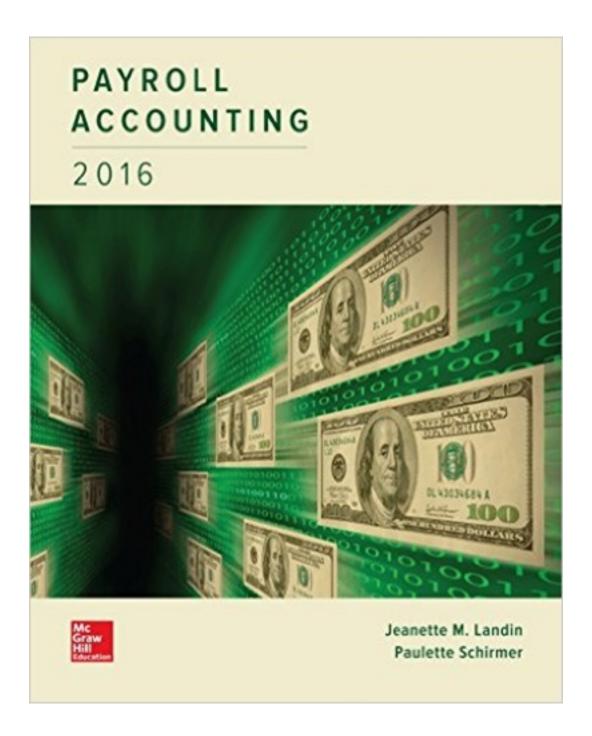
Solutions for Payroll Accounting 2016 2nd Edition by Landin

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Solutions

SOLUTIONS MANUAL: CHAPTER 2 END OF CHAPTER ANSWERS

ANSWERS TO STOP AND CHECK EXERCISES

What's in the File?

- 1. a,b,d,e
- 2. b
- 3. d
- 4. a
- 5. c

Who Are You?

- 1. Student answers will vary. One possible way to prove both identity and employment is a current U.S. passport. Alternatively, a current state-issued driver's license and a social security card will work for the purposes of the I-9.
- 2. Student answers will vary. Many students may underestimate their estimated exemptions.

Worker Facts

1. Nonexempt

- 2. Exempt workers receive a fixed amount of money and generally direct the actions of other employees; nonexempt workers are eligible for overtime, and generally have their work directed by a manager.
- 3. A beverage distribution driver, full-time life insurance agents for a single life-insurance company, home workers that use furnished materials, traveling salespersons who work on a single employer's behalf.

Who Does Which Job?

Student answers will vary. The answer should reflect a clear separation of duties, cross-training, rotation of tasks, and security protocols.

Internal Controls and Audits

- 1. b
- 2. c

Destroy and Terminate

- 1. Paper payroll records should be shredded or burned. Computer records should be purged from the server and all other storage devices.
- 2. Charlie should receive his final pay on October 12, and not later than October 13. His employer is not required to provide him with a severance package, although he may be eligible for his accrued vacation pay.

ANSWERS TO END-OF-CHAPTER MATERIALS

REVIEW QUESTIONS

- 1. What are some internal controls for a payroll department?
 - 1. Payroll system design, authorized signers, documentation, and review of the process
- 2. Why should more than one person prepare/verify payroll processing?
 - 1. Internal controls and verification to avoid fraud or theft
- 3. What documents are required in all new hire packets?
 - 1. I-9 and W-4
- 4. Why are new hires required to be reported to the state's employment department?
 - 1. The enforcement of child support and legal withholdings, ensuring immigrants are still eligible to work, verification of professional licensing/qualifications, administration of COBRA benefits
- 5. When must a terminated employee be paid his or her final paycheck?
 - 1. This is a state specific regulation time ranging from the point of discharge to no time requirements.
- 6. What are the five main payroll frequencies?
 - 1. Daily, weekly, biweekly, monthly, semi-monthly
- 7. What are some of the best practices in establishing a payroll system?
 - 1. Keep any requests for leave with the related paystubs, file retention schedule, have more than one person responsible for the duties/verification, and separation of duties
- 8. What are the important considerations in setting up a payroll system?

- 1. Pay frequency, pay types, method of payment, benefits, manual/computerized/outsourced payroll processing, file security system
- 9. What are the different tasks involved in payroll accounting?
 - 1. Entering the employees, entering the hours, calculation of gross wages, preparation of paychecks, payment of taxes, reporting requirements
- 10. When does a payroll record retention period begin?
 - 1. Disbursement of pay
- 11. What agencies or organizations can audit a company's payroll records?
 - 1. The Internal Revenue Service (IRS)
 - 2. Federal and State Departments of Labor
 - 3. Department of Homeland Security
 - 4. Other state and local agencies
 - 5. Labor unions
- 12. How long must employers keep terminated employee records?
 - 1. Seven years
- 13. Are independent contractors included in company payroll? Why or why not?
 - 1. It depends; some independent contractors are not included in the company's payroll, but are treated as vendors. Some independent contractors are considered statutory employees and would be included in the company's payroll.
- 14. What is the difference between termination and resignation?

- 1. An employee is terminated by the employer; when the employee initiates the separation it is a resignation.
- 15. What is the difference between weekly, biweekly, semi-monthly, and monthly pay periods?
 - 1. A weekly pay period is for one week, biweekly pay period is two weeks long, semi-monthly pay period is twice a month, and monthly pay period is once a month.

EXERCISES SET A

2-1A. Amanda, a nonexempt employee at Old Tyme Soda Distributing, works a standard 8:00–5:00 schedule with an hour for lunch. Amanda works in a state requiring overtime for hours over 8 per day and for those over 40 in a week. During the week she worked the following schedule:

Monday	8:00-11:00	12:00-4:30	7.50
Tuesday	8:00-11:00	12:00-5:15	8.25
Wednesday	8:00-11:00	12:00-5:00	8.00
Thursday	8:30-5:00	(no lunch)	8.50
Friday	8:00-6:00	(no lunch)	10.00

Based on a 40-hour work week, does she qualify for overtime under FLSA regulations? If so, how many hours of regular time and overtime did she work?

1. Yes, since overtime is calculated per day and per week, Amanda is eligible for 2¾ hours of overtime. She will be paid for 39½ hours of regular time.

2-2A. Jason is a salaried employee earning \$75,000 per year. Calculate the standard gross salary per pay period under each of the following payroll frequencies:

a. Biweekly 75,000/26 = \$2,884.62b. Semi-monthly 75,000/24 = \$3,125.00c. Weekly 75,000/52 = \$1,442.31d. Monthly 75,000/12 = \$6,250.00

2-3A. Katherine quit her job after four years with Canvas Emporium on July 10. Canvas Emporium pays employees semi-monthly on the 15th and last day of each month. Upon quitting, the company had a paid holiday for July 4th, Katherine had 16 hours of vacation accrued she had not used, and she had worked 52 hours, but was not eligible for overtime. Katherine earned an hourly wage of \$16.50 at the time of her separation. Calculate Katherine's final gross (pre-tax and deductions) paycheck.

- 1. (8 hours holiday +16 hours vacation +52 regular hours) * 16.50/hour = \$1,254.00
- 2-4A. Angela, a resident of Texas, terminated her employment on December 11, 2014. By what date should she receive her final pay? Review your state's requirements for document retention (search the available resources for educational and governmental record retention). When will the company dispose of her payroll records?
- 1. Since Angela terminated her employment, her payroll will process as normally with the next payroll processing. If the company had terminated Angela, then payroll must pay within 6 days of termination. The company should keep her final pay information for seven years from the date of termination before destruction.
- 2-5A. A company operating in California is required to hold their payroll records for three years. They work on governmental contracts that require the payroll record retention for two years. Additionally the company has international contracts stipulating that payroll records must be maintained for six years. How should the company balance these requirements?
- 1. The longest period of retention should be enforced.

- 2-6A. Jacob needs additional filing space at the end of the year in the company's offsite, secured storage. He sees several boxes marked for the current year's destruction. What methods can Jacob use to dispose of the payroll records? What steps should he take to ensure the company is not under obligation to retain these records further?
- 1. Destruction methods of confidential payroll documents include incineration, confidential shredding services, or pulping of the paper records. Prior to destruction of the documentation, Jacob should make sure that all of the documents are eligible for destruction. Reviewing the documentation to see if any paperwork related to legal cases or audits are included is just one example. Jacob could check with a manager or records retention specialist for any questionable items prior to destruction.
- 2-7A. The controller has requested your assistance to price various accounting software programs available for document retention, payroll preparation, and financial reporting. What requirements should you ensure are present in the computer program?
- 1. Availability of handling various payroll types, processing timelines, updates of tax tables, maintaining confidentiality, and options for retention schedule implementation.
- 2-8A. Johan works for Noland Industries as an independent contractor. He has asked you to withhold Social Security and Medicare taxes from his fees. What advice should you offer Johan?
- 1. Assuming that Johan is not classified as a statutory employee by the IRS, as an independent contractor his fees would be paid as a vendor, and payments for Social Security and Medicare would be his responsibility.
- 2-9A. What are the forms of identification that establish identity for the I-9? How long does a company retain copies of an employee's I-9?
- 1. Passport or passport card—if foreign, a right to work (visa) is required, driver's license, social security card, state issued identification card, birth certificate, or special items for those under age 18, permanent residency card, foreign passport with I-551 stamp, employment authorization document with photograph (Form I-766), Form I-94 with either foreign passport or passports from Federated States of Micronesia or the Republic of the Marshall Islands, federal issued identification card with

- photograph, school identification card with photograph, voter's registration card, U.S. military card or draft letter, military dependent's ID card, U.S. Coast Guard Merchant Mariner Card, Native American Tribal ID Card, Canadian drivers' license.
- 2. FSLA requires that employee records should be retained for two years following termination of an employee, the I-9 is part of an employee's records.
- 2-10A. Sue is a citizen of the Northern Pomo Indian Nation. She provides her social security card along with an official Northern Pomo Nation birth certificate as proof of employment eligibility for her I-9. Is this sufficient documentation?
- 1. Yes, these are acceptable since this would fulfill the requirements of items from type B and type C of the acceptable documents.

2-11A. Complete the W-4 for employment at Bernie's Bar and Grill

Kierstan Amber Winter-Casey

542 Sole Point Road

Sitka, Alaska 99835

SSN: 988-65-3124

Single, head of household

2 dependents

Eligible for the Child tax credit

\$1,500 in child care expenses

Additional information needed to be able to accurately complete the W-4:

- 1. Total income for Kierstan? Depending on total income, the response to G, Child Tax Credit may be either 1 per child or 2 per child.
 - 2. Any additional amounts to be withheld?
 - 3. Is she claiming the withholding exemption?

Fo	rm W-4	(2015)	The exceptions do not appliance than \$1,000,000.	ly to supplemental wages	Nonwage income. If you nonwage income, such as	interest or divide	nds.
Purpose, Complete Form W-4 so that your employer can withhold the correct tederal income tax from your pay, Consider completing a new Form W-4 each year and when your personal or financial situation changes. Exemption from withholding. If you are exempt, complete only lines 1.2.3.4. and 7.2 and size the form		Basic instructions. If you are not exempt, complitine Personal Allowances Worksheet below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to incomor two-samers/multiple jobs situations.		may owe additional tax. If you have pens income, see Pub. 505 to find out if you at your withholding on Form W-4 or W-4P. Two earners or multiple jobs. If you he			
and Es	complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2015 expires February 16, 2016. See Pub. 506, Tax Withholding and Estimated Tax.		Complete all worksheets may claim fewer (or zero) al wages, withholding must b you claimed and may not b percentage of wages.	e based on allowences	total number of allowance on all jobs using workshe \V-4. Your withholding us when all allowances are o	is you are entitle ets from only on ually will be mos laimed on the Fo	d to claim e Form t accurate orn W-4
on his from w include examp	or her tax return, you thholding if your inci- is more than \$350 of le, interest and divide aptions. An employe	claim you as a dependent cannot claim exemption wine exceeds \$1,050 and unsamed income (for ends), a may be able to claim even if the employee is a	Head of household. General of household filing status or you are unmarried and pay costs of keeping up a home dependent(s) or other quality. 501. Exemptions, Stat.	e for yourself and your fying individuals, See ndard Deduction, and	for the highest paying job claimed on the others. Se Nonresident alien. If you see Notice 1392, Supplier Instructions for Nonreside completing this form.	are a nonreside nental Form W-4 int Aliens, before	nt alien,
depend	dent. If the employee		Filing Information, for	ected tax credits into account	Check your withholding effect, use Pub, 505 to se	e how the amou	nt you are
• Is ag	e 65 or older.		in figuring your allowable numb Credits for child or dependent of	er of withholding allowances.	having withheld compared for 2015, See Pub, 505, e exceed \$130,000 (Single)	s to your project specially if your	ed total tax earnings
• Will c		ncome; tax credits; or or her tax return.	tax credit may be claimed using Worksheet below. See Pub. 50 converting your other credits in	g the Personal Allowances 35 for information on	excesol \$130,000 (Single) Future developments. Inform developments affecting Form enacted after we release it) wi	ation about any fu W-4 (such as legis)	ture lation
		Person	al Allowances Works	heet (Keep for you	records.)		
A	Enter "1" for you	rself if no one else can	claim you as a dependent			A	1
	1	 You are single and ha 	5 15 N.		1		
В	Enter "1" if:		e only one job, and your sp			В	_1_
			cond job or your spouse's t				
C			choose to enter "-0-" if y			e or more	
		- , , , ,	ou avoid having too little to			c	
			your spouse or yourself)			D	1
			ehold on your tax return (s			E	
			hild or dependent care e			F	_
			ments. See Pub. 503, Chil				
			nild tax credit). See Pub. 9 55,000 (\$100,000 if married				
			"2" if you have five or mo		igible criiid, therriess i	ii you	
		조기를 가장 사람이 많아 아이를 가게 하는데 없다.	0 and \$84,000 (\$100,000 and	T. C. C. T.	toy "1" for each eligible child	G	2
			Note. This may be different t				
	For accuracy,	If you plan to itemize	or claim adjustments to i				s
	complete all worksheets	 If you are single and earnings from all jobs 	forksheet on page 2. d have more than one job exceed \$50,000 (\$20,000 i	or are married and yo f married), see the Two	u and your spouse both v -Earners/Multiple Jobs W	work and the forksheet on	combined page 2 to
	that apply.	avoid having too little t					
_			re situations applies, stop h give Form W-4 to your en			orm W-4 belov	N.
			ee's Withholding			OMB No. 15	15 007.1
Form	W-4					@@.	4 =
Departr	nent of the Treasury Revenue Service		titled to claim a certain numb the IRS. Your employer may b			20	15
1	Your first name a		Last hame			al security num	ber
Kiers	tan A		Winter-Casey		9	88-65-3124	
_	Home address (n	umber and street or rural rout		3 Snole Nar	ried Married, but withhold	or hinner Single	rate.
542 5	ole Point Road				eparated, or spouse is a nonresider		
	City or town, stat	e, and ZIP code			ers from that shown on your		-
Sitka	AK 99835			check here. You mu	st call 1-800-772-1213 for a r	eplacement ca	rd. 🕨 🗌
5	Total number of	of allowances you are cl	aiming (from line H above	or from the applicable	worksheet on page 2)	5	7
6	Additional amo	ount, if any, you want wi	thheld from each payched	k		6 \$	
7	I claim exempt	ion from withholding for	2015, and I certify that I r	neet both of the follow	ing conditions for exempt	ion.	
	Last year I ha	ad a right to a refund of	all federal income tax with	nheld because I had no	tax liability, and		
			eral income tax withheld b				
			empt" here				
Under	r penalties of perju	ıry, I declare that I have e	xamined this certificate and	l, to the best of my know	fledge and belief, it is true,	correct, and co	mplete.
	oyee's signature				14004000		
_		nless you sign it.) ►			Date ►		
8	Employer's name	and address (Employer: Con	nolete lines 8 and 10 only if sen	ding to the IRS.) 9 Office	code (optional) 10 Employer	identification nur	mber (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

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Cat. No. 10220Q

Form W-4 (2015)

2-12A. Complete the I-9 for employment at Excelsior College. Be sure to complete the "preparer" section.

Meaghan Ariel Lambert

Maiden name: Smith

Social Security number: 123-45-6789

Date of Birth: 7-1-1984

552 Coddington Road

Rio Nido, California 95555

U.S. Citizen

Passport number 5397816, issued by the United States State Department, expires 10/31/2018



employee.)

Information is true and correct.

Signature of Preparer or Translator:

Last Name (Family Name)

Employment Eligibility Verification

USCIS Form I-9

Date (mm/dd/yyyy):

Department of Homeland Security U.S. Citizenship and Immigration Services OMB No. 1615-0047 Expires 03/31/2016

►START HERE. Read instructions carefully before completing this form. The instructions must be available during completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Attestation (Employees must complete and sign Section 1 of Form I-9 no later

Last Name (Family Name)	First Nan	ne (Given Name) Middle Initial	Other Nam	es Used i	(if any)
Lambert	Meagh		A	Smith		
Address (Street Number and Name)		Apt. Number	City or Town		State	Zip Code
552 Coddington Road			Rio Nido		CA	95555
Date of Birth (mm/dd/yyyy) U.S. So	cial Security Number	E-mail Addres	s		Telep	phone Number
07/01/1984	-45-6789]				
am aware that federal law prov connection with the completion	of this form.			or use of	f false do	ocuments in
attest, under penalty of perjury	y, that I am (check	one of the fo	llowing):			
X A citizen of the United States		annia anna anna anna anna anna anna ann				
A noncitizen national of the U	nited States (See ii	nstructions)				
A lawful permanent resident (Alien Registration N	Number/USCIS	S Number):			
An alien authorized to work until ((expiration date, if ap	plicable, mm/dd.	/yyyy)	. Some alie	ns may w	rite "N/A" in this field.
(See instructions)						
(See instructions) For aliens authorized to work,	provide your Alien	Registration N	lumber/USCIS Number O l	R Form I-9	4 Admis	sion Number:
● Decry to the Constraint Book Industries.				R Form I-9	94 Admis	
For aliens authorized to work,				R Form I-9		3-D Barcode
For aliens authorized to work, 1. Alien Registration Number/	USCIS Number:			R Form I-9		3-D Barcode
For aliens authorized to work, 1. Alien Registration Number/N OR	USCIS Number: per:sion number from C					
For aliens authorized to work, 1. Alien Registration Number/N OR 2. Form I-94 Admission Numb If you obtained your admiss States, include the following	USCIS Number: per: sion number from C	BP in connect		United		3-D Barcode
For aliens authorized to work, 1. Alien Registration Number/ OR 2. Form I-94 Admission Numb If you obtained your admiss States, include the following Foreign Passport Number	USCIS Number: per: sion number from C g: er:	BP in connect	ion with your arrival in the	United		3-D Barcode
For aliens authorized to work, 1. Alien Registration Number/ OR 2. Form I-94 Admission Numb If you obtained your admiss States, include the following Foreign Passport Number	USCIS Number: ber: sion number from C g: er:	CBP in connect	ion with your arrival in the	United	Do N	3-D Barcode lot Write in This Spac

I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the

First Name (Given Name)

without the prior written consent of

Section 2. Employer or Author (Employers or their authorized representate must physically examine one document from the "Lists of Acceptable Documents" on the issuing authority, document number, and e	ive must compl om List A OR ex e next page of t	ete and sign Section amine a combinati his form. For each	on 2 within 3 b on of one doc	usiness days ument from L	of the e	one document from List C as listed on
Employee Last Name, First Name and M	liddle Initial fro	om Section 1: La	mbert, M	eaghan A		
List A Identity and Employment Authorizatio	OR	List B		AND)	List C Employment Authorization
Document Title:		ent Title:		I	Documer	
U.S. Passport ssuing Authority: United States State Departme		Authority:		1	ssuing A	uthority
Document Number: 5397816	Docum	ent Number:			Documer	nt Number:
Expiration Date (if any)(mm/dd/yyyy): 10/31/2018	Expirat	ion Date (if any)(m	m/dd/yyyy):		Expiration	n Date (if any)(mm/dd/yyyy):
Document Title:						
Issuing Authority:						
Document Number:						
Expiration Date (if any)(mm/dd/yyyy):						3-D Barcode
Document Title:						Do Not Write in This Space
Issuing Authority:						
Document Number:						
Expiration Date (if any)(mm/dd/yyyy):						/ 1
Certification attest, under penalty of perjury, tha above-listed document(s) appear to employee is authorized to work in th The employee's first day of employr	be genuine a e United Sta	and to relate to t		ee named, a	and (3)	
Signature of Employer or Authorized Repre	sentative	Date (mi	n/dd/yyyy)	Title of E	mployer	or Authorized Representative
Last Name (Family Name)	First Na	me (Given Name)	En	nployer's Bus	iness or	Organization Name
Employer's Business or Organization Addre	ess (Street Nurr	nber and Name) C	ity or Town			State Zip Code
Section 3. Reverification and	Rehires (T	o be completed a	and signed b	y employer	or auth	orized representative.)
A. New Name (if applicable) Last Name (Fa	a <i>mily Name)</i> Fi	rst Name <i>(Given N</i>	ame)	Middle Initia	B. Date	e of Rehire (if applicable) (mm/dd/yyyy):
C. If employee's previous grant of employme				tion for the do	cument fr	om List A or List C the employee

Document Number:

Document Title:

without the prior written consent of

Expiration Date (if any)(mm/dd/yyyy):

EXERCISES SET B

2-1B. Connie, a nonexempt employee of Westside Motel, works a standard 6:00–3:00 p.m. schedule with an hour for lunch. Connie works in a state requiring overtime for hours over 8 per day and for those over 40 in a week. During the week, she worked the following schedule:

Monday	6:00-10:30	11:15-3:00	8.25
Tuesday	6:15-10:45	11:45–3:15	8.00
Wednesday	5:45-10:00	11:00-3:30	8.75
Thursday	7:00-12:00	1:00-3:00	7.00
Friday	6:00-3:00	(no lunch)	9.00

Based on a 40-hour work week, does she qualify for overtime under FLSA regulations? If so, how many hours of regular time and overtime did she work?

- 1. Yes, since she is nonexempt any hours over 8 per day and 40 per week would be eligible for overtime. 2 hours of overtime and 39 hours of regular hours
- 2-2B. Paolo is a salaried employee earning \$84,000 per year. Calculate the standard gross salary per pay period under each of the following payroll frequencies:

a. Biweekly \$84,000/26 = \$3,230.77
b. Semi-monthly \$84,000/24 = \$3,500.00
c. Weekly \$84,000/52 = \$1,615.38
d. Monthly \$84,000/12 = \$7,000.00

2-3B. Terri quit her job after four years with Aspen Tree Service in Colorado on Friday, October 31. Aspen Tree Service pays

employees weekly on Fridays. Upon quitting, Terri had 38.5 hours of vacation accrued that she had not used, and she had worked 45 hours, 5 hours of that was subject to overtime. Terri earned an hourly wage of \$11.50 at the time of her separation. Calculate Terri's final gross (pre-tax and deductions) paycheck. When must she receive her final paycheck?

- 1. (38.5 + 40) hours x \$11.50 + 5 x $($11.50 \times 1.5) = $902.75 + 86.25 = 989.00 ; since Terri quit, she will receive her paycheck with the standard processing of payroll.
- 2-4B. Brad terminated his employment on December 11, 2014. Review your state's requirements for document retention (search the available resources for educational and governmental record retention). When should the company dispose of his payroll records?
- 1. Employee records should be retained for a period of 7 years under best practices.
- 2-5B. A general contractor operating in Nebraska is required to retain its payroll records for four years. They work on interstate contracts that require the payroll record retention for three years. Additionally, the company has national contracts stipulating that payroll records must be maintained for five years. How should the company balance these requirements?
- 1. The company should maintain the records for the longer period, five years.
- 2-6B. Martin needs additional filing space at the end of the year in the company's office, and chooses to use offsite, secured storage. Upon arriving at the storage facility, he discovers that the unit is nearly full and sees several boxes marked for destruction at the end of the next calendar year. What are Martin's obligations regarding these payroll records? What steps should he take to ensure the company retains, stores, and disposes of payroll records properly?
- 1. Martin should ensure that the storage area is large enough to accommodate the records. As a company grows, the need for larger storage will appear. Martin should keep the documents organized to ensure the retention schedule is kept.

- 2-7B. Upon starting a new job in a company that has 70 employees, you notice that the company has been using manual accounting records and has retained every record since the business started 15 years ago. Your boss has asked you to recommend an accounting software system for accounting, payroll, and document destruction. Write your recommendations and rationale.
- 1. Key points that need to be included: ease of update for changes in tax laws, tax tables, and payroll regulations; ease of reporting; confidentiality
- 2-8B. Sandy is an independent contractor who is new to your company. Should you assign her compensation to the payroll clerk or to the accounts payable department? Explain.
- 1. Independent contractors are most frequently treated as a vendor and would be sent to accounts payable. However, depending upon specific requirements, Sandy could be classified as a statutory employee.
- 2-9B. Quinn, a member of the Menominee Indian nation, is a new employee at Raven Enterprises. During the process of completing his I-9, his only means of identity is a Menominee Nation identification document. Is this document sufficient to verify his employment eligibility? Explain.
- 1. The Menominee Nation identification card would only be one part of the qualifications (falling under type C). A secondary form (from type B) would be necessary.
- 2-10B. Frank was terminated for cause from Pineland Industries in Georgia. As of the date of his termination, he had accrued 24 hours of vacation and 15 hours of sick time. When must his final pay be issued? Will his accrued vacation and sick time be included in his final pay? Explain.
- 1. Georgia does not have specific termination requirements for the processing; the company will probably choose to issue the check with standard payroll. Depending upon the company policy and employee agreement, the vacation and sick time may be included.

2-11B. Complete the W-4 for employment at Dark Forest Ranch:

Madeline Emma Jenkins

203 County Road 4

Douglas, Wyoming 82036

SSN: 545-02-1987

Married filing jointly

3 dependents

She has a second job as a waitress at the Douglas Café, where she earns \$12,000/year

Additional information needed to be able to accurately complete the W-4:

- 1. Need to note that Madeline wants to enter 0 on line C even though she has a spouse. The W-4 states that she may "choose to enter 0".
 - 2. Any child care expenses?
 - 3. Able to claim child tax credit?
 - 4. Married? Or Married, but withhold at higher single rate?
 - 5. Any additional amounts to be withheld?
 - 6. Is she claiming the withholding exemption?

Form W-4 (2015)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2015 expires February 16, 2016. See Pub. 505, Tax Withholding and Estimated Tax.

Note. If another person can claim you as a dependent on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$1,050 and includes more than \$350 of unearned income (for example, interest and dividends).

Exceptions. An employee may be able to claim exemption from withholding even if the employee is a dependent, if the employee:

. Is age 65 or older.

Employee's signature

(This form is not valid unless you sign it.) >

The exceptions do not apply to supplemental wages greater than \$1,000,000.

Basic instructions. If you are not exempt, complete the Personal Allowances Worksheet below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you can claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 505 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 505 to see how the amount you are

Date ▶

• Will	claim adjustments to income; tax credits; or ed deductions, on his or her tax return.	Credits for child or depe tax credit may be claims Worksheet below. See converting your other or	e number of withholding allowances, endent care expenses and the child ad using the Personal Allowances Pub, 505 for information on redits into withholding allowances.	for 2015. See Pub. 505, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married). Future developments. Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted at www.irs.gov/s			arnings ried). re tion
	Pers	onal Allowances W	orksheet (Keep for your r	ecords.)			
Α	Enter "1" for yourself if no one else	can claim you as a deper	ndent		0.0	A	1
	You are single and	d have only one job; or) i			
В	Enter "1" if: You are married, I	nave only one job, and ye	our spouse does not work; or	}	$k_{i} = k_{i} = k_{i}$	В	
	 Your wages from a 	a second job or your spou	ise's wages (or the total of both	n) are \$1,500 or less.			
С	Enter "1" for your spouse . But, you than one job. (Entering "-0-" may he		형[전문] 선생님 전쟁이 되었다면서 전쟁이 다 아이를 받아 되어 있다.			e C	
D	Enter number of dependents (other	than your spouse or you	rself) you will claim on your ta	x return		D	3
E	Enter "1" if you will file as head of he					E	
F	Enter "1" if you have at least \$2,000 (Note. Do not include child support	of child or dependent o	care expenses for which you	plan to claim a credit		F	
G	Child Tax Credit (including addition: If your total income will be less that have two to four eligible children or I	al child tax credit). See P n \$65,000 (\$100,000 if m	Pub. 972, Child Tax Credit, for narried), enter "2" for each elig	more information.	if you		
	. If your total income will be between \$6	5,000 and \$84,000 (\$100,00	00 and \$119,000 if married), ente	r "1" for each eligible child	los e	G	
н	Add lines A through G and enter total he	re. (Note. This may be diffe	erent from the number of exempt	ions you claim on your tax	x return.)	► H	4
	complete all worksheets that apply. and Adjustment If you are single earnings from all justified avoid having too life.	s Worksheet on page 2. and have more than on obs exceed \$50,000 (\$20 ttle tax withheld.	ts to income and want to reduce te job or are married and you, 000 if married), see the Two-E stop here and enter the number	and your spouse both Earners/Multiple Jobs V	work and Vorkshee	d the co et on pa	age 2 to
	W-4 Emplo	oyee's Withhold	ding Allowance Ce	rtificate	1.60	No. 154	
1	Your first name and middle initial	Last name	,	2 Your soci	al securit	y numbe	er
Mad	eline E	Jenkins			45-02-19	07	
Iviau	Home address (number and street or rural		3 Single 🗹 Marrie	ed Married, but withhole			
203	County Road 4			parated, or spouse is a nonresider			
200	City or town, state, and ZIP code			s from that shown on your			-
Dou	glas, WY 82036			call 1-800-772-1213 for a			3333
5	Total number of allowances you ar	e claiming (from line H al			5	4	
6	Additional amount, if any, you wan				6 \$	-	_
7	I claim exemption from withholding Last year I had a right to a refund	for 2015, and I certify th	nat I meet both of the followin	g conditions for exemp			
	 This year I expect a refund of all 	federal income tax withh	ield because I expect to have	no tax liability.			

Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.

ibution without the prior written consent of

2-12B. Complete the I-9 for employment with the Tennessee Department of Corrections. Be sure to complete the "preparer" section.

Martin Allan Davis

Social Security number: 987-65-4312

Date of Birth: 5-29-1975

5923 Bunker Hill Road

Clarksville, Tennessee 38205

U.S. Citizen

Tennessee Driver's License #U30290688, Expires, 5/29/2018



Employment Eligibility Verification

USCIS Form I-9 OMB No. 1615-0047 Expires 03/31/2016

Department of Homeland Security U.S. Citizenship and Immigration Services

▶START HERE. Read instructions carefully before completing this form. The instructions must be available during completion of this form. ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Last Name (Family Name)	First Name (Given Name	e) Middle Initial	Other Name	Used	(if any)
Davis	Martin	A			
Address (Street Number and Name)	Apt. Number	City or Town	s	ate	Zip Code
5923 Bunker Hill Rd		Clarksville	7	'N	38205
Date of Birth (mm/dd/yyyy) U.S. Social Se	curity Number E-mail Addres	SS	-	Tele	phone Number
05/29/1975 987-65	4 3 1 2				
am aware that federal law provides		fines for false statements	or use of f	alse d	ocuments in
attest, under penalty of perjury, that		ollowing):			
X A citizen of the United States	ram (oneon one or the n	morning).			
A noncitizen national of the United	States (See instructions)				
A lawful permanent resident (Alien	Registration Number/USCI	S Number):			
An alien authorized to work until (expira (See instructions)	tion date, if applicable, mm/do	d/yyyy)	. Some aliens	may w	rite "N/A" in this field.
For aliens authorized to work, provi	de your Alien Registration	Number/USCIS Number O	R Form I-94	Admis	sion Number:
1. Alien Registration Number/USCI	S Number:				and the second s
OR				Do	3-D Barcode Not Write in This Spac
2. Form I-94 Admission Number:					not time in time opin
If you obtained your admission no States, include the following:	umber from CBP in connec	tion with your arrival in the	United		
Foreign Passport Number:				_	
Country of Issuance:					
Some aliens may write "N/A" on	he Foreign Passport Numb	per and Country of Issuance	e fields. (Se	e instru	uctions)
Signature of Employee:			Date (mm/	dd/yyyy):
Preparer and/or Translator Certif	ication (To be completed	and signed if Section 1 is p	prepared by	a pers	on other than the
attest, under penalty of perjury, that information is true and correct.	I have assisted in the co	mpletion of this form and	d that to the	best	of my knowledge the
Signature of Preparer or Translator:				Date	(mm/dd/yyyy):
Last Name (Family Name)		First Name (Giv	en Name)	_	

without the prior written consent of

Section 2. Employer or Authorize (Employers or their authorized representative m must physically examine one document from Lis the "Lists of Acceptable Documents" on the nex issuing authority, document number, and expira	ust complete and s at A OR examine a t page of this form.	ign Section 2 within combination of one	3 business day document from	s of the employ List B and one	document from	List C as listed on
Employee Last Name, First Name and Middle	Initial from Section	on1:Davis, M	Martin A			
List A (Identity and Employment Authorization	F100 A	st B entity	ANI		List C	orization
Document Title:	Document Title:	Drivers Licen		Document Title Social Sec		d
Issuing Authority:	Issuing Authority			Issuing Authori	ty	inistration
Document Number:	Document Numb			Document Num 987-65-432	nber:	
Expiration Date (if any)(mm/dd/yyyy):		(if any)(mm/dd/yyy)	y):	Expiration Date		(d/yyyy):
Document Title:						
Issuing Authority:	1					
Document Number:	1					
Expiration Date (if any)(mm/dd/yyyy):	1					
Document Title:	1				19900	Barcode ite in This Space
Issuing Authority:	1					
Document Number:	1					
Expiration Date (if any)(mm/dd/yyyy):	1				S. 50.	
Certification						
I attest, under penalty of perjury, that (1) above-listed document(s) appear to be g employee is authorized to work in the Ur	enuine and to re					
The employee's first day of employment	(mm/dd/yyyy):_	4//	(See instr	uctions for e	xemptions.)	Pi .
Signature of Employer or Authorized Represents	ative	Date (mm/dd/yyyy	Title of E	Employer or Aut	horized Repre	sentative
Last Name (Family Name)	First Name (Give	n Name)	Employer's Bus	siness or Organ	ization Name	
Employer's Business or Organization Address (S	Street Number and	Name) City or Tov	vn		State Zip	Code
Section 3. Reverification and Rel	nires (To be con	npleted and sign	ed by employe	r or authorized	t representat	ive.)
A. New Name (if applicable) Last Name (Family	Name) First Name	(Given Name)	Middle Initia	B. Date of R	ehire (if applica	able) (mm/dd/yyyy):

C. If employee's previous grant of employment authorization has expired, provide the information for the document from List A or List C the employee presented that establishes current employment authorization in the space provided below. Document Number:

Expiration Date (if any)(mm/dd/yyyy):

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CRITICAL THINKING

- 2-1. When BirMax was looking to implement a payroll accounting system, the manufacturing firm had several options. With only 40 employees, the manual preparation of payroll through spreadsheets and handwritten time cards was a comfortable option for the firm. Another option is to sell the senior management of BirMax on implementing a software program for payroll processing. What are the key points to consider? If the company has more than one department, how can this transition be accomplished?
- 1. Key points that need to be included: ease of update for changes in tax laws, tax tables, and payroll regulations; ease of reporting; whether the employee self-service option would be eligible; confidentiality
- 2-2. You have been hired as a consultant for a company facing an IRS audit of their accounting records. During your review, you notice anomalies in the payroll system involving overpayments of labor and payments to terminated employees. What would you do?
- 1. When the abnormalities are discovered, the management of the company should be made aware of the situation. Since the IRS audit is imminent, documenting the date of the find and attempts to rectify the error would be advisable. Depending upon the nature of the anomalies, the company or payroll employees may have made some serious errors.

IN THE REAL WORLD: CASE FOR DISCUSSION

Student response will vary.

CONTINUING PAYROLL PROJECT: PREVOSTI FARMS AND SUGARHOUSE

Prevosti Farms and Sugarhouse pays its employees according to their job classification. The following employees make up Sugarhouse's staff:

Employee Number	Name and Address	Payroll information
A-Mille	Thomas Millen	Hire Date: 2-1-2014
	1022 Forest School Rd	DOB: 12-16-1982
	Woodstock, VT 05001	Position: Production Manager
	802-478-5055	PT/FT: FT, exempt
	SSN:031-11-3456	No. of Exemptions: 4
	401(k) deduction: 3%	M/S: M
		Pay Rate: \$35,000/year
A-Towle	Avery Towle	Hire Date: 2-4-2014
	4011 Route 100	DOB: 7-14-1991
	Plymouth, VT 05102	Position: Production Worker
	802-967-5873	PT/FT: FT, nonexempt
	SSN:089-74-0974	No. of Exemptions: 1

		M/S: S
		Pay Rate: \$12.00/hour
A-Long	Charlie Long	Hire Date: 2-7-14
	242 Benedict Road	DOB: 3-16-1987
	S. Woodstock, VT 05002	Position: Production Worker
	802-429-3846	PT/FT: FT, nonexempt
	SSN: 056-23-4593	No. of Exemptions: 2
		M/S: M
		Pay Rate: \$12.50/hour
B-Shang	Mary Shangraw	Hire Date: 2-5-14
	1901 Main Street #2	DOB: 8-20-1994
	Bridgewater, VT 05520	Position: Administrative Assistant
	802-575-5423	PT/FT: PT, nonexempt
	SSN: 075-28-8945	No. of Exemptions: 1
		M/S: S
		Pay Rate: \$10.50/hour
B-Lewis	Kristen Lewis	Hire Date: 2-2-14

	840 Daily Hollow Road	DOB: 4-6-1950
	Bridgewater, VT 05523	Position: Office Manager
	802-390-5572	PT/FT: FT, exempt
	SSN: 076-39-5673	No. of Exemptions: 3
		M/S: M
		Pay Rate: \$32,000/year
B-Schwa	Joel Schwartz	Hire Date: 2-1-14
	55 Maple Farm Way	DOB: 5-23-1985
	Woodstock, VT 05534	Position: Sales
	802-463-9985	PT/FT: FT, exempt
	SSN: 021-34-9876	No. of Exemptions: 2
		M/S: M
		Pay Rate: \$24,000/year base plus 3% commission per case sold
B-Prevo	Toni Prevosti	Hire Date: 2-1-14
	10520 Cox Hill Road	DOB: 9-18-1967
	Bridgewater, VT 05521	Position: Owner/President
	802-673-2636	PT/FT: FT, exempt

SSN: 055-22-0443	No. of Exemptions: 5
	M/S: M
	Pay Rate: \$45,000/year

The Departments are as

follows:

Department A: Agricultural Workers

Department B: Office Workers

1. You have been hired as of February 10, 2014, as the new accounting clerk. Your employee number is B-XXXX, where "B" denotes that you are an office worker and "XXXXXX" is the first five letters of your last name. If your last name is fewer than five letters, use the first few letters of your first name to complete the employee number. Your social security number is 555-55-5555, and you are full-time, nonexempt, and paid at a rate of \$34,000 per year. You are single with only one job (claiming 2 exemptions). You live at 1644 Smittin Road, Woodstock, VT 05001. Your date of birth is 1/1/1991 and your Social Security number is 555-55-5555 for the project. You are a citizen of the United States and provide a Vermont driver's license #88110009 expiring 1/1/2016 in addition to your Social Security card for verification of your identity. Complete the W-4 and the I-9 to start your own employee file.

Form W-4 (2015)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes

Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2015 expires February 16, 2016. See Pub. 505, Tax Withholding and Estimated Tex.

Note. If another person can claim you as a dependent on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$1,050 and includes more than \$350 of unearned income (for example, interest and dividends).

Exceptions. An employee may be able to claim exemption from withholding even if the employee is a dependent, if the employee:

- . Is age 65 or older.
- Is blind, or
- Will claim adjustments to income; tax credits; or itemized deductions, on his or her tax return.

The exceptions do not apply to supplemental wages greater than \$1,000,000.

Basic instructions. If you are not exempt, complete the Personal Allowances Worksheet below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply, However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you can claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependently or other qualifying individuals. See Pub. 501. Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the Personal Allowances Worksheet below. See Pub. 505 for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interests or dividends, consider making estimated tax payments using Form under Machael S. Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 505 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes affect, use Pub. 505 to see how the amount you are having withheld compares to your projected total tax for 2015. See Pub. 505, especially if your earnings exceed \$130.000 (Single) or \$180.000 (Married).

Future developments. Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted at www.irs.gov/w4.

Personal Allowances Worksheet (Keep for your records.) Enter "1" for yourself if no one else can claim you as a dependent You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. Enter "1" for your spouse. But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.) D Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above) Enter "1" if you have at least \$2,000 of child or dependent care expenses for which you plan to claim a credit . . . (Note. Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.) Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. If your total income will be less than \$65,000 (\$100,000 if married), enter "2" for each eligible child; then less "1" if you have two to four eligible children or less "2" if you have five or more eligible children. If your total income will be between \$65,000 and \$84,000 (\$100,000 and \$119,000 if married), enter "1" for each eligible child. Add lines A through G and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) > H If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions For accuracy. and Adjustments Worksheet on page 2. • If you are single and have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$50,000 (\$20,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to complete all worksheets avoid having too little tax withheld. that apply. If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below. ------ Separate here and give Form W-4 to your employer. Keep the top part for your records, ------Employee's Withholding Allowance Certificate OMB No. 1545-0074 W-4 ▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is Department of the Treasury subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS. Your first name and middle initial Last name Your social security number Student F Home address (number and street or rural route) 3 Single Married Married, but withhold at higher Single rate. 1644 Smittin Road Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box. City or town, state, and ZIP code 4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶ ☐ Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)

Additional amount, if any, you want withheld from each paycheck

I claim exemption from withholding for 2015, and I certify that I meet **both** of the following conditions for exemption.

Last year I had a right to a refund of **all** federal income tax withheld because I had **no** tax liability, **and**This year I expect a refund of **all** federal income tax withheld because I expect to have **no** tax liability.

If you meet both conditions, write "Exempt" here.

without the prior written consent of



Employment Eligibility Verification

USCIS Form I-9 OMB No. 1615-0047 Expires 03/31/2016

Department of Homeland Security U.S. Citizenship and Immigration Services

▶START HERE. Read instructions carefully before completing this form. The instructions must be available during completion of this form.

	e Information and At loyment, but not before a			and sign S	ection 1	of Form I-9 no later		
ast Name (Family Name) Success	First Nan Stude	ne <i>(Given Name)</i> nt) Middle Initial F	Other Nam	es Used	Used (if any)		
Address (Street Number and 1644 Smittin Rd	(Name)	Apt. Number	City or Town Woodstock		State VT	Zip Code 05001		
	U.S. Social Security Number	Transit Address	TOTAL CONTROL OF THE PERSON.		phone Number			
01/01/1991	5 5 5 - 5 5 - 5 5 5	E-mail Addres	•		Tele	priorie Number		
onnection with the com attest, under penalty of A citizen of the United A noncitizen national of A lawful permanent res An alien authorized to wo (See instructions)	perjury, that I am (check States of the United States (See is sident (Alien Registration I ork until (expiration date, if ap	nstructions) Number/USCIS	B Number):	. Some alie	ns may w	vrite "N/A" in this field.		
	to work, provide your Alien	Registration in	lumber/USCIS Number Of	K Form 1-9	4 Admis	ssion Number.		
	lumber/USCIS Number:					3-D Barcode		
2. Form I-94 Admission	OR n Number:				Do	3-D Barcode Not Write in This Spac		
Form I-94 Admission If you obtained your States, include the fi Foreign Passport	OR n Number: r admission number from Collowing: t Number:	CBP in connect	ion with your arrival in the	United	Do			
Form I-94 Admission If you obtained your States, include the fi Foreign Passport Country of Issuan	OR n Number: r admission number from Collowing: t Number:	CBP in connect	ion with your arrival in the			Not Write in This Spac		
Form I-94 Admission If you obtained your States, include the fi Foreign Passport Country of Issuan	OR n Number: admission number from Collowing: Number:	CBP in connect	ion with your arrival in the		ee instru	Not Write in This Space		
2. Form I-94 Admission If you obtained your States, include the fi Foreign Passport Country of Issuan Some aliens may wi	OR n Number: admission number from Collowing: Number:	CBP in connect	ion with your arrival in the	e fields. (S	ee instru	Not Write in This Space uctions)		
2. Form I-94 Admission If you obtained your States, include the fi Foreign Passport Country of Issuan Some aliens may wit signature of Employee: Preparer and/or Trans mployee.) attest, under penalty of	OR n Number: admission number from Collowing: Number: rite "N/A" on the Foreign P	assport Numb	er and Country of Issuance	e fields. (S	ee instru n/dd/yyyy y a pers	uctions) iii		
2. Form I-94 Admission If you obtained your States, include the fi Foreign Passport Country of Issuan Some aliens may will Signature of Employee: Preparer and/or Trans Imployee.)	OR n Number: admission number from Collowing: Number: noe: prite "N/A" on the Foreign P	assport Numb	er and Country of Issuance	e fields. (S	ee instru n/dd/yyyy y a pers	uctions) iii		
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2. Form I-94 Admission If you obtained your States, include the fi Foreign Passport Country of Issuan Some aliens may with Signature of Employee: Preparer and/or Trans Imployee.) attest, under penalty of Information is true and co- Ingignature of Preparer or Trans Ingignature or Trans Ingignature or Tra	OR n Number: admission number from Collowing: Number: Index: Inde	assport Numb	er and Country of Issuance and signed if Section 1 is p	Date (mn	ee instru n/dd/yyyy y a pers	uctions) on other than the of my knowledge th		

must physically examine one document from the "Lists of Acceptable Documents" on the n issuing authority, document number, and exp	List A OR examine a ext page of this form	sign Section 2 wi combination of c	thin 3 busine one documen	ss days of the	e employee's first and one documer	
Employee Last Name, First Name and Mid	dle Initial from Sect	ion 1: Succes	s, Stude	nt F		
List A Identity and Employment Authorization	0.77.97.00	ist B lentity		AND	List Employment	C Authorization
Document Title:	Document Title		rive c		nent Title:	regions sys
ssuing Authority:	Issuing Authori	rivers Licer ty: otor Vehicle			al Security g Authority:	Card
Document Number:	Document Nun 8811009				nent Number: -55-5555	
Expiration Date (if any)(mm/dd/yyyy):	Expiration Date 01/01/201	(if any)(mm/dd/)	ууу):	Expira	tion Date (if any)	mm/dd/yyyy):
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ssuing Authority:						
Document Number:						
Expiration Date (if any)(mm/dd/yyyy):						3-D Barcode
Document Title:					Do N	ot Write in This Space
ssuing Authority:						
Document Number:						
Expiration Date (if any)(mm/dd/yyyy):						
Certification attest, under penalty of perjury, that (genuine and to			med, and (3) to the best o	
bove-listed document(s) appear to be employee is authorized to work in the The employee's first day of employme	ent (mm/dd/yyyy):	Date (mm/dd/y			ns for exempti er or Authorized	P(0)00.00
above-listed document(s) appear to be employee is authorized to work in the The employee's first day of employme Signature of Employer or Authorized Represe	ent (mm/dd/yyyy): ntative	Date (mm/dd/y	ууу) Т	itle of Employ	ver or Authorized	Representative
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above-listed document(s) appear to be employee is authorized to work in the The employee's first day of employme Signature of Employer or Authorized Represe Last Name (Family Name) Employer's Business or Organization Address Section 3. Reverification and R. A. New Name (if applicable) Last Name (Fam. C. If employee's previous grant of employment	ent (mm/dd/yyyy): ntative First Name (Giv s (Street Number and ehires (To be co	Date (mm/dd/y, en Name) I Name) City or I Name) I	Employe Town Grad by em Midd Information for below.	ployer or au le Initial B. C	or Organization N State State State of Rehire (if a	Representative lame Zip Code entative.) applicable) (mm/dd/yyyy) st C the employee tate (if any)(mm/dd/yyyy)

2. Complete the headers of the employee earnings register for each employee. Enter the YTD earnings for each employee.

EMPLO	OYEE INF	FORMA	ATION	FORM								
NAME												
Avery	Towle		Hire	Date 2/4	/2014							
ADDR	ADDRESS Date of Birth											
4011 R	4011 Route 100 7/14/1991											
CITY/S	CITY/STATE/ZIP Position											
Plymou	Plymouth/VT/05102 Production Worker											
TELEP	HONE					_						
802-96	7-5873		No. o	of exemp	tions 1							
SOCIA	L SECUR	ITY	•			_						
NUMB	ER											
089-74	-0974		Pay I	Rate \$12.	00/hour	_						
					Social		Fed	State				
Period	Hrs.	Reg	TO	Gross	Sec.		Inc.	Inc.	101(1)	Total	Net	* ****
Ended	Worked	Pay	Pay	Pay	Tax	Medicare	Tax	Tax	401(k)	Deduc	pay	YTD
				0						0	0	
	1	<u></u>						1		J		

E1 (D)	ovee nu	70 D 3 f 4 f	TION	EOD) (
EMPL	OYEE INI	'ORMA'	TION	FORM								
NAME	<u>C</u>											
Charlie	Long		Hire	Date 2/7	//2014							
ADDR	ESS		Date of Birth			_						
242 Be	nedict Rd		3/16/1987									
CITY/S	STATE/ZI	P	Position			=						
S. Woo	odstock/V7	Γ/05002	Production Worker									
TELEF	PHONE					=						
802-42	9-3846		No. o	of exemp	otions 2							
SOCIA	L SECUR	ITY				=						
NUME	BER											
056-23	-4593		Pay l	Rate \$12	.50/hour							
			•			=						
					Social		Fed	State				
Period	Hrs.	Reg	OT	Gross	Sec.		Inc.	Inc.		Total	Net	
Ended	Worked	Pay	Pay	Pay	Tax	Medicare	Tax	Tax	401(k)	Deduc	pay	YTD
				0						0	0	
												1

EMPLO	OYEE INF	ORMA	TION 1	FORM								
NAME												
Mary S	hangraw		Hire	Date 2/5	/2014							
ADDR	ESS		Date	of Birth		=						
1901 M	Iain St #2	8/20/1994										
	Position					_						
CITY/S	STATE/ZIF		Adm	inistrativ	'e							
Bridgev	ridgewater/VT/05520 Assistant				_							
TELEP	HONE											
802-57	02-575-5423 No. of exemptions 1				=							
	L SECUR	ITY										
NUMB												
075-28	-8945		Pay Rate \$10.50/hour			_						
		1		T		1	- 1	T ~	1	1	1	
D! - 4	TT	D	ОТ	C	Social		Fed	State		T-4-1	NT-4	
Period Ended	Hrs. Worked	Reg Pay	OT Pay	Gross Pay	Sec. Tax	Medicare	Inc. Tax	Inc. Tax	401(k)	Total Deduc	Net	YTD
Lilucu	WOIKCU	1 ay	1 ay	0	1 ax	Wiedicare	Tax	1 ax	401(K)	0	pay 0	110
			1	U						U	U	

EMPLO	OYEE INF	FORMA	ATION	FORM								
NAME	,											
Kristen	Kristen Lewis Hire Date 2/2/2014											
ADDR	ADDRESS Date of Birth											
840 Da	840 Daily Hollow Rd 4/6/1950											
CITY/S	STATE/ZI	P	Positi	on		=						
Bridgev	Bridgewater/VT/05523 Office Manager											
	HONE					-						
802-39	0-5572		No. o	f exempt	ions 3							
SOCIA	L SECUR	ITY		-		=						
NUMB	ER											
076-39	-5673		Pay R	ate \$32,0	000/year							
					•	_						
							Fed	State				
Period	Hrs.	Reg	OT	Gross	Social		Inc.	Inc.		Total	Net	
Ended	Worked	Pay	Pay	Pay	Sec. Tax	Medicare	Tax	Tax	401(k)	Deduc	pay	YTD
				0						0	0	

EMPLO	OYEE INF	FORMA	ATION	FORM								
NAME	,											
Joel Sc	hwartz		Hire	Date 2/1	/2014							
ADDR	ADDRESS Date of Birth											
55 Map	55 Maple Farm Wy 5/23/1985											
CITY/S	CITY/STATE/ZIP Position											
Woods	Woodstock/VT/05534 Sales											
TELEP	HONE											
802-46	3-9985		No. c	of exemp	tions 2	_						
SOCIA	L SECUR	ITY										
NUMB	ER		Pay F	Rate \$24	,000/year							
021-34	-9876		+ cor	nmissio	1	_						
		1						-	1			
Period	Hrs.	Dag	ОТ	Gross	Social		Fed Inc.	State Inc.		Total	Net	
Ended	Worked	Reg Pay	Pay	Pay	Sec. Tax	Medicare	Tax	Tax	401(k)	Deduc	pay	YTD
Liided	Worked	1 ay	lay	0	Sec. Tax	Tyledicale	Tax	Tax	+01(K)	0	0	TID
				U						0	U	
								1				

EMPLO	OYEE INF	FORMA	ATION	FORM								
NAME												
Toni Pı	revosti		Hire	Date 2/1	/2014							
ADDR	ESS		Date	of Birth		=						
10520	10520 Cox Hill Rd 9/18/1967											
CITY/S	CITY/STATE/ZIP Position											
Bridge	water/VT/0	05521	Own	er/Presid	lent							
	HONE					_						
802-67	3-2636		No. o	of exemp	tions 5							
SOCIA	L SECUR	ITY		*		=						
NUMB	ER											
055-22	-0443		Pay I	Rate \$45	,000/year							
						=						
							Fed	State				
Period	Hrs.	Reg	OT	Gross	Social		Inc.	Inc.		Total	Net	
Ended	Worked	Pay	Pay	Pay	Sec. Tax	Medicare	Tax	Tax	401(k)	Deduc	pay	YTD
				0						0	0	
	1		1	1	 	1		+		1	1	+

EMPLOYEE INFORMATION FORM												
NAME												
Studen	Student F Success		Hire Date 2/10/2014									
ADDR	ESS					-						
1644 S	1644 Smittin Rd			Date of Birth 1/1/1991								
CITY/S	STATE/ZI	P	Position									
Woods	tock/VT/0	5001	Accounting Clerk			=						
TELEP	HONE											
555-55	5-5555		No. of exemptions 2			-						
	L SECUR	ITY										
NUMB												
555-55	-5555		Pay Rate \$34,000/year		-							
							.	a			1	
Period	Hrs.	Pag	ОТ	Gross	Social		Fed Inc.	State Inc.		Total	Net	
Ended	Worked	Reg Pay	Pay	Pay	Sec. Tax	Medicare	Tax	Tax	401(k)	Deduc	pay	YTD
Ended	Worked	Tay	luj	- Luy	Sec. Tun	Tyredreare	Tun	Tun	101(K)	-	-	110
				<u> </u>				1				



Payroll Accounting, 2nd ed.

Jeanette Landin, Ed.D. Paulette Schirmer, D.B.A.

Chapter 2 Payroll System Procedures

Employer Payroll Concerns

- Pay Frequency
- Pay Types
 - Direct Deposit, Paycards, or Paper Checks
- Employee Benefits
- Pay Advances
- Confidentiality
- Fraud protection



LO 2-1: Identify Important Payroll Procedures and Pay Cycles

- Reporting requirements
- Deadlines
- Other compliance issues related to the firm's industry



EIN Purposes – Company Related

- Identifies companies who file tax returns
- Required for partnerships and corporations
- Required if a firm
 - Has employees
 - Acts as a fiduciary
 - Is in the alcohol, tobacco, or firearm industry

The EIN will be cancelled if the principal officer's name and SSN do not match IRS records

More EIN Purposes – Tax Related

 EIN is the permanent Federal identifier for the company

Must accompany

- Tax Deposits
- Payroll Tax Returns
 - Forms 940, 941, 944
 - Forms W-2 and W-3
 - Any 1099s (independent contractors)
- States may issue a different identifying number

Non-Confidential Company Documents

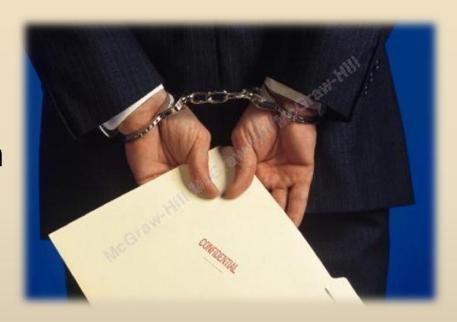
- Expense Receipts
- Vendor Invoices
- Check copies



Confidential Company Documents

Privacy Act of 1974

- Personnel information
- Payroll documents



Note: Fraud-related documents may be subpoenaed at any time and must be accessible to government authorities.

Payroll File Requirements- Employee

- Employee full name
- Social Security number
- Complete address
- Birth date (if younger than 19)
- Sex
- Occupation

Payroll File Requirements-Compensation

- Time/day when workweek begins
- Hours/pay and total hours/workweek
- Basis of wages
- Hourly rate
- Total straight-time earnings
- Total overtime earnings
- Additions/deductions
- Total Wages
- Date Paid

Employee Earnings Record example

EMPLOYEE EARNINGS RECORD													
CITY/S Anytov TELEP SOCIAL	NAME Jonathan A. Doe Hire Date 1/1/2015 ADDRESS 100 Main Street Date of Birth 4/16/1983 CITY/STATE/ZIP Anytown, MD 21220 Position Sales PT/FT TELEPHONE 202-555-4009 No. of exemptions 4 SOCIAL SECURITY NUMBER 987-65-4321 Pay Rate \$15.00 Hr/Wk/Mo												
Period Ended	Hrs. Worked	Reg Pay	OT Pay	Gross Pay	Social Sec. Tax	Medicare	Fed Inc. Tax	State Inc. Tax	401(k)	Taxable income	Total Deduc	Net pay	YTD
1/7/15	40	600.00	0.00	600.00	37.20	8.70	14.00	12.00	25.00		96.90	503.10	600.00
													11

Payroll Cycle Options

- Daily
 - Usually used in a day-labor situation
 - Often paid at end of day or next day

- Weekly
 - Usually paid Friday of following week
 - 52 pay periods/year

Payroll Cycle Options (continued)

- Biweekly
 - Paid every other week
 - 26 pay periods/year
- Semimonthly
 - Paid twice/month
 - 24 pay periods/year
- Monthly
 - Paid once/month
 - 12 pay periods/year



Payroll Frequency: Example

Payroll frequency	Pay periods/year	\$50,000/year gross salary per pay period
Daily	365	\$136.99
Weekly	52	\$961.54
Biweekly	26	\$1,923.08
Semimonthly	24	\$2,083.33
Monthly	12	\$4,166.67

LO 2-2: Prepare Required Employee Documentation

- •Form W-4
- |-9
 - Filed within 20 days of employee hire
 - \$25 fine for non-reporting per employee
 - \$500 fine for intentional non-reporting

W-4 Example

M_/ Employee's Withholding Allowance Certificate OMB No. 1545-0074									
	te	OMB No. 1545-0074							
Form	Form Whether you are entitled to claim a certain number of allowances or exemption from withholding is								
Department of the Treasury Internal Revenue Service Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.									
1	Your first name	and middle initial	— T	2 Your social	security number				
Jonathan A. Doe					987-65-4321				
	Home address (number and street or rural route)	3 ✓ Single ☐ Married ☐ Married, but withhold at higher Single rate.					
123 Ma	ain Street			Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.					
	City or town, sta	ate, and ZIP code		4 If your last name differs from that shown on your social security card,					
Anyto	wn, KS 54932			check here. You must call 1-800-772-1213 for a replacement card. ▶ ☐					
5	5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2) 5 2								
6 Additional amount, if any, you want withheld from each paycheck									
7 I claim exemption from withholding for 2015, and I certify that I meet both of the following conditions for exemption.									
Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and									
This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.									
If you meet both conditions, write "Exempt" here									
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.									
Employee's signature (This form is not valid unless you sign it.) ► Jonathan A. Doe Date ► 1/1/2015									
8	Employer's nam	ne and address (Employer: Comp	plete lines 8 and 10 only if send	ding to the IRS.) 9 Office code (optional)	10 Employer id	entification number (EIN)			

New Hire Reporting: Why?

- Child support tracking
- Employment eligibility verification
- Permanent resident alien tracking
- Other garnishments
 - Credit card debt
 - Court judgments

Child Support

 As of the 2010 U.S. census, the estimated amount of child support transferred between parents in the United Stated exceeded \$41.7 billion.

 As of March 2015, outstanding unpaid child support:

\$14.3 Billion

Statutory Employees

- A driver who is a single company's agent or is paid on commission
- A full-time life insurance sales agent for one life insurance company
- A home-worker who works on a company's provided materials
- A full-time traveling or city salesperson who works on a single company's behalf

U.S. Workers in Foreign Subsidiaries

- Known as expatriate workers
- Foreign Account Tax Compliance Act (FATCA)
 - Report wages of earners in foreign locations
 - Ensures appropriate taxation
 - Workers may exclude first \$100,800 of wages (2015 figure)
- Enforcement can be difficult due to foreign banks compliance with U.S. law
 - 2015 is designated as a transition year for foreign banks

LO 2-3: Explain Pay Records and Employee File Maintenance

Pay Records include:

- Pay period
- Pay date
- Pay rate
- All deductions

Employer Retains:

- Copy of time card
- Copy of pay stub
- Any other documentation included with pay check
- Time off documentation

Pay Rate Determination

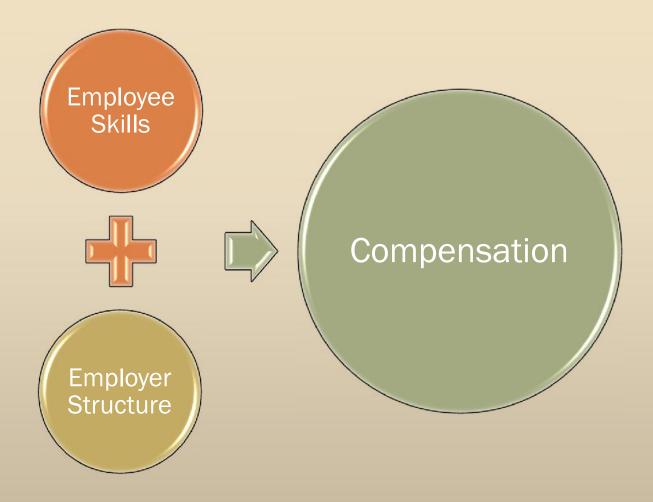
Employee

- Experience
- Education
- Certifications
- Governmental Regulations
- Hours Worked
- Job Performed

Employer

- Salary
- Hourly
- Commission
- Piece Rate
- Exempt
- Nonexempt

Compensation considerations



Calculations of Time: Exempt Employee

- Juan is a manager for a textiles firm. He earns \$52,000 per year and is classified as an exempt employee, and is paid biweekly.
- He normally works 40 hours per week.
- In June, he worked 85 hours during one pay period and 78 hours during the next.
- He would receive his salary of \$2,000 (52,000/26) for each pay period, no matter how many hours he worked because he is classified as an exempt employee.
- Total pay = \$2,000

Calculations of Time: Nonexempt Employee

- Monique works as an administrator at a busy hospital.
- She is paid \$52,000 on a weekly basis and is classified as nonexempt.
- During one week, she worked 50 hours.
- She would earn her regular weekly wage of \$1,000 (52,000/52) plus time and a half for the overtime hours.
- Based on a 40-hour workweek, her hourly wage is \$25 (\$52,000/(52X40)), so her overtime pay would be \$375 (10 hours x 1.5 x \$25).
- Total Pay = \$1,000 + \$375 = \$1,375

LO 2-4: Describe Internal Controls and Record Retention for a Payroll System



Review Process Elements

- Managerial Verification of Time Cards
- Verification of Payroll Computations
- Approval of Pay Amounts
- Preparation of Pay Disbursement
- Approval of Pay Disbursement

File Security

- Important part of internal control
- Safeguards governmental obligations
- Involves
 - Multiple passwords
 - Personnel cross-training
 - Electronic encryption
 - Restricted access
 - Duty rotation



Payroll fraud occurrence example

A payroll specialist in Florida was HIV-positive, and was afraid to reveal his illness to employers. Instead, he took the money from his employer to pay for expensive medications.

- He would memorize his coworkers' usernames and passwords to create "ghost" employees.
- These ghosts' pay would go to the payroll specialist's bank account.
- He would falsify the payroll summaries he submitted for approval.
- The payroll specialist was found guilty of embezzling \$112,000 before his termination.

Source: Journal of Accountancy

Best Practices: Employee File Maintenance

- IRS Regulation 26 CFR 1.6001
 - Employer responsible for file maintenance
 - Recommends labeling and storage of backups
 - Employer must guarantee auditor access
- IRS Revenue Procedure 98-25
 - Record keeping duration for employers
 - Must include payroll transaction detail
 - Record derivation of executive pay
 - All pay must be benchmarked and justified

Best Practices: Electronic Records

- Closed system
 - Access granted only to specific employees
- Record identifiers and logging
 - Marks who accessed which record and when
- Employers must monitor records for hacker activity

Best Practices: Non-Solo Effort

 More than one person involved in the generation and maintenance of payroll records

Separation of duties

 No single person could generate paychecks

Documentation of employee duties

 Provides verification of completed tasks

Protects employer against fraud



What a Non-Solo Payroll Department Prevents

- Terminated employees could continue to be paid via the payroll system or the funds could be subverted to someone else perpetrating the fraud.
- Sales commission plans, employee bonus plans, incentive programs are all subject to employees' and management's manipulation.
- The payroll checks distributed to employees could be stolen individually or en masse prior to their distribution.

Best Practices: Document Retention

- Regulation 26 CFR 1.6001
 - Pertains to manual and computerized records
 - Guideline is 7 years
 - Retention period begins upon final pay disbursement
 In the event of payroll fraud, all records must be accessible indefinitely
 - Records for terminated employees must be kept for 7 years following separation
- Employer is responsible for all records, even when payroll is outsourced

Document retention and the U.S. Supreme Court

In 2012, the U.S. Supreme Court issued specific guidelines to the IRS about the statute of limitations for audits. In *U.S. v. Home Concrete Supply, LLC*, the Court directed the following guidelines about records audits:

- 3 years to assess a taxpayer's deficiency
- 6 years if the taxpayer's gross assets were understated by more than 25%
- Unlimited time if intent to commit fraud exists

LO 2-5: Discuss Employee Termination and Document Destruction Procedures

- Paper records
 - Incineration
 - Shredding
 - Pulping



- Electronic records
 - Must be purged from company servers
 - All backup copies must be destroyed

Termination Pay Regulations

- Termination type
 - Involuntary termination ("firing" or "layoff")
 - Voluntary resignation ("quitting")
- Final pay
 - Must contain all hours worked
 - Vacation and sick time owed
 - Any other compensation owed or due

Final Pay Regulations: Selected States

AR	Within 7 days of	NV	Immediately upon
	discharge		discharge
CA	At time of discharge	NH	Within 72 hours
СО	Immediately upon	NJ	By the next regular
	discharge		payday
СТ	No later than the next	NM	Within 5 days when
	business day		wages are definite,
			otherwise within 10 days
			if wages are indefinite

Final Pay Regulations: Selected States (continued)

GA	No termination pay guidelines	OK	Next regular payday for the pay period
ID	Within 10 days, excluding weekends and holidays	PA	Next regular payday
IL	No later than the next payday, immediately if possible	RI	Next regular payday

Summary of Payroll System Procedures

- Payroll system requires careful planning
- Allow room for company growth
- Best practices promote accuracy and prevent fraud
- Records may be paper, computerized, or outsourced
- Records must be maintained securely and allow auditor access
- Final pay for terminated employees must reflect all amounts due

Chapter 2: Payroll System Procedures

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Instructor notes

This chapter presents procedures for preparation of payroll, treatment and requirement for new hires, employee files, and internal controls procedures. As this chapter progresses, the student will understand the forms required and how to implement the process of placing a new employee into the payroll journals. New hire reporting requirements are discussed along with document destruction and retention periods. The student will gain an understanding of the different forms for new hires, pay period frequencies, and the different pay methods that can be employed by a business.

Some questions to stimulate discussion on this chapter would include:

- How many different forms are required for newly hired employees?
- What pay frequencies are they familiar with?
- How should an employer pay their employees (direct deposit, check, paycards)?
- Why are internal controls and review necessary for payroll processes?

	Vocabulary Definitions
Biweekly Payroll	A pay frequency in which employees are paid 26 times per year.
Commission	Employee compensation paid upon completion of a task, often pertaining to sales-based activities.
Daily Payroll	A pay frequency in which employees are paid each business day.
Document Destruction	The act of destroying documents that contain sensitive payroll and employee information.
Exempt	An employee who is not subject to the overtime provisions of the Fair Labor Standards Act.
File Maintenance	The application of all transactions, including any necessary modifications, to an employee's file.
File Security	The protection of sensitive payroll information by restricting access and securely storing files.
Foreign Account Tax Compliance Act	Federal law that regulates the income tax withholdings of foreign employees.
Hiring Packet	A package of forms that a firm issues to new employees; for example, Form W-4, Form I-9, health insurance enrollment, etc.
I-9	The Employment Eligibility Verification.
Internal Control	A firm's process of maintaining efficiency and effectiveness, work quality, accurate and reliable financial reports, and legal compliance.
Monthly Payroll	A pay frequency in which employees are paid 12 times per year.
New Hire	A process by which a firm notifies governmental authorities of any new
Reporting	hires shortly after the hire date.

1

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	An employee who is subject to all overtime provisions of the Fair Labor				
Nonexempt	Standards Act; generally, an hourly employee.				
0-4	Standards Act, generally, all flourly employee.				
Outsourced Vendor	A party external to a firm that provides goods and/or services.				
Pay Period	The recurring period during which a firm collects employee labor data and				
ray renou	pays employees in accordance with wage and/or salary agreements.				
DJ-	A debit card issued to employees that contains electronically transmitted				
Paycards	wages.				
Payroll Audit	An examination of a firm's payroll records to determine legal compliance.				
Payroll Review	Verification of payroll accuracy for a period.				
Publication 15	The Employer's Tax Guide published by the Internal Revenue Service.				
Resignation	Voluntary termination of employment.				
Review Process	Examination and analysis of accounting records to ensure accuracy and				
Review Flocess	completeness.				
Semimonthly	The neural frequency in which employees are noted 24 times nor year				
Payroll	The payroll frequency in which employees are paid 24 times per year.				
Separation of	An internal control method in which payroll duties are spread among two or				
Duties	more employees.				
Statutory	A special class of employees who run their own business but must be				
Employee	treated as employees for tax reasons.				
Tax Table	The percentage to be used when computing certain types of taxes.				
Termination	Ceasing employment with a firm.				
W-4	The Employee Withholding Allowance Certificate.				
Weekly Payroll	The payroll frequency in which employees are paid 52 times per year.				

Answers to Review Questions

- $1. \ \ Payroll\ system\ design,\ authorized\ signers,\ documentation,\ and\ review\ of\ the\ process.$
- 2. To ensure accuracy, to strengthen internal controls, and to avoid fraud or theft.
- 3. I-9 and W-4
- 4. The enforcement of child support and legal withholdings, ensuring immigrants are still eligible to work, verification of professional licensing/qualifications, administration of COBRA benefits.
- 5. This is a state specific regulation time ranging from the point of discharge to no time requirements.
- 6. Daily, weekly, biweekly, monthly, semimonthly.
- 7. Keep any requests for leave with the related paystubs, file retention schedule, have more than one person responsible for the duties/verification, and separation of duties.
- 8. Pay frequency, pay types, method of payment, benefits, manual/computerized/outsourced payroll processing, file security system.
- 9. Entering the employees, entering the hours, calculation of gross wages, determination of taxes, net pay, preparation of paychecks, payment of taxes, reporting requirements.
- 10. Disbursement of pay or the employee terminates employment

- 11. The Internal Revenue Service (IRS)
 Federal and State Departments of Labor
 Department of Homeland Security
 Other state and local agencies
 Labor unions
- 12. Seven years
- 13. It depends; some independent contractors are not included in the company's payroll, but are treated as vendors. Some independent contractors are considered statutory employees and would be included in the company's payroll.
- 14. An employee is terminated by the employer; when the employee initiates the separation it is a resignation.
- 15. A weekly pay period is for one week, biweekly pay period is two weeks long, semimonthly pay period is twice a month, and monthly pay period is once a month.

Additional Exercises for Class Discussion

1. Nabeeha is an accountant for a small company. As she reviews time records prior to processing the weekly payroll, she notices that LeBron, a nonexempt employee, has worked 46.75 hours. Jason's standard workweek is 40 hours, and his pay rate is \$16.48 per hour. What is his gross pay for the week?

Answer:

		Hours	Rate		Total
D	lagular.	40	¢	16.48	\$ 659.20
K	Regular	40	Ф	10.48	\$ 639.20
C	Overtime	6.75	\$	24.72	<u>\$ 166.86</u>
		Total gro	oss p	ay	\$ 826.06

2. Padma earns \$45,000 per year. Compute his gross pay for each of the following pay frequencies: Weekly, Biweekly, Semimonthly, Monthly.

Answer:

	# of pay periods	Gross pay
Weekly	52	\$ 865.38
Biweekly	26	\$ 1,730.77
Semimonthly	24	\$ 1,875.00
Monthly	12	\$ 3,750.00

3. Complete Form W-4 with your students for the following employee:

Victoria Maria Schneider 1537 Old Town Avenue Buffalo, NY 14201

SSN: 672-39-0487

She is marrie	ed and her spou	se works. She h	as four childre	n. The total in	come for Victor		
					penses this year		
	+, F	<i>j j</i> · · ·			F 7		
The blank W	-4 follows						
Form W-4	(2015)	The exceptions do not appli greater than \$1,000,000.	y to supplemental wages	Norwage income. If you norwage income, such a:	have a large amount of		
	W-4 so that your employer	Basic instructions, If you a the Personal Allowances V	re not exempt, complete	consider making estimate 1040-ES. Estimated Tax 1	ed tax payments using Form for Individuals, Otherwise, you		
an withhold the correct for	ederal income tax from your	work sheets on page 2 furth	er arbust wour	may owe additional tax. It income, see Pub. 505 to t	f you have pension or annuity find out if you should adjust		
nd when your personal o	a new Form W-4 each year r financial situation changes.	withholding allowances bas deductions, certain credits, or two-earners/multiple jobs	adjustments to income.	your withholding on Form	W-4 or W-4P.		
xemption from withhole omplete only lines 1, 2, 3	ding. If you are exempt, i, 4, and 7 and sign the form	Complete all worksheets		working spouse or more total number of allowand	e jobs. If you have a than one job, figure the ses you are entitled to claim		
o validate it. Your exempt ebruary 16, 2016, See Pr nd Estimated Tax.	ding. If you are exempt, i, 4, and 7 and sign the form ion for 2015 expires ab. 505, Tax Withholding	wages, withholding must be	based on allowances	on all jobs using worksh W-4. Your withholding u	eets from only one Form sually will be most accurate		
ote. If another person of	n daim vou as a dependent	you claimed and may not be percentage of wages.		when all allowences are	claimed on the Form W-4 b and zero allowances are see Pub. 505 for details.		
n his or her tax return, yo om withholding if your in	ou cannot claim exemption come exceeds \$1,050 and of uneamed income (for	Head of household. General of household filing status or		Nonresident alien, If yo	u are a nonresident alien.		
cample, interest and civil	dends).	you are unmarried and pay costs of keeping up a home dependent(s) or other qualif Pub. 501, Exemptions, Stan	more than 50% of the for yourself and your	see Notice 1392, Supple Instructions for Nonresid	mental Form W-4		
Exceptions. An employ semption from withholding	ee may be able to claim ng even if the employee is a e:	Pub. 501, Exemptions, Stan Filing Information, for inform	ying incividuals. See idard Deduction, and	completing this form.			
ependent. if the employe Is age 65 or older,		Tax credits. You can take proje	cted tax credits into account	effect, use Pub. 505 to s	g. After your Form W-4 takes see how the amount you are		
Is blind, or		in figuring your allowable number Credits for daild or dependent of	are expenses and the child	for 2015. See Pub. 505, exceed \$130,000 (Single	es to your projected total tax especially if your earnings e) or \$180,000 (Married).		
Will claim adjustments to emized deductions, on h	income; tax credits; or	tax credit may be diamed using Worksheet below. See Pub. 50	the Personal Allowances 5 for information on	Future developments. Infor	mation about any future		
arnized deducations, on n		converting your other credits int		enacted after we release it) v	mation about any future n W-4 (such as legislation will be posted at www.irs.gov/w4.		
Enter "1" for we		al Allowances Worksl claim you as a dependent		records.)			
inter i for ye	 You are single and ha 			Y	981 M		
Enter "1" if:	 You are married, have 	only one job, and your sp			В		
Į.		cond job or your spouse's v			57 15		
		choose to enter "-0-" if you ou avoid having too little ta					
		your spouse or yourself)					
		ehold on your tax return (s					
					,		
		hild or dependent care e ments, See Pub. 503, Child					
		nild tax credit). See Pub. 9					
		5,000 (\$100,000 if married			" if you		
		"2" if you have five or mor					
 If your total inc 	ome will be between \$65,000	0 and \$84,000 (\$100,000 and	(\$119,000 if married), ente	er "1" for each eligible chile	d G		
Add lines A throu	igh G and enter total here. (I	Note. This may be different for	rom the number of exemp	tions you claim on your ta	ix retum.) ► H		
For accuracy,	If you plan to itemize and Adjustments W	or claim adjustments to it	ncome and want to redu	ce your withholding, see	the Deductions		
complete all		d have more than one job	or are married and you	and your spouse both	work and the combined		
worksheets	earnings from all jobs avoid having too little to	exceed \$50,000 (\$20,000 if	married), see the Two-	Earners/Multiple Jobs \	s Worksheet on page 2 to		
that apply.		ve situations applies, stop h	ere and enter the numbe	r from line H on line 5 of	Form W-4 below.		
	7 m/ de 18 m	give Form W-4 to your en		Control of the second production			
					· ·		
W-4	100000000000000000000000000000000000000	ee's Withholding			OMB No. 1545-0074		
partment of the Treasury small Revenue Service	➤ Whether you are en subject to review by t	titled to claim a certain numbe the IRS. Your employer may b	er of allowances or exempt e required to send a copy of	tion from withholding is of this form to the IRS.	2015		
	and middle initial	Last name			ial security number		
Home address (number and street or rural rout						
Fiorite address (man wer sind sheet or rural rout	of.		ied Married, but withhol			
City or town, sta	ite, and ZIP code	-		parated, or spouse is a nonreside rs from that shown on your	ent alien, check the "Single" box.		
				t call 1-800-772-1213 for a			
5 Total number	of allowances you are cla	aiming (from line H above			5		
6 Additional am	nount, if any, you want wit	thheld from each paycheck	k		6 \$		
		2015, and I certify that I m			otion.		
		all federal income tax with					
	expect a refund of all fede oth conditions, write "Exe	eral income tax withheld be empt" here	scause I expect to have	no tax liability.			
		xamined this certificate and,			correct, and complete.		
mployee's signatur	e						
	unless you sign it.) >	solute liens 9 and 10 ant "	den in the IDC) 6 Office	Date ►	i bionillination a makes (FA)		
 Employers name 	e and address (Employer: Com	rplete lines 8 and 10 only if send	July to the IRS.) 9 CH061	owe (optional) 10 Employe	r identification number (EIN)		
r Privacy Act and I	Paperwork Reduction Act	Notice, see page 2	Cat No.	. 10220Q	Form W-4 (2015)		
	-preinineanenen Aut		Sacito				

Form W-4 (2015) Purpose, Complete Form W-4 so that your employer any withhold the correct federal income tax from your any withhold the correct federal income tax from your control of the properties only lines 1, 2, 3, 4, and 7 and sign the form to wildrate. It your exemption for 2016 expires referrancy 18, 2018 see Pubs. 56.7 Law Withholding and Essimated Tax. Note, If enother person can claim you as a dependent in his or the tax return, you cannot claim exemption and the properties of the	The exceptions do not apply to supplemental wages greater than \$1,000,000. Basic instructions, If you are not exempt, complete the Personal Allowences Worksheet boldy. The worksheet so on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-enames/multiple jobs situations. Complete all worksheets that apply, However, you may claim fewer for zero allowances. For equilar	nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals, Otherwise, yo may owe additional tax. If you have pension or annuit, income, see Pub. 555 for find cut if you should adjust your withholding on Form W-4 or W-4P.
and esamated Lax. Note, if another person can claim you as a dependent on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$1,050 and includes more than \$350 of unearned income (for example, increas and cividends).	Complete all worksheets that apply. However, you	Two earners or multiple jobs. If you have a
on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$1,050 and includes more than \$550 of unearned income (for example, interest and dividence).	may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.	rwC earners or multiple joots. If you have a se working spouse or more than one job. figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4.
	Head of household. Generally, you can claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependents or other qualifying individuals. See	for the highest paying job and zero allowancies are claimed on the others. See Pub. 505 for details. Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.
exemption from withholding even if the employee is a dependent, if the employee:	Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.	Check your withholding. After your Form W-4 take effect, use Pub. 505 to see how the amount you are
• Is age 65 or older. • Is blind, or	Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child	Check your withholding. After your Form W-4 take effect, use Pub. 505 to see how the amount you are having withheld compares to your projecties sotal is for 2015. See Pub. 505, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).
 Will claim adjustments to income tax credits; or temized deductions, on his or her tax return, 	tax credit may be claimed using the Personal Allowances. Worksheet below. See Pub. 505 for information on converting your other credits into withholding allowances.	exceed \$130,000 (Single) or \$180,000 (Married). Future developments, Information about any future developments affecting Form W-4 (such as legislation enabled after we release it), will be posted at www.trs.gov/w
	al Allowances Worksheet (Keep for your	
A Enter "1" for yourself if no one else can You are single and ha		1 A 1
B Enter "1" if: You are married, have	e only one job, and your spouse does not work; o	
C Enter "1" for your spouse. But, you may	cond job or your spouse's wages (or the total of bot choose to enter "-0-" if you are married and hav ou avoid having too little tax withheld.)	e either a working spouse or more
Enter number of dependents (other than	n your spouse or yourself) you will claim on your t	ax return D 4
Enter "1" if you have at least \$2,000 of c	ehold on your tax return (see conditions under He child or dependent care expenses for which you ments. See Pub. 503, Child and Dependent Care	plan to claim a credit F 1
Child Tax Credit (including additional di If your total income will be less than \$1 have two to four eligible children or less	hild tax credit). See Pub. 972, Child Tax Credit, fo 55,000 (\$100,000 if married), enter "2" for each ei "2" if you have five or more eligible children. 10 and \$84,000 (\$100,000 and \$119,000 if married), ent	r more information. g ble child; then less "1" if you
그 경기 회사에 가장 하는 것 같아 있다면 하는 것 같아 있다면 하는 것이 없는 것이 없다면 하는데 없다면 하는데	Note. This may be different from the number of exemp	# 11 NOTE
complete all • If you are single an	e or claim adjustments to income and want to redu forksheet on page 2. d have more than one job or are married and you exceed \$50,000 (\$20,000 if married), see the Two - tax withheld.	u and your spouse both work and the combine
	ve situations applies, stop here and enter the number	er from line H on line 5 of Form W-4 below.
Form W-4 Employe	I give Form W-4 to your employer. Keep the top pee's Withholding Allowance Contided to claim a certain number of allowances or exempthe IRS. Your employer may be required to send a copy I last name.	ertificate OMB No. 1545-0074
1 Your first name and middle initial Victoria M	Schneider	2 Your social security number 672-39-0487
Home address (number and street or rural rou 1537 Old Town Avenue	te) 3 Single 7 Marr	ried Married, but withhold at higher Single rate. sparated, or spouse is a nonresident afien, check the "Single" box
City or town, state, and ZIP code		ers from that shown on your social security card, at call 1-800-772-1213 for a replacement card.
6 Additional amount, if any, you want wi	aiming (from line H above or from the applicable thheld from each paycheck	worksheet on page 2) 5 10 6 \$
 Last year I had a right to a refund of This year I expect a refund of all fed If you meet both conditions, write "Exe 	2015, and I certify that I meet both of the followi all federal income tax withheld because I had no eral income tax withheld because I expect to have ampt" here.	tax liability, and a no tax liability.
하고 있다면서는 HERESTERNET IN HERE HERE HERE HERE HERE HERE HERE HER	xamined this certificate and, to the best of my knowl	ledge and belief, it is true, correct, and complete.
Employee's signature (This form is not valid unless you sign it.) ▶ 8 Employer's name and address (Employer: Cor	Victoria M Schweider replete lines 8 and 10 only if sending to the IRS.) 9 Office	Date ► 2/26/2025 code (options) 10 Employer identification number (EIN)
	30000	a. 10220Q Form W-4 (201)

CLICK HERE TO ACCESS THE COMPLETE Solutions

Karl Erik Hoffamann SSN: 374-02-4005 Date of birth: 9-23-1978 3234 Church Street Natchitoches, LA 71457

Louisiana Driver's license number 005738295, expires 9-23-2016

He is in possession of his social security card.

Email address: Karlh@me.com Phone number: (318) 555-2323

The blank Form I-9 follows:

Employment Eligibility Verification USCIS Form I-9 OMB No. 1615-0047 U.S. Citizenship and Immigration Services Expires 03/31/2016						
	0.5. CI	areansinh and	manigration services			Expires 03/31/2016
ANTI-DISCRIMINATION N document(s) they will accept	structions carefully before of OTICE: It is illegal to discript from an employee. The ro postitute illegal discrimination	iminate agains efusal to hire a	t work-authorized individual	s. Employe	rs CANN	OT specify which
	e Information and At			and sign Se	ection 1	of Form I-9 no later
than the first day of emp	loyment, but not before a					
Last Name (Family Name)	First Nan	ne (Given Name	Middle Initial	Other Name	es Used (i	fany)
Address (Street Number and	d Name)	Apt. Number	City or Town	,	State	Zip Code
Date of Birth (mm/dd/yyyy)	U.S. Social Security Number	F-mail Addres	198		Telen	hone Number
Date of Bitti (iiiiii Gayyyy)	L L	L-man Addres			1000	ione rusiou
		1			_	
I am aware that federal la connection with the com	aw provides for imprison pletion of this form.	ment and/or	fines for false statements	or use of	false do	cuments in
	perjury, that I am (check	one of the fo	ollowing):			
A citizen of the United						
_	of the United States (See ii	nstructions)				
	sident (Alien Registration I		S Number):			
47				C		to 18178 Florida India
(See instructions)	ork until (expiration date, if ap	plicable, mm/do	L/yyyy)	. Some allen	is may wri	te 'N/A' in this field.
For aliens authorized	to work, provide your Alien	Registration I	Number/USCIS Number O	R Form I-94	4 Admiss	ion Number:
1. Alien Registration N	lumber/USCIS Number:					122
	OR				Do N	3-D Barcode ot Write in This Space
2. Form I-94 Admissio	n Number:					ot ranto an rano opaso
If you obtained your States, include the	r admission number from C following:	CBP in connec	tion with your arrival in the	United		
Foreign Passport	t Number:					,
Country of Issuar	nce:			- 52		
Some aliens may w	rite "N/A" on the Foreign P	assport Numb	er and Country of Issuano	e fields. (Se	e instruc	ctions)
Signature of Employee:				Date (mm	/dd/yyyy):	
Preparer and/or Trans	slator Certification (To	be completed	and signed if Section 1 is p	orepared by	a perso	n other than the
	perjury, that I have assistorrect.	sted in the co	mpletion of this form and	that to th	e best o	f my knowledge the
Signature of Preparer or Tran	nslator:				Date (mm/dd/yyyy):
Last Name (Family Name)			First Name (Give	en Name)		
			Tau =		Tax :	Ta a
Address (Street Number and	(Name)		City or Town		State	Zip Code
	STOP E	Employer Co	mpletes Next Page	STOP		
			33. 3	- 		
Form I-9 03/08/13 N						Page 7 of 9

must physically examine one document from L the "Lists of Acceptable Documents" on the ne issuing authority, document number, and expir	ist A OR exam ext page of this	and sign Sec ine a combin form. For eac	ction 2 within a	3 business day locument from	s of the List B a	employee's fir	
Employee Last Name, First Name and Midd	le Initial from	Section 1:					
List A	OR	List B		AN	D	1011 / 1010 may 1010 11 10 m	et C
Identity and Employment Authorization Document Title:	Document	Identity			Docume	Employme ent Title:	nt Authorization
ssuing Authority:	Issuing Au				27 T. C. C. L. L.	Authority:	
Document Number:	Document					ent Number	
Expiration Date (if any)(mm/dd/yyyy):	Expiration	Date (if any)	(mm/dd/yyyy)		Expirati	on Date (if an	y)(mm/dd/yyyy):
Document Title:							
ssuing Authority:	1						
Document Number:	1						
Expiration Date (if any)(mm/dd/yyyy):	1						3-D Barcode
Document Title:	1					Do	Not Write in This Space
Issuing Authority:	1						
Document Number:	1						
Expiration Date (if any)(mm/dd/yyyy):	1						
Certification							
attest, under penalty of perjury, that (1 bove-listed document(s) appear to be	genuine and	to relate to					
attest, under penalty of perjury, that (1 bove-listed document(s) appear to be mployee is authorized to work in the U	genuine and Inited States	to relate to i.		yee named,	and (3		of my knowledge the
attest, under penalty of perjury, that (1 bove-listed document(s) appear to be imployee is authorized to work in the U The employee's first day of employmen	genuine and Inited States at (mm/dd/yy	to relate to 'yy):		yee named,(See inst	and (3) to the besi	of my knowledge the
attest, under penalty of perjury, that (1 above-listed document(s) appear to be employee is authorized to work in the U The employee's first day of employmen Signature of Employer or Authorized Represen	genuine and Inited States at (mm/dd/yy stative	to relate to 'yy):	o the emplo	yee named,(See inst	and (3)	to the best s for exemp or or Authorize	of my knowledge the otions.) d Representative
Certification attest, under penalty of perjury, that (1 above-listed document(s) appear to be employee is authorized to work in the U The employee's first day of employmen Signature of Employer or Authorized Represen Last Name (Family Name) Employer's Business or Organization Address	genuine and Inited States nt (mm/dd/yy ntative First Name	Date (mm/dd/yyyy)	(See insti	and (3)	to the best s for exemp or or Authorize	of my knowledge the otions.) d Representative
attest, under penalty of perjury, that (1 above-listed document(s) appear to be employee is authorized to work in the UThe employee's first day of employment Signature of Employer or Authorized Represent Last Name (Family Name) Employer's Business or Organization Address	genuine and Inited States at (mm/dd/yy stative First Name (Street Numbe	Date (i) (Given Name)	mm/dd/yyyy) e) City or Towr	yee named, [See insti Title of I Employer's Bu	and (3)	of the best of the best of or exempler or Authorize or Organization State	of my knowledge the otions.) d Representative
attest, under penalty of perjury, that (1 above-listed document(s) appear to be ended by the state of the control of the contr	genuine and Inited States at (mm/dd/yy stative First Name (Street Number chires (To b	to relate to	mm/dd/yyyy) e) City or Town	See insti Title of I Employer's Bu d by employe	and (3) ruction Employe siness o	to the best or or Authorize or Organization State	of my knowledge the otions.) d Representative
attest, under penalty of perjury, that (1 above-listed document(s) appear to be imployee is authorized to work in the UThe employee's first day of employmen Signature of Employer or Authorized Represen Last Name (Family Name) Employer's Business or Organization Address (Section 3. Reverification and Research)	genuine and Inited States Initiated Inited States Inited States Inited States Inited State	to relate to i. Date (i. (Given Name) r and Name) we complete: Name (Given	mm/dd/yyyy) e) City or Town d and signed Name)	(See institution of the distribution of the di	and (3) ruction Employe siness o	s for exempler or Authorized or Organization State State State of Rehire (of my knowledge the otions.) d Representative Zip Code
attest, under penalty of perjury, that (1 above-listed document(s) appear to be imployee is authorized to work in the U The employee's first day of employmer Signature of Employer or Authorized Represen Last Name (Family Name) Employer's Business or Organization Address Section 3. Reverification and Re A. New Name (if applicable) Last Name (Family C. If employee's previous grant of employment a	genuine and Inited States Initiated Inited States Inited States Inited States Inited State	to relate to i. Date (i. (Given Name) r and Name) we complete: Name (Given	mm/dd/yyyy) a) City or Towr d and signer Name)	(See institution of the distribution of the di	and (3) ruction Employe siness o	of the best is for exemple or an Authorized or Organization of State of State of Rehire (of my knowledge the otions.) d Representative Zip Code
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LISTS OF ACCEPTABLE DOCUMENTS All documents must be UNEXPIRED

Employees may present one selection from List A or a combination of one selection from List B and one selection from List C.

	LIST A Documents that Establish Both Identity and Employment Authorization	LIST B Documents that Establish Identity	LIST C Documents that Establish Employment Authorization AND
2.	U.S. Passport or U.S. Passport Card Permanent Resident Card or Alien Registration Receipt Card (Form I-551) Foreign passport that contains a temporary I-551 stamp or temporary	Driver's license or ID card issued to State or outlying possession of the United States provided it contains photograph or information such as name, date of birth, gender, height color, and address	card, unless the card includes one of the following restrictions: (1) NOT VALID FOR EMPLOYMENT
	I-551 printed notation on a machine- readable immigrant visa	ID card issued by federal, state or government agencies or entities, provided it contains a photograph or	(3) VALID FOR WORK ONLY WITH
4.	Employment Authorization Document that contains a photograph (Form I-766)	information such as name, date of gender, height, eye color, and add	birth, 2. Certification of Birth Abroad issued
5	For a nonimmigrant alien authorized	3. School ID card with a photograph	Certification of Report of Birth
٠.	to work for a specific employer because of his or her status:	Voter's registration card	issued by the Department of State (Form DS-1350)
		5. U.S. Military card or draft record	Original or certified copy of birth
	a. Foreign passport, and b. Form I-94 or Form I-94A that has the following: (1) The same name as the passport;	6. Military dependent's ID card	certificate issued by a State,
		7. U.S. Coast Guard Merchant Marine Card	county, municipal authority, or territory of the United States bearing an official seal
	and	8. Native American tribal document	Native American tribal document
	(2) An endorsement of the alien's nonimmigrant status as long as that period of endorsement has	Driver's license issued by a Canad government authority	6. U.S. Citizen ID Card (Form I-197)
	not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form.	For persons under age 18 who unable to present a document listed above:	
6.	Passport from the Federated States of	10. School record or report card	Employment authorization document issued by the
	Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form	11. Clinic, doctor, or hospital record	Department of Homeland Security
	I-94 or Form I-94A indicating nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI	Day-care or nursery school record	d

Illustrations of many of these documents appear in Part 8 of the Handbook for Employers (M-274).

Refer to Section 2 of the instructions, titled "Employer or Authorized Representative Review and Verification," for more information about acceptable receipts.

Form I-9 03/08/13 N Page 9 of 9

Answer:



CLICK	HERE	TO	ACCESS	THE	COMPLETE	Solutions

(Employers or their authorized representative in must physically examine one document from Li the "Lists of Acceptable Documents" on the ne- issuing authority, document number, and expin	nust complete and s ist A OR examine a xt page of this form.	combination of one	3 business day document from	s of the emp List B and o	one document from List C as listed on
Employee Last Name, First Name and Middl	e Initial from Secti	on 1:			
List A Identity and Employment Authorization		ist B entity	ANI		List C Imployment Authorization
Document Title:	Document Title:		nse	Document	Title: Security Card
Issuing Authority:	Issuing Authorit	y:	100	Issuing Aut	
Document Number:	Document Num			Document 1	Number:
Expiration Date (if any)(mm/dd/yyyy):		(if any)(mm/dd/yyyy):	374-02- Expiration I	Date (if any)(mm/dd/yyyy):
Document Title:					
Issuing Authority:	1				
Document Number:	-				
Expiration Date (if any)(mm/dd/yyyy):	-				
	-11				3-D Barcode Do Not Write in This Space
Document Title:	J				Do Not write III This Space
Issuing Authority:					
Document Number:	7				
Expiration Date (if any)(mm/dd/yyyy):	1				
Certification attest, under penalty of perjury, that (1 above-listed document(s) appear to be gemployee is authorized to work in the United Programme of the property of the p	genuine and to r nited States. t (mm/dd/yyyy)	elate to the empl	See insti	and (3) to uctions f	the best of my knowledge the or exemptions.)
Signature of Employer or Authorized Represent	ative	Date (mm/dd/yyyy)	Title of I	mployer or	Authorized Representative
Last Name (Family Name)	First Name (Give	en Name)	Employer's Bu	siness or O	rganization Name
Employer's Business or Organization Address (Street Number and	Name) City or Tow	n		State Zip Code
	The second secon		d by employe	or author	ized representative.)
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Critical Thinking Answers

- 2-1. Key points that need to be included: ease of update for changes in tax laws, tax tables, and payroll regulations; ease of reporting; whether the employee self-service option would be eligible; confidentiality.
- 2-2. When the abnormalities are discovered, the management of the company should be made aware of the situation. Since the IRS audit is imminent, documenting the date of the find and attempts to rectify the error would be advisable. Depending upon the nature of the anomalies, the company or payroll employees may have made some serious errors. With the audit pending, the procedures and internal controls fixes should be addressed and noted.

In the Real World—Guidelines for Discussion

Some questions that students should consider include Ms. Ledbetter's original access to confidential paperwork and the firm's internal controls.

Should she have been able to gain access to such confidential records?

What if the records had already been destroyed since the original statute of limitations had been exceeded?

What are implications for employers' document retention policies in the aftermath of this case? Should the employer have followed up on discrimination charges when they were originally raised?

Once a case of pay discrimination has been investigated, what should the employer do (if anything) about the other employees' pay?

Should all employees receive the same raise to avoid charges of discrimination? Should records be retained longer than the current guidelines to avoid challenges like Ms. Ledbetter's case? If so, how long?

Activities

Assign students to work individually or in small groups to explore the following websites:

Using a search engine to find examples of what would be included in a "New hire packet" for at least three different companies, preferable in different industries.

Go to www.irs.gov and search for IRS e-file security. List the facts the IRS shows for why e-file is a secure service.

Assign students to work individually or in small groups to explore the following websites:

www.uscis.gov

http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed www.archives.gov/federal-register/cfr/subject-title-26.html

13

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www.proshred.com www.ironmountain.com

What did the students find for payroll support? What internal controls are mentioned? Is there a payroll destruction company in their area?

Other classroom activities:

- Determine what new hire information should be shared between payroll and human resources?
-) Should these two departments be used (in larger or midsized companies) to facilitate payroll internal controls and cross-verification?
- Using internet search engines, compare the options for a small business to outsource their payroll requirements
- Split class into teams, some are managers, payroll accountants, outsourcing agencies, or external regulators. Determine the needs and if those needs are met by the payroll department.

Continuing Payroll Project

The continuing project starts with the development of timecards and the payroll records for the company. Following this activity, the students should have their payroll files ready for the first actual payroll with annotated information on each employee's key facts.

Prevosti Farms and Sugarhouse pays its employees according to their job classification. The following employees make up Sugarhouse's staff:

Employee Number	Name and Address	Payroll information
A-Mille	Thomas Millen 1022 Forest School Rd Woodstock, VT 05001 802-478-5055 SSN: 031-11-3456 401(k) deduction: 3%	Hire Date: 2-1-2015 DOB: 12-16-1982 Position: Production Manager PT/FT: FT, nonexempt No. of Exemptions: 4 M/S: M Pay Rate: \$35,000/year
A-Towle	Avery Towle 4011 Route 100 Plymouth, VT 05102 802-967-5873	Hire Date: 2-4-2015 DOB: 7-14-1991 Position: Production Worker PT/FT: FT, nonexempt

	SSN: 089-74-0974 401(k) deduction: 5%	No. of Exemptions: 1 M/S: S Pay Rate: \$12.00/hour
A-Long	Charlie Long 242 Benedict Road S. Woodstock, VT 05002 802-429-3846 SSN: 056-23-4593 401(k) deduction: 2%	Hire Date: 2-7-2015 DOB: 3-16-1987 Position: Production Worker PT/FT: FT, nonexempt No. of Exemptions: 2 M/S: M Pay Rate: \$12.50/hour
B-Shang	Mary Shangraw 1901 Main Street #2 Bridgewater, VT 05520 802-575-5423 SSN: 075-28-8945 401(k) deduction: 3%	Hire Date: 2-5-2015 DOB: 8-20-1994 Position: Administrative Assistant PT/FT: PT, nonexempt No. of Exemptions: 1 M/S: S Pay Rate: \$10.50/hour
B-Lewis	Kristen Lewis 840 Daily Hollow Road Bridgewater, VT 05523 802-390-5572 SSN: 076-39-5673 401(k) deduction: 4%	Hire Date: 2-2-2015 DOB: 4-6-1950 Position: Office Manager PT/FT: FT, exempt No. of Exemptions: 3 M/S: M Pay Rate: \$32,000/year
B-Schwa	Joel Schwartz 55 Maple Farm Way Woodstock, VT 05534 802-463-9985 SSN: 021-34-9876 401(k) deduction: 5%	Hire Date: 2-1-2015 DOB: 5-23-1985 Position: Sales PT/FT: FT, exempt No. of Exemptions: 2 M/S: M Pay Rate: \$24,000/year base plus 3% commission per case sold
B-Prevo	Toni Prevosti 10520 Cox Hill Road Bridgewater, VT 05521 802-673-2636 SSN: 055-22-0443 401(k) deduction: 6%	Hire Date: 2-1-2015 DOB: 9-18-1967 Position: Owner/President PT/FT: FT, exempt No. of Exemptions: 5 M/S: M Pay Rate: \$45,000/year



The departments are as follows:

Department A: Agricultural Workers Department B: Office Workers

1. You have been hired to start on February 9, 2015, as the new accounting clerk. Your employee number is B-XXXXX, where "B" denotes that you are an office worker and "XXXXX" is the first five letters of your last name. If your last name is fewer than five letters, use the first few letters of your first name to complete the employee number. Your Social Security number is 555-55-5555, and you are full-time, nonexempt, and paid at a rate of \$34,000 per year. You have elected to contribute 2% of your gross pay to your 401(k). Complete the W-4 and the I-9 to start your own employee file. You are single with only one job (claiming two exemptions). You live at 1644 Smitten Road, Woodstock, VT 05001. Your date of birth is 01/01/1991. You are a citizen of the United States and provide a Vermont driver's license #88110009 expiring 1/1/2017 in addition to your Social Security card for verification of your identity.

Fo	orm W-4 (20	015)	The exceptions do not app greater than \$1,000,000.		wages Nonw	age income. If you age income, such der making estima	ou have a large a as interest or di	imount vidends	of s,_
pay.	ose. Complete Form W-4 so withhold the correct federal ind Consider completing a new Fr when your personal or financia	come tax from your orm W-4 each year d situation changes.	Basic instructions, If you the Personal Allowances worksheets on page 2 fur- withholding allowances be deductions, certain credits	Worksheet below. her adjust your sed on itemized a adjustments to in:	The 1040-i may o incom come, your w	ES, Estimated Tax we additional tax. e, see Pub. 505 to rithholding on For	ofor Individuals. If you have per ofind out if you m W-4 or W-4P	Othervision or should	vise, you annuity adjust
and E	nption from withholding. If yolete only lines 1, 2, 3, 4, and lidate it. Your exemption for 2 any 18, 2018. See Pub. 505. "Istimated Tax. If another person can claim:		or two-earners/multiple job Complete all worksheets may claim fewer (or zero) a wages, withholding must b you claimed and may not I percentage of wages.	s that apply. Howev allowances. For region of based on allowar	er, you workin ular total n ular on all W-4. \ when	armers or multip ng spouse or mor umber of allower jobs using works Your withholding all allowances ar	re than one job, nces you are en heets from only usually will be a claimed on th	figure stided to one Fr most au a Form	the o claim orm countre t W-4
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Employment Eligibility Verification

Department of Homeland Security U.S. Citizenship and Immigration Services

USCIS Form I-9 OMB No. 1615-0047 Expires 03/31/2016

➤ START HERE. Read instructions carefully before completing this form. The instructions must be available during completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information than the first day of employment,				and sign S	ection 1	of Form I-9 no later
Last Name (Family Name) Success		ne (Given Name		Other Nam	es Used (if any)
					-	L
Address (Street Number and Name)		Apt. Number	City or Town		State	Zip Code
1644 Smitten Road			Woodstock		VT	05001
Date of Birth (mm/dd/yyyy) U.S. Social 01/01/1991 555-	al Security Number		88		Telep	hone Number
am aware that federal law provisionnection with the completion of attest, under penalty of perjury, A citizen of the United States A noncitizen national of the Unit A lawful permanent resident (Al An alien authorized to work until (e (See instructions) For aliens authorized to work. p. 1. Alien Registration Number/U OR 2. Form I-94 Admission Number If you obtained your admissic States, include the following: Foreign Passport Number.	that I am (check ted States (See II lien Registration I xpiration date, if ap xrovide your Allen SCIS Number: r on number from C	nstructions) Number/USCI plicable, mm/di Registration	S Number): S Number): Number/USCIS Number O	. Some alier	ns may wi	ite "N/A" in this field.
Country of Issuance: Some aliens may write "N/A"		assport Numi	per and Country of Issuance	e fields. (S	ee instru	ctions)
Signature of Employee: Student	F. Success			Date (mn	vádářyyyy)	02/01/2015
Preparer and/or Translator Ce	ertification (To	be completed	and signed if Section 1 is	prepared by	y a perso	n other than the
attest, under penalty of perjury, information is true and correct.	that I have assis	sted in the co	empletion of this form an	d that to th	e best o	f my knowledge th
Signature of Preparer or Translator:					Date	mm/dd/yyyy):
Last Name (Family Name)			First Name (Giv	en Name)	100	
Address (Street Number and Name)			City or Town		State	Zip Code
	STEP E	Employer Co	mpletes Next Page	STOP		
Form I-9 03/08/13 N	100%			100Vh		Page 7

(Employers or their authorized representative must physically examine one document from		Section 2 within	3 business day	s of the		
the "Lists of Acceptable Documents" on the n issuing authority, document number, and exp	ext page of this form. Fo.					
Employee Last Name, First Name and Mid	dle Initial from Section	1: Success,	Student F			
List A Identity and Employment Authorization	OR List		AN	D	Lis Employme	t C nt Authorization
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2. Complete the headers of the employee earnings register for each employee. Enter the YTD earnings for each employee.

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	y Hollow Rd		4/6/195									
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				Pay		Medicare	Inc.	Inc.	401(k)	Deduc		YTD
				Pay		Medicare	Inc.	Inc.	401(k)	Deduc		YTD
				Pay		Medicare	Inc.	Inc.	401(k)	Deduc		YTD
				Pay		Medicare	Inc.	Inc.	401(k)	Deduc		YTD
				Pay		Medicare	Inc.	Inc.	401(k)	Deduc		YTD
				Pay		Medicare	Inc.	Inc.	401(k)	Deduc		YTD
				Pay		Medicare	Inc.	Inc.	401(k)	Deduc		YTD

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1644 Sm			Date o	f Birth 1/1	/1991							
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Appendix A

There are two versions of a full quarter, from start to finish, payroll project located within Appendix A. Starting in chapter 2, instructors may assign coinciding portions from the appendix to supplement the materials in the textbook. This project may be altered to run from November 15 through the end of the year to provide three pay periods, year-end filings, accruals and reversals. Beginning balances (balances from the solutions manual prior to the November 15th payroll) should be provided to the students for accurate year end processing should this project be altered to three payroll cycles.

The company, Wayland Woodworking, is a semimonthly payroll processor with six employees. There are two versions of this assignment. In one, the company is set in Wyoming with state personal income tax at 5% and in the second it is set in Utah with no state personal income tax. Additionally students will gain experience with pre-tax deductions, commission, exempt, and non-exempt workers.