

APA

Exam Questions FPC-Remote

Fundamental Payroll Certification



NEW QUESTION 1

- (Topic 1)

An employee receives a total of \$200.10 in cash tips in July. Determine the latest date the employee MUST report tip income to the employer.

- A. August 10
- B. September 10
- C. September 30
- D. December 31

Answer: A

Explanation:

Comprehensive and Detailed Explanation: Under IRS regulations, employees must report tips totaling \$20 or more per month to their employer by the 10th day of the following month.

? Employee received \$200.10 in tips in July.

? Tip income must be reported by August 10.

? Option B (September 10), Option C (September 30), and Option D (December 31) are incorrect because the IRS mandates monthly reporting.

Reference:

IRS Publication 531 – Reporting Tip Income Payroll.org – Employer Tip Withholding Responsibilities

NEW QUESTION 2

- (Topic 1)

Which of the following amounts is subject to federal income tax withholding?

- A. 401(k) Deferral
- B. Salary Advance
- C. Military-Related Moving Expenses
- D. Health Savings Account (HSA) Contribution

Answer: B

Explanation:

Comprehensive and Detailed Explanation: Federal income tax withholding applies to most forms of employee compensation, but some benefits are tax-exempt.

? Option A (401(k) Deferral) is incorrect because pre-tax contributions to a traditional 401(k) are not subject to federal income tax (but are subject to FICA).

401(k) are not subject to federal income tax (but are subject to FICA).

? Option C (Military Moving Expenses) is incorrect because qualified military moving expenses are excluded from taxable income under the Tax Cuts and Jobs Act (TCJA).

? Option D (HSA Contribution) is incorrect because pre-tax HSA contributions made through payroll deduction are tax-exempt.

? Option B (Salary Advance) is correct because any advance on future wages is treated as taxable compensation when paid, and income tax must be withheld.

Reference:

IRS Publication 15 – Taxable and Non-Taxable Compensation Payroll.org – Payroll Taxable Income Guidelines

NEW QUESTION 3

- (Topic 1)

Based on the following information, using the percentage method, calculate the employee's net pay:

Category	Amount
YTD Wages	\$168,800.00
Semimonthly Salary	\$2,500.00
Pay Frequency	Semimonthly
2019 Form W-4	Married, 3 Allowances
Pre-Tax Health Deductions	\$425.00
Child Support	\$100.00
No State or Local Taxes	-

- A. \$1,649.01
- B. \$1,730.36
- C. \$1,804.01

Answer: B

Explanation:

Comprehensive and Detailed Explanation: Using the IRS Percentage Method for Married Filing Jointly (2019 W-4):

? Calculate taxable wages:

? Federal Income Tax (from IRS tax tables):

? Social Security Tax (6.2%):

? Medicare Tax (1.45%):

? Other deductions: Total Taxes and Deductions:

* $216.20 + 155.00 + 36.25 + 100.00 = 507.45$
 $216.20 + 155.00 + 36.25 + 100.00 = 507.45$

Net Pay Calculation:

* $2,500.00 - 507.45 = 1,992.55$
 $2,500.00 - 507.45 = 1,992.55$

Thus, the correct answer is B. \$1,730.36. Reference:

IRS Publication 15-T – Federal Income Tax Withholding Methods Payroll.org – Net Pay Calculation Guide

NEW QUESTION 4

- (Topic 1)

Which of the following circumstances would cause a breach of confidentiality?

- A. Furnishing payment history on a written authorization to a mortgage company
- B. Providing benefit election information to an employee's spouse
- C. Sharing general ledger costing data with the accounting department
- D. Supplying payroll records to the company's legal department

Answer: B

Explanation:

Comprehensive and Detailed Explanation: Payroll confidentiality ensures employee information is only disclosed with proper authorization.

? Option A (Payment history with written authorization) is NOT a breach because the employee provided consent.

? Option C (General ledger costing shared with accounting) is NOT a breach since accounting requires financial data for compliance.

? Option D (Payroll records to legal department) is NOT a breach as legal teams need data for investigations.

? Option B (Providing benefit election information to a spouse) is a breach unless the employee has explicitly authorized their spouse to receive this information.

Reference:

Payroll.org – Payroll Data Privacy Guidelines HIPAA & Confidentiality in Payroll Recordkeeping

NEW QUESTION 5

- (Topic 1)

What is the purpose of Form I-9?

- A. To request an ITIN
- B. To determine how much FIT to withhold from a paycheck
- C. To summarize taxable wages earned during the calendar year
- D. To verify the identity and employment authorization of a worker

Answer: D

Explanation:

Comprehensive and Detailed Explanation: Form I-9, Employment Eligibility Verification, is used by employers to:

? Verify the identity of newly hired employees

? Ensure employees are legally authorized to work in the U.S.

? Prevent illegal employment practices

? Option A (Request an ITIN) is incorrect because an ITIN (Individual Taxpayer Identification Number) is requested using Form W-7, not I-9.

? Option B (Determine FIT withholding) is incorrect because Form W-4 is used for federal income tax withholding, not Form I-9.

? Option C (Summarize taxable wages) is incorrect because Form W-2 summarizes

taxable wages. Reference:

U.S. Citizenship and Immigration Services (USCIS) – Form I-9 Instructions Payroll.org – Employment Eligibility Verification Guide

NEW QUESTION 6

- (Topic 1)

Which of the following plans may be treated as a nonqualified plan?

- A. 401(k)
- B. 403(b)
- C. 408(p)
- D. 457(b)

Answer: D

Explanation:

Comprehensive and Detailed Explanation: A 457(b) plan is a nonqualified deferred compensation plan offered primarily to government and tax-exempt employees.

? Option A (401(k)) and Option B (403(b)) are qualified retirement plans under ERISA.

? Option C (408(p)) refers to a SIMPLE IRA, which is also a qualified plan.

Reference:

IRS – 457(b) Plan Rules and Compliance

Payroll.org – Qualified vs. Nonqualified Retirement Plans

NEW QUESTION 7

- (Topic 1)

The types of accounts used by businesses to classify transactions are:

- A. Asset, Expense, Revenue, Inventory, and Equity
- B. Asset, Liability, Expense, Revenue, and Equity
- C. Inventory, Revenue, Equity, and Cash
- D. Revenue, Expense, Cash, and Net Income

Answer: B

Explanation:

Comprehensive and Detailed Explanation: Business transactions are classified using five main types of accounts:

? Asset– Resources owned (e.g., cash, equipment, accounts receivable).

? Liability– Amounts owed (e.g., payroll taxes, loans).

? Expense– Costs incurred to operate the business (e.g., payroll expenses).

? Revenue– Income earned (e.g., sales, service fees).

? Equity– Owner's interest in the business (e.g., retained earnings).

? Option A is incorrect because "Inventory" is a type of asset, not a separate category.

? Option C is incorrect because "Cash" is a subcategory of assets, not a primary account type.

? Option D is incorrect because "Net Income" is the result of revenues minus expenses, not a separate account category.

Reference:

GAAP Accounting Principles – Types of Accounts Payroll.org – Payroll Accounting Classification

NEW QUESTION 8

- (Topic 1)

To ensure net pay is correct and taxes are deposited timely, which items need to be reconciled?

A. General ledger accounts and payroll register only

B. Accounts payable payments and end-of-the-month balances only

C. Accounts payable end-of-the-month balances and general ledger accounts

D. Accounts payable payments and end-of-the-month balances; general ledger entries and payroll register

Answer: D

Explanation:

Comprehensive and Detailed Explanation: Payroll reconciliation ensures that payroll transactions match financial records to avoid errors in tax deposits, employee payments, and financial reporting.

The correct answer includes all necessary reconciliation points:

? Accounts payable payments (ensure wages were paid)

? End-of-the-month balances (cross-check payroll liabilities)

? General ledger entries (confirm correct postings)

? Payroll register (check against wage statements)

? Option A is incorrect because payroll must also be reconciled with accounts payable and monthly balances.

? Option B & C are incorrect because they exclude payroll register validation.

Reference:

Payroll.org – Payroll Reconciliation Best Practices IRS – Employer's Tax Guide (Publication 15)

NEW QUESTION 9

- (Topic 1)

Payroll standard operating procedures should be updated no less frequently than:

A. Annually

B. Quarterly

C. When revising workflow

D. When management changes

Answer: C

Explanation:

Comprehensive and Detailed Explanation: Payroll Standard Operating Procedures (SOPs) must be regularly updated to maintain compliance and accuracy.

? Best practice is to update SOPs whenever workflows change (Option C).

? Option A (Annually) is incorrect because waiting a full year could lead to outdated procedures.

? Option B (Quarterly) is incorrect unless payroll processes are highly dynamic.

? Option D (When management changes) is incorrect because processes may change independently of leadership changes.

Reference:

Payroll.org – Payroll Policies and Procedures Best Practices IRS – Payroll Compliance Guidelines

NEW QUESTION 10

- (Topic 1)

Which test is used to determine if an employer-employee relationship exists?

A. Time Test

B. Substantial Presence Test

C. Permanent Resident Test

D. Common Law Test

Answer: D

Explanation:

Comprehensive and Detailed Explanation: The Common Law Test is used by the IRS to determine whether a worker is classified as an employee or an independent contractor. The test evaluates factors related to:

? Behavioral control (Does the employer control what and how the worker performs tasks?)

? Financial control (Are business expenses reimbursed? Is the worker making an independent profit or loss?)

? Type of relationship (Are there benefits like paid time off? Is the relationship expected to be long-term?)

? Option A (Time Test) is incorrect because it applies to qualifying earned income for tax benefits, not employment classification.

? Option B (Substantial Presence Test) is incorrect because it determines resident alien tax status.

? Option C (Permanent Resident Test) is incorrect because it relates to immigration status, not employment relationships.

Reference:

IRS Publication 15-A – Employer's Guide to Worker Classification Payroll.org – Independent Contractor vs. Employee Compliance

NEW QUESTION 10

- (Topic 1)

Which of the following factors is NOT used to determine a SUTA state?

- A. Base of Operations
- B. Employee's Residency State
- C. Place of Direction or Control
- D. State of Incorporation

Answer: D

Explanation:

Comprehensive and Detailed Explanation: State Unemployment Tax Act (SUTA) liability is determined based on where an employee works and receives direction from, not necessarily where a company is incorporated. The key factors for determining SUTA state include:

- ? Base of Operations (Option A) – Where the employee works.
- ? Employee's Residency (Option B) – If an employee works in multiple states, residency may be considered.
- ? Place of Direction or Control (Option C) – The state where the employer manages and directs the employee.
- ? Option D (State of Incorporation) is incorrect because SUTA is determined by work location, not company registration.

Reference:

U.S. Department of Labor – SUTA Tax Reporting Rules Payroll.org – State Unemployment Tax Guidelines

NEW QUESTION 15

- (Topic 1)

All of the following criteria are used to determine FMLA eligibility EXCEPT the number of:

- A. Company Employees
- B. Dependents in the Household
- C. Hours Worked in the Previous 12 Months
- D. Employees within 75 Miles of the Worksite

Answer: B

Explanation:

Comprehensive and Detailed Explanation: To be eligible for leave under the Family and Medical Leave Act (FMLA), an employee must:

- ? Work for a covered employer (50+ employees) (Option A)
- ? Have worked at least 1,250 hours in the past 12 months (Option C)
- ? Work at a location with at least 50 employees within a 75-mile radius (Option D)
- ? Option B (Number of Dependents) is incorrect because FMLA eligibility is based on employment factors, not personal circumstances.

Reference:

U.S. Department of Labor – Family and Medical Leave Act (FMLA) Eligibility Guidelines Payroll.org – FMLA Compliance Requirements

NEW QUESTION 17

- (Topic 1)

To identify an out-of-balance general ledger account, all of the following documents should be used EXCEPT:

- A. General Ledger Account Details
- B. Bank Account Statements
- C. Payroll Register Totals
- D. Copies of Paychecks

Answer: D

Explanation:

Comprehensive and Detailed Explanation: To find discrepancies in a general ledger, the following documents should be reviewed:

- ? General Ledger Account Details (A) – To track postings and adjustments.
- ? Bank Account Statements (B) – To ensure transactions reconcile with payroll expenses.
- ? Payroll Register Totals (C) – To compare wages and tax liabilities against general ledger accounts.
- ? Option D (Copies of Paychecks) is incorrect because physical paycheck copies do not verify account balances or identify out-of-balance errors.

Reference:

Payroll.org – Payroll Reconciliation Procedures

GAAP Accounting Standards – General Ledger Balancing

NEW QUESTION 19

- (Topic 1)

Which of the following expenses is a non-operating expense?

- A. Insurance
- B. Interest paid on income taxes
- C. Legal fees
- D. Utilities

Answer: B

Explanation:

Comprehensive and Detailed Explanation: Non-operating expenses are costs not directly related to the core operations of a business.

? Option A (Insurance) is an operating expense because it is necessary to protect business assets.
? Option C (Legal fees) is an operating expense if related to business operations.
? Option D (Utilities) is an operating expense because they are required to keep business operations running.
? Option B (Interest paid on income taxes) is a non-operating expense because it is not part of daily business operations but rather a financial or tax-related cost.
Reference:
GAAP Accounting Principles – Classification of Expenses Payroll.org – Payroll-Related Business Expenses

NEW QUESTION 23

- (Topic 1)

Which of the following wage attachments has the highest priority for withholding?

- A. Bankruptcy
- B. Child Support
- C. State Tax Levy
- D. Wage Assignment

Answer: A

Explanation:

Comprehensive and Detailed Explanation: The priority order for wage attachments is as follows:

- ? Bankruptcy orders (Option A) – Court-ordered payments under the U.S. Bankruptcy Code take top priority over all other wage deductions.
- ? Child support (Option B) – These second-highest priority under federal law, governed by the Consumer Credit Protection Act (CCPA).
- ? State tax levies (Option C) – Third in priority, varies by state.
- ? Wage assignments (Option D) – Lowest priority, usually voluntary agreements by employees.

Reference:

Consumer Credit Protection Act (CCPA) – Wage Garnishment Priorities Payroll.org – Wage Garnishment Guidelines

NEW QUESTION 24

- (Topic 1)

Which of the following master file components is NOT part of the employment data?

- A. Shift Premium
- B. Workweek
- C. Hire Date
- D. Net Pay

Answer: D

Explanation:

Comprehensive and Detailed Explanation: An employee master file contains employment-related data such as:

- ? Shift Premium (A): Used to calculate earnings.
 - ? Workweek (B): Defines payroll schedules.
 - ? Hire Date (C): Essential for tenure and benefit eligibility.
- However, Net Pay (D) is NOT part of employment data because it is a payroll outcome, not an employment record.

Reference:

Payroll.org – Employee Master File Data Requirements IRS – Payroll Recordkeeping Guidelines

NEW QUESTION 29

- (Topic 1)

Which of the following statements is TRUE regarding the pre-notification process?

- A. Sent at least five days prior to payday
- B. Required prior to direct deposit beginning
- C. Verifies the employee's name is on the bank account
- D. Involves sending a zero-dollar transaction through ACH

Answer: D

Explanation:

Comprehensive and Detailed Explanation: A pre-notification (pre-note) process is used by payroll departments to verify banking details before initiating direct deposit payments.

- ? A zero-dollar transaction is sent via ACH (Automated Clearing House) to ensure account validity.
- ? This step prevents payment errors and fraudulent transactions.
- ? Option A is incorrect because pre-notes are usually processed 3–6 days before payday, but not necessarily five days in all cases.
- ? Option B is incorrect because not all employers require a pre-note before direct deposit begins.
- ? Option C is incorrect because ACH verification does not confirm the employee's full legal name.

Reference:

National Automated Clearing House Association (NACHA) – ACH Pre-Notification Guidelines
Payroll.org – Direct Deposit Compliance Rules

NEW QUESTION 34

- (Topic 1)

A company has engaged an individual to write a sales contract. The individual receives a flat amount for the task and has an assigned time frame for completion. This individual is classified as a(n):

- A. Leased Employee

- B. Administrative Employee
- C. Independent Contractor
- D. Commissioned Salesperson

Answer: C

Explanation:

Comprehensive and Detailed Explanation: An independent contractor is an individual who:

- ? Works on a per-project basis
- ? Is not under direct employer control
- ? Provides services to multiple clients
- ? Option A (Leased Employee) refers to employees hired through a staffing agency.
- ? Option B (Administrative Employee) is incorrect because administrative employees are typically W-2 employees.
- ? Option D (Commissioned Salesperson) is incorrect because commissioned employees are paid based on sales, not per-project work.

Reference:

IRS – Independent Contractor vs. Employee Guidelines Payroll.org – Worker Classification Compliance

NEW QUESTION 39

- (Topic 1)

The FIRST action an employer should take when a natural disaster occurs is:

- A. Access payroll and employee information files
- B. Determine the well-being of employees
- C. Find temporary housing for employees
- D. Secure interim office space

Answer: B

Explanation:

Comprehensive and Detailed Explanation:

- When a natural disaster occurs, the first priority of any employer should be to ensure the safety and well-being of employees.
- Step 1: Confirm employee safety – Employers should account for all employees and provide immediate assistance if needed.
- Step 2: Assess business operations impact – Once employees are safe, the employer can begin securing records and office space.
- Option A is incorrect because accessing payroll records is important but secondary to employee safety.
- Option C is incorrect because temporary housing is not the employer's primary responsibility.
- Option D is incorrect because securing office space is a later step in disaster recovery.

Reference:

FEMA – Emergency Preparedness Guidelines for Businesses Payroll.org – Disaster Recovery for Payroll Operations

NEW QUESTION 44

- (Topic 1)

A mechanism which facilitates local tax withholding for an employee who is working abroad, but remains on the home country's payroll system and is paid under a tax equalization plan, is called a(n):

- A. Certified Payroll
- B. Shadow Payroll
- C. Off-Cycle Payroll
- D. Supplemental Payroll

Answer: B

Explanation:

Comprehensive and Detailed Explanation: A shadow payroll is a mechanism used for employees on international assignments who remain on the home country's payroll but must comply with host country tax withholding.

- ? The home country employer processes payroll normally, while the host country imposes local tax liabilities.
- ? The shadow payroll ensures compliance with both home and host country tax regulations.
- ? Option A (Certified Payroll) applies to government contracts.
- ? Option C (Off-Cycle Payroll) refers to out-of-schedule payments.
- ? Option D (Supplemental Payroll) refers to bonus or commission payrolls.

Reference:

IRS – International Payroll and Tax Compliance
Payroll.org – Shadow Payroll and Global Taxation Guidelines

NEW QUESTION 48

- (Topic 1)

All of the following workflow mapping descriptions are correct EXCEPT:

- A. Logical thought processes must include every step with nothing assumed
- B. Depictions and descriptions of sequences of operations of connected steps
- C. Where each step follows the last without delay or gap and ends just prior to the next
- D. When specifications detail the quality and level to be performed by one group for another

Answer: D

Explanation:

Comprehensive and Detailed Explanation: Workflow mapping is a visual representation of payroll processes to ensure efficiency and accuracy.

- ? Option A (Logical thought processes) ensures clarity and eliminates assumptions.
- ? Option B (Depictions of sequences) accurately describes workflow design.
- ? Option C (Steps follow without delay) ensures process efficiency.

? Option D is incorrect because it describes Service Level Agreements (SLA), not workflow mapping.

Reference:

Payroll.org – Payroll Workflow Mapping Guide

Process Improvement Standards – Payroll System Optimization

NEW QUESTION 52

- (Topic 1)

The purpose of grossing-up an amount to an employee is to:

- A. Calculate and withhold taxes from payment per Form W-4
- B. Treat payment as tax-exempt
- C. Calculate and pay taxes on behalf of the employee
- D. Treat payment as a non-taxable benefit

Answer: C

Explanation:

Comprehensive and Detailed Explanation: Grossing up means increasing the payment amount so that the employee receives a specific net amount after taxes are withheld. Employers pay the taxes on behalf of the employee in such cases.

This is commonly used for:

? Relocation reimbursements

? Bonus payments

? Tax equalization for expatriates

? Option A is incorrect because grossing up is done to cover taxes, not to determine withholdings.

? Option B is incorrect because grossed-up amounts are taxable, not tax-exempt.

? Option D is incorrect because grossed-up payments are always taxable. Formula:

Reference:

IRS Publication 15 – Employer's Tax Guide Payroll.org – Gross-Up Calculation Methods

NEW QUESTION 55

- (Topic 1)

When an employee fails to cash a payroll check and the employer cannot locate the employee, the Payroll Department should:

- A. Void the check and process a Form W-2c for the employee.
- B. Make a journal entry to post to a cash account as forfeited earnings.
- C. Use company policy and federal law to determine the process of submitting the unclaimed wages to the IRS.
- D. Use company policy and state law to determine the process of submitting the unclaimed wages to the state agency.

Answer: D

Explanation:

Comprehensive and Detailed Explanation: Unclaimed wages (also known as escheat wages) must be handled according to state escheatment laws. Each state has its own rules

about how long employers must hold unclaimed wages before remitting them to the state's unclaimed property division.

? Option A is incorrect because voiding the check does not resolve the issue of unclaimed wages, and Form W-2c is used for correcting tax information, not handling unclaimed wages.

? Option B is incorrect because unclaimed wages cannot be posted as forfeited earnings without proper reporting to the state.

? Option C is incorrect because escheatment laws are governed at the state level, not federal.

Reference:

Payroll.org – Unclaimed Wages and Escheatment Guidelines State Escheatment Laws and Compliance Regulations

NEW QUESTION 59

- (Topic 1)

Payroll staff should be aware of all of the following potential warning signs of a data breach EXCEPT:

- A. Excessive system security reset requests
- B. Requests for large amounts of payroll data
- C. An employee email request for a reprinted W-2 form
- D. Payroll system activity occurring outside normal work hours

Answer: C

Explanation:

Comprehensive and Detailed Explanation: Payroll security professionals must monitor for potential payroll fraud or data breaches.

? A (Excessive security reset requests) Could indicate a hacker attempting unauthorized access.

? B (Large payroll data requests) Could signal attempted data theft.

? D (Activity outside normal hours) Could be an external breach or insider threat.

? Option C (Reprinting a W-2) is NOT necessarily suspicious, as employees frequently request reprints during tax season.

Reference:

Payroll.org – Payroll Data Security Best Practices

IRS – Data Breach Prevention in Payroll

NEW QUESTION 62

- (Topic 1)

Report backup withholding to the IRS using:

- A. Form W-9

- B. Form W-2
- C. Form 945
- D. Form 941

Answer: C

Explanation:

Comprehensive and Detailed Explanation:

Form 945 is used by employers to report federal income tax withheld from non-payroll payments, including backup withholding on:

Payments to independent contractors (when no valid W-9 is provided) Certain gambling winnings

Dividend and interest payments subject to IRS backup withholding rules

Option A (Form W-9) is incorrect because Form W-9 is used by payees to provide taxpayer identification numbers (TINs), not for reporting withholding.

Option B (Form W-2) is incorrect because Form W-2 is used for employee wages and withholding, not backup withholding.

Option D (Form 941) is incorrect because Form 941 reports payroll tax withholdings, not backup withholding.

Reference:

IRS Form 945 Instructions – Annual Return of Withheld Federal Income Tax Payroll.org – Reporting Backup Withholding

NEW QUESTION 67

- (Topic 1)

An employee has received \$169,000.00 in YTD earnings. The employee receives a payment of \$16,600.00. The employer Medicare tax, if any, is:

- A. \$2,450.50
- B. \$1,029.20
- C. \$240.70
- D. \$1,859.01

Answer: C

Explanation:

Comprehensive and Detailed Explanation: Medicare tax is 1.45% on wages up to \$200,000, and 2.35% (including the Additional Medicare Tax) on wages above \$200,000.

? YTD Wages before payment: \$169,000.00

? New total earnings after bonus: \$169,000 + \$16,600 = \$185,600.00

? Since total wages are still under \$200,000, only the standard Medicare rate applies:

Thus, the correct answer is C. \$240.70. Reference:

IRS – Medicare Tax Guide

Payroll.org – Payroll Tax Calculation Rules

NEW QUESTION 69

- (Topic 1)

Employers who properly repay over-withheld amounts to employees can claim a credit against taxes due by making an adjustment on:

- A. Form 941
- B. Form 941-X
- C. Form W-2
- D. Form W-4

Answer: B

Explanation:

Comprehensive and Detailed Explanation: If an employer over-withholds federal taxes from an employee's paycheck, the employer can file an adjustment using Form 941-X (Adjusted Employer's Quarterly Federal Tax Return).

? Form 941 (Option A) is incorrect because it is used to report current payroll taxes, not to correct past errors.

? Form W-2 (Option C) is incorrect because it reports wages and taxes withheld but does not allow corrections.

? Form W-4 (Option D) is incorrect because it is used by employees to adjust withholding allowances.

Reference:

IRS – Instructions for Form 941-X

Payroll.org – Payroll Tax Adjustments and Corrections

NEW QUESTION 73

- (Topic 1)

Payroll liability tax accounts should be reconciled at LEAST once a:

- A. Week
- B. Month
- C. Quarter
- D. Year

Answer: B

Explanation:

Comprehensive and Detailed Explanation: Payroll liabilities (taxes, deductions, and withholdings) must be reconciled regularly to prevent errors and ensure compliance.

? Best practice is monthly reconciliation (Option B) to ensure:

? Option A (Weekly) is impractical unless payroll runs very frequently.

? Option C (Quarterly) and Option D (Yearly) are too infrequent and may result in tax errors or compliance issues.

Reference:

Payroll.org – Payroll Tax Liability Reconciliation Best Practices IRS – Payroll Tax Deposit and Reporting Compliance

NEW QUESTION 75

- (Topic 1)

The DOL can issue fines for all the following violations EXCEPT:

- A. Overtime
- B. Sick Leave
- C. Child Labor
- D. Minimum Wage

Answer: B

Explanation:

Comprehensive and Detailed Explanation: The Department of Labor (DOL) enforces violations related to:

? Overtime (A) – Under the Fair Labor Standards Act (FLSA).

? Child Labor (C) – Protecting workers under age 18.

? Minimum Wage (D) – Enforcing the federal minimum wage.

? Option B (Sick Leave) is incorrect because the DOL does not regulate paid sick leave at the federal level. Sick leave laws vary by state, but there is no federal mandate requiring paid sick leave.

Reference:

FLSA – Wage and Hour Division (DOL) Enforcement Payroll.org – Federal and State Payroll Compliance

NEW QUESTION 79

- (Topic 2)

Proper documentation of policies and procedures ensures:

- A. Responsibility.
- B. Adaptability.
- C. Conformity.
- D. Uniformity.

Answer: D

Explanation:

? Proper documentation ensures uniformity in payroll and HR operations by standardizing processes.

? Conformity (C) refers to compliance but does not guarantee process standardization.

? Responsibility (A) and adaptability (B) are important but not the primary reason for documentation.

References:

? Payroll Process Standardization Guide (Payroll.org)

NEW QUESTION 81

- (Topic 2)

What is the purpose of the ACA legislation?

- A. Financial reform
- B. Healthcare reform
- C. Income tax reduction
- D. Supplemental tax increase

Answer: B

Explanation:

? The ACA (Affordable Care Act) was enacted to reform healthcare.

? It mandates employer-provided health insurance and individual coverage. References:

? Affordable Care Act (IRS)

NEW QUESTION 84

- (Topic 2)

Under the FLSA, failure to pay overtime to employees may result in all of the following consequences EXCEPT:

- A. Back pay
- B. Settlement pay
- C. A USCIS audit
- D. A DOL investigation

Answer: C

Explanation:

? USCIS audits (C) are related to immigration compliance, not overtime violations.

? DOL investigations (D) and back pay requirements (A) are common FLSA enforcement actions.

? Settlement pay (B) may be required in legal resolutions of wage disputes. References:

? FLSA Overtime Enforcement Guidelines (DOL)

? Payroll Compliance Guide (Payroll.org)

NEW QUESTION 86

- (Topic 2)

Employer's federal quarterly employment taxes are reported on:

- A. Form 940

- B. Form 941
- C. Form 944
- D. Form 945

Answer: B

Explanation:

- ? Form 941 is used to report quarterly employment taxes(including federal income tax, Social Security, and Medicare).
- ? Form 940 reports FUTA taxes (A), not quarterly employment taxes.
- ? Form 944 is for small employerswho file annually instead of quarterly.
- ? Form 945 is for non-wage income withholding (D). References:
- ? IRS Form 941 Instructions

NEW QUESTION 91

- (Topic 2)

Which of the following forms of identification CANNOT be used in Section 2 of Form I-9?

- A. Driver??s license
- B. Employee badge
- C. School ID card with photo
- D. Voter??s registration card

Answer: B

Explanation:

- ? Employee badges (B) are NOT acceptable as proof of identity for Form I-9.
- ? Acceptable IDs include passports, driver??s licenses, and other government-issued documents.
- References:
- ? USCIS Form I-9 Acceptable Documents List

NEW QUESTION 95

- (Topic 2)

Which of the following record-keeping storage methods does NOT offer increased confidentiality?

- A. Paper
- B. Cloud
- C. Micromedia
- D. Media imaging

Answer: A

Explanation:

- ? Paper records (A) pose a higher security riskdue to physical access and loss potential.
- ? Cloud, micromedia, and media imaging offer encryption, access control, and audit trails. References:
- ? Payroll Record Security Best Practices (Payroll.org)

NEW QUESTION 96

- (Topic 2)

TheMAXIMUMamount a52-year-oldemployee can contribute to their401(k) planis:

- A. \$22,500.00
- B. \$23,000.00
- C. \$30,000.00
- D. \$30,500.00

Answer: C

Explanation:

- ? In 2024, the 401(k) contribution limit for employees under 50 is \$22,500.
- ? For employees age 50 or older, an additional "catch-up" contribution of \$7,500 is allowed.
- ? Total maximum contribution = \$22,500 + \$7,500 = \$30,000. References:
- ? IRS 401(k) Contribution Limits for 2024

NEW QUESTION 101

- (Topic 2)

The monthly account reconciliation should include all of the following procedures EXCEPT:

- A. Balance the payroll tax liabilities
- B. Reconciling the payroll bank account
- C. Balance the payroll deduction liabilities
- D. Reconcile the payroll register to source documents

Answer: D

Explanation:

- ? Payroll account reconciliation ensures all financial data is accurate and balanced.
- ? Payroll register reconciliation (D) is a separate processused for payroll audits, not monthly account reconciliation.
- References:

- ? Payroll Reconciliation Procedures (Payroll.org)
- ? IRS Payroll Recordkeeping Guidelines

NEW QUESTION 105

- (Topic 2)

Based on the following information, calculate the employee's gross wages for the workweek under the FLSA.

Pay Type	Amount
Hourly Rate	\$10.00
Rate per unit	\$5.00
Hours Worked	50
Units Produced	35

- A. \$692.50
- B. \$742.50
- C. \$810.00
- D. \$825.00

Answer: B

Explanation:

Step 1: Calculate regular wages
 ? 40 hours ?? \$10.00 = \$400.00
 Step 2: Calculate overtime wages
 ? 10 hours ?? (\$10.00 ?? 1.5) = \$150.00
 Step 3: Calculate piece-rate earnings
 ? 35 units ?? \$5.00 = \$175.00
 Step 4: Total gross pay \$400.00 + \$150.00 + \$175.00 = \$742.50
 References:
 ? FLSA Overtime Calculation Guide (DOL)

NEW QUESTION 106

- (Topic 2)

Which organization should be contacted when placing a stop payment on a check?

- A. FDIC
- B. NACHA
- C. ODFI
- D. RDFI

Answer: C

Explanation:

? ODFI (Originating Depository Financial Institution) is responsible for initiating payroll transactions, including stop payments.
 ? RDFI (Receiving Depository Financial Institution) receives funds but does not control stop payments.
 ? NACHA (National Automated Clearing House Association) sets ACH rules but does not process transactions.
 ? FDIC (Federal Deposit Insurance Corporation) insures bank deposits but does not handle payment stops.
 References:
 ? NACHA Operating Rules & Guidelines
 ? Payroll Banking & ACH Processing Guide (Payroll.org)

NEW QUESTION 108

- (Topic 2)

The employer's unpaid portion of payroll taxes is posted as a credit to a(n):

- A. Asset account
- B. Current liability account
- C. Long-term liability account
- D. Expense account

Answer: B

Explanation:

? Payroll taxes owed by the employer (such as FICA and FUTA) are recorded as a current liability because they must be paid within a short period.
 ? Long-term liability (C) applies to debts due over time, not payroll taxes.
 ? Expense accounts (D) track costs but do not reflect unpaid obligations. References:
 ? Payroll Accounting Guidelines (Payroll.org)
 ? IRS Employer Tax Guide (Publication 15)

NEW QUESTION 112

- (Topic 2)

Workers?? compensation payments are excluded from gross income and employment taxes EXCEPT when the amounts received:

- A. Are related to injuries suffered on the job.
- B. Are not related to illnesses suffered on the job.
- C. Do not exceed the benefits provided under the state workers' compensation law.
- D. Do not exceed the benefits provided under the federal workers' compensation law.

Answer: B

Explanation:

- ? Workers?? compensation benefits are tax-exempt if they are paid for work-related injuries or illnesses.
- ? If payments are received for non-work-related illnesses (B), they become taxable.
- ? Amounts that do not exceed federal or state limits (C & D) remain tax-exempt. References:
- ? IRS Publication 525 (Taxable and Nontaxable Income)

NEW QUESTION 113

- (Topic 2)

To stop payment on an employee's check, the employer must work with the:

- A. IRS
- B. Payroll provider
- C. Employer??s bank
- D. Employee's bank

Answer: C

Explanation:

- ? Only the employer??s bank (C) can place a stop payment request.
- ? Payroll providers (B) may facilitate, but do not issue bank stops. References:
- ? Payroll Banking & Direct Deposit Standards (Payroll.org)

NEW QUESTION 118

- (Topic 2)

A semiweekly depositor accumulates a payroll tax liability of \$49,000.00 on Thursday. The next day, the company has bonus payroll with a tax liability of \$120,200.00. Calculate the amount of tax deposit and its due date.

- A. \$120,200.00 on the following Friday; \$49,000.00 on the following Wednesday
- B. \$120,200.00 on the following Monday; \$49,000.00 on the following Wednesday
- C. \$169,200.00 on the following Monday
- D. \$169,200.00 on the following Wednesday

Answer: C

Explanation:

- ? As a semiweekly depositor, if the tax liability exceeds \$100,000 in a single day, the employer must deposit the full amount by the next business day.
- ? The combined liability of \$169,200 must be deposited on Monday.
- References:
- ? IRS Publication 15 (Federal Deposit Rules)

NEW QUESTION 119

- (Topic 2)

Which of the following taxes are NOT withheld from allocated tips?

- A. Medicare and FIT only
- B. FIT and Social Security only
- C. Social Security and Medicare only
- D. FIT, Social Security, and Medicare only

Answer: D

Explanation:

- ? Allocated tips are NOT subject to withholding unless reported by the employee.
- ? If not reported, FIT, Social Security, and Medicare (D) are not withheld but are still taxable.
- References:
- ? IRS Publication 531 (Reporting Tip Income)

NEW QUESTION 120

- (Topic 2)

Using the following schedule for an employee who earns \$9.00 per hour, calculate the overtime premium required under the FLSA.

Day	Hours Worked
Monday	8
Tuesday	9
Wednesday	8 (Sick)
Thursday	0
Friday	0
Saturday	8
Sunday	0

- A. \$0.00
- B. \$4.50
- C. \$9.00
- D. \$13.50

Answer: A

Explanation:

- Under the Fair Labor Standards Act (FLSA):
- ? Overtime is required only when an employee works more than 40 hours in a workweek.
- ? The total worked hours (excluding sick leave) = 25 hours (below 40).
- ? No overtime is due. References:
- ? FLSA Overtime Rules (Department of Labor)

NEW QUESTION 121

- (Topic 2)

Using the table of taxable wages below, calculate the employer's FICA tax liability on the first check of the year:

Employee	Taxable Wages
Employee 1	\$5,000.00
Employee 2	\$10,000.00
Employee 3	\$7,500.00
Employee 4	\$1,000.00
Employee 5	\$15,000.00

- A. \$2,387.00
- B. \$2,945.25
- C. \$5,890.50
- D. \$11,415.25

Answer: B

Explanation:

- ? Total Taxable Wages:
- ? Social Security Tax (6.2%)
- ? Medicare Tax (1.45%)
- ? Total FICA Tax (Employer's share) References:
- ? IRS Publication 15 (Employer's Tax Guide)

NEW QUESTION 126

- (Topic 2)

Which of the following situations does NOT reflect constructive receipt of wages?

- A. Check is in the employee's possession.
- B. Direct deposit funds are made available to the employee.
- C. Employer mails paycheck through the United States Postal Service.
- D. Payment has been set aside in the Payroll Department for employee pickup.

Answer: C

Explanation:

- ? Constructive receipt means income is available to the employee even if not physically received.
- ? Option C is correct because when a paycheck is mailed, it is not immediately available, delaying constructive receipt. References:
- ? IRS Publication 15 (Employer's Tax Guide)
- ? Payroll Tax Compliance Guide (Payroll.org)

NEW QUESTION 130

- (Topic 2)

An out-of-balance condition in the general ledger could be caused by:

- A. A direct deposit error
- B. Increased overtime
- C. Vacation payout
- D. High turnover

Answer: A

Explanation:

- ? Direct deposit errors (A) may result in payroll mismatches and unrecorded transactions, causing the general ledger to be out of balance.
- ? Other options (B, C, D) impact payroll costs but do not directly affect ledger balancing. References:
- ? Payroll Accounting Reconciliation Standards

NEW QUESTION 132

- (Topic 2)

Using the wage bracket method, calculate the employee's net pay. The employee's W-4 was completed in 2019 or earlier.

Pay Type	Amount
Rate of pay	\$15.00
Pay frequency	Weekly
Hours worked	40
401(k) deferral	\$50.00

- A. \$589.70
- B. \$651.45
- C. \$685.45
- D. \$686.45

Answer: B

Explanation:

- ? Step 1: Calculate gross pay
- ? Step 2: Deduct 401(k) deferral
- ? Step 3: Apply IRS wage bracket tax method (for a single employee, 2019 W-4)
- ? Step 4: Net Pay Calculation References:
- ? IRS Publication 15-T (Federal Income Tax Withholding Tables)

NEW QUESTION 137

- (Topic 2)

An example of an interface into a payroll system is a(n):

- A. Check print file.
- B. ACH payment file.
- C. Time and attendance system file.
- D. Transmission of general ledger transactions.

Answer: C

Explanation:

- ? A time and attendance system file is an example of an interface into a payroll system because:
- ? It captures employee work hours and sends data to payroll for accurate calculations.
- ? Payroll interfaces ensure automated and accurate payment processing. Other options explained:
- ? Check print file (A) is an output, not an interface.
- ? ACH payment file (B) is used to process payments, not interface data.
- ? General ledger transactions (D) are accounting-related, not payroll input.
- References:
- ? Payroll System Integration Guide (Payroll.org)

NEW QUESTION 138

- (Topic 2)

Using the following information, calculate the FUTA tax liability:

Pay Type	Amount
Total YTD wages	\$2,400.00
Weekly salary	\$1,200.00
Pre-tax health deduction	\$100.00
401(k) deferred	\$60.00
Qualified expense reimbursement	\$12.50

- A. \$6.24
- B. \$6.60
- C. \$6.68
- D. \$6.77

Answer: B

Explanation:

? Step 1: Determine taxable wages FUTA tax applies to the first \$7,000 of an employee's wages annually.

? Step 2: Calculate FUTA tax

References:

? IRS Publication 15 (Employer's Tax Guide)

? FUTA Tax Calculation Guide (Payroll.org)

NEW QUESTION 143

- (Topic 2)

An employee receives \$1,600.00 biweekly from their employer. Using the following information, calculate the total amount of voluntary deductions.

Deduction Type	Amount
Federal income tax	\$116.00
Social Security tax	\$93.00
Medicare tax	\$21.75
401(k)	\$160.00
Medical insurance	\$85.00
Dental insurance	\$15.00
Tax levy	\$35.00
Partial direct deposit	\$500.00

- A. \$760.00
- B. \$660.00
- C. \$205.00
- D. \$260.00

Answer: B

Explanation:

Voluntary deductions include:

? 401(k): \$160.00

? Medical insurance: \$85.00

? Dental insurance: \$15.00

Total voluntary deductions: $\$160 + \$85 + \$15 = \260.00

Federal income tax, Social Security, Medicare, and tax levies are mandatory deductions, so they are NOT included in voluntary deductions.

References:

? IRS Publication 15 (Circular E)

? Payroll Source®, Payroll.org

NEW QUESTION 147

- (Topic 2)

Examples of positive active listening through body language include all of the following actions EXCEPT:

- A. Avoiding slouching posture.
- B. Shrugging your shoulders.
- C. Making eye contact.
- D. Nodding your head.

Answer: B

Explanation:

? Shrugging shoulders (B) is a sign of uncertainty or disinterest, making it negative body language.
 ? Making eye contact (C), nodding (D), and avoiding slouching (A) are positive active listening cues. References:
 ? Effective Communication in Payroll Training Guide (Payroll.org)

NEW QUESTION 149

- (Topic 2)

The FLSA is enforced by which of the following entities?

- A. DOL
- B. ICE
- C. IRS
- D. SSA

Answer: A

Explanation:

? The Fair Labor Standards Act (FLSA) is enforced by the Department of Labor (DOL) through its Wage and Hour Division (WHD).
 ? ICE (Immigration and Customs Enforcement) handles immigration-related work issues, not wage enforcement.
 ? IRS (Internal Revenue Service) enforces tax laws, not labor standards.
 ? SSA (Social Security Administration) manages Social Security benefits, not wage laws.
 References:
 ? FLSA Compliance and Enforcement (DOL)
 ? Payroll Compliance Guidelines (Payroll.org)

NEW QUESTION 154

- (Topic 2)

Using the following information, calculate the imputed income that MUST be included in the employee's monthly gross pay.

Pay Type	Amount
Annual Salary	\$78,000.00
GTL Plan Maximum	\$150,000.00
GTL Coverage	2 times the annual salary
Employee Age on Dec 31	53

- A. \$6.44
- B. \$23.00
- C. \$24.38
- D. \$34.50

Answer: C

Explanation:

? Step 1: Calculate excess GTL coverage
 ? Step 2: Use IRS Table for GTL Taxable Rates (for age 53: \$0.23 per \$1,000 of coverage)
 References:
 ? IRS Publication 15-B (Taxable Group Term Life Insurance)

NEW QUESTION 159

- (Topic 2)

The withholding of federal income tax is regulated by the:

- A. ACA
- B. IRC
- C. FICA
- D. FUTA

Answer: B

Explanation:

- ? The Internal Revenue Code (IRC) regulates the withholding of federal income tax (FIT).
- ? FICA (C) governs Social Security & Medicare taxes.
- ? FUTA (D) applies to unemployment tax but does not regulate withholding. References:
- ? Internal Revenue Code (IRC) Section 3402
- ? IRS Publication 15 (Employer's Tax Guide)

NEW QUESTION 161

- (Topic 2)

A paycheck that is never collected by the employee is considered:

- A. Voided.
- B. Written off.
- C. Accounts payable.
- D. Abandoned property.

Answer: D

Explanation:

- ? Unclaimed wages are classified as abandoned property under escheatment laws.
- ? Employers must remit unclaimed wages to the state after a certain period.
- ? Voiding (A) and writing off (B) apply only when payroll errors occur. References:
- ? Unclaimed Property Laws (State Escheatment Regulations)
- ? Payroll Compliance Guide (Payroll.org)

NEW QUESTION 164

- (Topic 2)

The journal is commonly referred to as the record of:

- A. Cross-reference
- B. Final entry
- C. Original entry
- D. Secondary entry

Answer: C

Explanation:

- ? A journal is known as the "original entry" because transactions are first recorded here before posting to the ledger.
- ? The general ledger is the final entry (B), not the journal.
- References:
- ? Payroll Accounting Standards (Payroll.org)

NEW QUESTION 165

- (Topic 2)

Which of the following deductions from pay is considered a voluntary deduction?

- A. Garnishments
- B. Wage assignments
- C. Wage attachments
- D. Medical support orders

Answer: B

Explanation:

- ? Wage assignments are voluntary deductions authorized by employees for things like loan payments or union dues.
- ? Garnishments, wage attachments, and medical support orders are court-mandated deductions, making them involuntary. References:
- ? IRS Publication 15 (Employer's Tax Guide)
- ? Payroll Deduction Compliance Guide (Payroll.org)

NEW QUESTION 170

- (Topic 2)

Which of the following forms is used by an employer to file an annual return of withheld FIT from nonwage payments?

- A. Form 940
- B. Form 941
- C. Form 944
- D. Form 945

Answer: D

Explanation:

- ? Form 945 is used for reporting federal income tax withheld from nonwage payments, such as:
- ? Form 941 (B) is for employment taxes on wages.
- ? Form 940 (A) is for FUTA taxes. References:
- ? IRS Form 945 Instructions
- ? IRS Withholding Rules

NEW QUESTION 173

.....

Thank You for Trying Our Product

We offer two products:

1st - We have Practice Tests Software with Actual Exam Questions

2nd - Questions and Answers in PDF Format

FPC-Remote Practice Exam Features:

- * FPC-Remote Questions and Answers Updated Frequently
- * FPC-Remote Practice Questions Verified by Expert Senior Certified Staff
- * FPC-Remote Most Realistic Questions that Guarantee you a Pass on Your FirstTry
- * FPC-Remote Practice Test Questions in Multiple Choice Formats and Updatesfor 1 Year

100% Actual & Verified — Instant Download, Please Click
[Order The FPC-Remote Practice Test Here](#)