Orders.....	157
Child Support.....	158
Tax Levies.....	172
Creditor Garnishments.....	178
Other Withholding Orders.....	184
Federal Administrative Wage Garnishments.....	187
Calculation of Voluntary Deductions.....	196
Calculation of Net Pay.....	198
<b>2.4 Payment Methods.....</b>	<b>199</b>
Payment by Check or Cash.....	200
Payment by Direct Deposit.....	202
Payment by Paycard.....	211
Earned Wage Access.....	213
Escheat.....	215
Pay Frequency.....	216

<b>Module 3: Fringe Benefits &amp; Other Payments.....</b>	<b>219</b>
3.1 Rules for Fringe & Nontaxable Benefits.....	220
IRS Regulations Impacting Payroll.....	221
Taxation Requirements.....	221
Fair Market Value.....	221
IRS Requirements.....	222
Special Accounting Rule.....	224
Nontaxable Benefits.....	225
Plans That Favor Highly Compensated Employees.....	226
No-Additional-Cost Fringe Benefits.....	227
Qualified Employee Discounts.....	227
De Minimis Fringe Benefits.....	228
Working Condition Fringe Benefits.....	229
Cell Phones—Working Condition Fringe Benefits.....	230
Qualified Transportation Fringe Benefits.....	231
On-Premises Athletic Facilities.....	235
Qualified Retirement Advice.....	235
Moving Expenses.....	235
3.2 Employer-Provided Benefits.....	236
Awards and Prizes Income/Exclusion.....	236
Personal Use of Company Vehicles.....	238
Accounting for Vehicle Use.....	238
Group-Term Life Insurance.....	244
Whole-Life Insurance.....	248
Personal Use of Company Aircraft.....	249
Educational Assistance.....	250
Business Travel Expenses.....	253
Daily Transportation Expenses.....	256
Reimbursements Under an Accountable Plan.....	257
Payments Under a Nonaccountable Plan.....	258
Per Diem Allowances.....	259
Meals Provided to the Employee.....	261
Prorated Per Diems.....	261
Mileage Allowances.....	261
3.3 Other Payments.....	265

Advances and Overpayments.....	265
Back Pay Awards.....	271
Bonuses.....	274
Commissions.....	275
Death Benefits.....	276
Disaster Relief Payments.....	276
Jury Duty Pay.....	277
Leave-Sharing Plans.....	278
Retroactive Wage Payments.....	280
Taxable Tips.....	280
Loans to Employees.....	285
Repayment of Employer-Provided Loans.....	286
Sick Pay.....	287
Special Rule for Multiemployer Plan.....	295
Stocks and Stock Options.....	295
Employee Can Elect Current Taxation to Limit Future Taxes - IRC §83(b).....	300
Employees of Some Companies Can Elect to Defer Income Inclusion - IRC §83(i).....	301
Workers' Compensation.....	302
Dependent Care Assistance Programs.....	303
Severance.....	304
Golden Parachute.....	305
Club Memberships.....	306
Adoption Assistance.....	308
Differential Military Pay.....	311
Identification Protection Services.....	312

# Contents

<b>Module 4: Retirement &amp; Cafeteria Plans.....</b>	<b>1</b>
4.1 Retirement and Deferred Compensation Plans.....	2
Qualified Pension and Profit-Sharing Plans.....	2
Deferred Compensation Plans.....	3
How After-Tax and Pre-Tax Contributions Affect Net Pay.....	7
4.2 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.....	12
Tax Treatment of §401(k) Plans.....	16
Reporting Requirements.....	16
Roth Contributions to 401(k) Plans.....	16
Tax-Sheltered Annuities (403(b) Plans).....	17
Deferred Comp Plans for Public Sector, Tax-Exempt Entities.....	19
Nondiscrimination Testing—401(k) Plans.....	22
4.3 Nonqualified Plans.....	26
Federal Income Tax Treatment.....	26
Nonqualified Deferred Compensation Plan Defined for Social Security/Medicare Taxation.....	37
Determining the Amount Deferred.....	38
Withholding Rules.....	39
Reporting Requirements.....	40
4.4 Cafeteria Plans.....	41
IRC Section 125 Components.....	41
IRC §125 Elections.....	42
Flexible Spending Arrangements.....	57
<b>Module 5: Health Benefits.....</b>	<b>63</b>
5.1 Health Benefits Basics.....	64
Types of Health Insurance Plans.....	64
5.2 Taxation of Health Plans.....	66
Tax Treatment of Contributions and Benefits.....	66
5.3 HSA/HRA and COBRA.....	72
Health Savings Account.....	72
Health Reimbursement Arrangement.....	74

COBRA Continuation.....	77
5.4 Employer Shared Responsibility and Reporting.....	82
Employer Shared Responsibility.....	82
Information Reporting by Applicable Large Employers Under the ACA.....	89
5.5 Health Insurance Reporting on Form W-2.....	92
Reporting the Total Cost of Employer-Provided Health Coverage on Employees.....	92
<b>Module 6: Payroll Reporting &amp; Employment Taxes.....</b>	<b>101</b>
6.1 Tax Deposit Requirements.....	102
Lookback Period.....	102
Tax Deposit Frequency.....	105
Calculate Federal Tax Deposits.....	111
Tax Deposit Methods.....	112
Federal Tax Forms (An Overview).....	116
6.2 Quarterly Returns.....	118
Purpose of Form 941.....	118
Special Considerations for Mergers and Acquisitions.....	122
Form 941 Line-By-Line Reporting Requirements.....	123
E-File Employment Tax for Forms 940 and 941.....	129
Schedule B (Form 941) Reporting/Filing Requirements.....	130
Schedule B (Form 941) Line-By-Line Requirements.....	130
Multiple Worksite Reporting.....	136
6.3 Annual Returns.....	138
Forms W-2, W-3, and Electronic Filing.....	138
Federal Unemployment Tax.....	168
Forms 1099.....	186
Forms 1094-C and 1095-C.....	193
Other Annual Returns.....	200
6.4 Correcting Returns & Misc. Reporting Requirements.....	208
Purpose of Form W-2c.....	208
Purpose of Form W-3c.....	213
Overcollected/Undercollected Taxes.....	215
Purpose of Form 941-X.....	219
Purpose of Form 843.....	249
Other Reporting Requirements.....	250

# Contents

<b>Module 7: Record Keeping &amp; Payroll Practices.....</b>	<b>1</b>
7.1 Payroll Practices.....	2
Payroll Processing.....	2
Confidentiality.....	13
Legislation Impacting Payroll.....	22
Procedures and Practices.....	41
Business Continuity Plans.....	44
Workflow.....	50
Service Level Agreements.....	50
7.2 Record Keeping Requirements & Penalties.....	52
DOL Record Keeping Regulations.....	54
IRS Record Keeping Regulations.....	60
USCIS Record Keeping Regulations.....	64
HIPAA Record Keeping Regulations.....	65
Penalties.....	71
7.3 Systems.....	94
System Processes.....	94
Artificial Intelligence/Machine Learning.....	104
System Selection and Implementation.....	107
Other System Issues.....	122
<b>Module 8: Payroll Accounting and Auditing.....</b>	<b>125</b>
8.1 Accounting Terminology & Account Classifications.....	126
Accounting Principles.....	126
Accounting Periods.....	130
Balance Sheet and Income Statement.....	131
Account Classification.....	136
8.2 Payroll Records & Controls.....	139
Recording of Payroll Journal Entries.....	139
Posting Payroll Transactions.....	140
Purpose and Recording of Accruals and Reversals.....	145
Reconciliations.....	148
Internal Control.....	151
Audits—External and Internal.....	157

Sarbanes-Oxley Compliance/SSAE.....	159
<b>Module 9: Payroll Management Administration.....</b>	<b>163</b>
9.1 Fundamental Personal Skills.....	164
Principles of Customer Service.....	164
Customer Service Training.....	165
Responding to and Resolving Customer Requests.....	166
Communication.....	167
Effective Communication Techniques.....	168
Effectively Manage Interpersonal Relationships.....	171
Personal Time Management Techniques.....	172
9.2 Fundamental Management Skills.....	174
Management Skills.....	174
Skill 1: Planning and Organizing.....	175
Skill 2: Staffing.....	176
Skill 3: Directing.....	178
Skill 4: Controlling.....	180
Skill 5: Reporting.....	182
Management Theories and Techniques.....	183
Project Management.....	187
<b>Module 10: International Payments.....</b>	<b>197</b>
10.1 Nonresident Aliens.....	198
Resident/Nonresident Alien Taxation.....	198
Tax Treaties.....	207
Purpose of Form 8233.....	208
Form 8233 Requirements.....	208
Impact of Visa Status on Taxation.....	208
10.2 Expatriates.....	212
Expatriates/Resident Aliens.....	212
Foreign Earned Income Exclusion/Expatriate Taxation.....	214
Totalization Agreements—Social Security/Medicare Taxes.....	217
Employer Tax Reimbursement Policies.....	219
Currency Conversion.....	223
Managing International Relationships.....	223