

*Test Bank for An Introduction To
Payroll Administration 2025 Canadian
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Corret Answers are located at the end of each chapter.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

- 1) Failing to deduct statutory withholdings from employee payments can result in fines, penalties and interest charges.
 - ☐ true
 - ☐ false

- 2) Employers who do not deduct statutory withholdings from employee payments have nothing to worry about.
 - ☐ true
 - ☐ false

- 3) Employers who fail to deduct proper withholdings from employee payments may be forced to take on the cost of these missed deductions.
 - ☐ true
 - ☐ false

- 4) Payments for employees are processed through accounts payable and do not require any statutory payroll deductions.
 - ☐ true
 - ☐ false

- 5) Payments for self-employed workers are typically processed through accounts payable and do not require any statutory payroll deductions.
 - ☐ true
 - ☐ false

- 6) Employees with a Social Insurance Number beginning with a '9' are free to work in Canada without restrictions.
 - ☐ true
 - ☐ false

- 7) Most payroll software is capable of checking the validity of Social Insurance Numbers.
- ☐ true
 - ☐ false
- 8) Employers are permitted to use a Social Insurance Number as an employee ID for an internal social club.
- ☐ true
 - ☐ false
- 9) The province of employment determines if you are regulated by the Canada Labour Code.
- ☐ true
 - ☐ false
- 10) Walmart Canada is federally regulated as they have stores in multiple provinces.
- ☐ true
 - ☐ false
- 11) An employer's Human Resource department would be considered an external stakeholder.
- ☐ true
 - ☐ false
- 12) An employer's Accounting department would be considered an external stakeholder.
- ☐ true
 - ☐ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

- 13) If the worker has the option to sub-contract their work to others for profit, the worker is likely:
- A) An employee
 - B) Self-employed

- 14) If the worker is supervised while on the job and required to follow a schedule of hours determined by the supervisor, the worker is likely:
- A) An employee
 - B) Self-employed
- 15) If the worker is provided with all of the tools required to do the job and are not responsible for maintenance and insurance of these tools, the worker is likely:
- A) An employee
 - B) Self-employed
- 16) If the worker finishes the job quickly and is able to earn additional profit as a result, the worker is likely:
- A) An employee
 - B) Self-employed
- 17) If a worker is hired to fix one toilet in a large office building and is required to bring their own tools, can dictate the time the job is done and has the ability to hire an assistant to do the work for them, the worker is likely:
- A) An employee
 - B) Self-employed
- 18) If a worker is hired by a plumbing company to repair toilets in large office buildings and is required to work a scheduled shift, use company tools and do the work themselves, the worker is likely:
- A) An employee
 - B) Self-employed
- 19) Employers must request the Social Insurance Number within ____ number of days of an employee starting employment.
- A) 1
 - B) 2
 - C) 3
 - D) 4
 - E) 5

- 20) How many digits are in a valid Social Insurance Number?
- A) 6
 - B) 7
 - C) 8
 - D) 9
 - E) 10
- 21) If an employer is unsure which Provincial Employment or Labour Standards apply they should:
- A) Use the home province of the employee
 - B) Use the home address of the CEO
 - C) Contact the Canada Revenue Agency
 - D) Contact the Ministry of Labour
 - E) Refer to the website - Employment status: Employee or self-employed
- 22) If in doubt of whether or not the worker is an employee or self-employed, the safest choice is to:
- A) Pay as a lump sum with no deductions
 - B) Treat relationship as employment and withhold deductions
 - C) Pay through Accounts Payable with no deductions
 - D) Ask the worker to determine which scenario they would prefer
 - E) Flip a coin and document the results
- 23) To determine whether a worker is an employee or is self-employed the CRA looks at:
- A) The formal agreement between the parties
 - B) The substance of the relationship between the parties
 - C) The familial relationship between the parties
 - D) The duration of the friendship between the parties
 - E) The payment amount agreed to between the parties

24) Who carries the responsibility to apply for an individual's Social Insurance Number?

- A) The employer
- B) CRA
- C) The individual
- D) The parents of the individual
- E) The payroll administrator

25) Employees in this industry are not considered to be federally regulated.

- A) Banks
- B) Radio Broadcasting
- C) Uranium Mining
- D) Automotive
- E) Air Transportation

26) Employees in this industry are not considered to be federally regulated.

- A) Interprovincial shipping
- B) Retail Stores
- C) Telephone Services
- D) Grain Elevators
- E) Federal Crown Corporations

27) If a temporary Social Insurance Number expires.

- A) It automatically is renewed
- B) The employer must contact Service Canada
- C) The employee is temporarily laid-off
- D) The employee must contact Service Canada
- E) The employee's employment is terminated

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

28) List 3 reasons why the efficient and effective administration of the process is very important to managers.

29) Name and describe the 3 steps involved to determine if a worker is an employee or an independent contractor in Quebec.

30) Name 3 stakeholders in the payroll administrative process and explain their interest in the outcomes.

Answer Key

Test name: Chapter 01

- 1) TRUE
- 2) FALSE
- 3) TRUE
- 4) FALSE
- 5) TRUE
- 6) FALSE
- 7) TRUE
- 8) FALSE
- 9) FALSE
- 10) FALSE
- 11) FALSE
- 12) FALSE
- 13) B
- 14) A
- 15) A
- 16) B
- 17) B
- 18) A
- 19) C
- 20) D
- 21) E
- 22) B
- 23) B
- 24) C
- 25) D
- 26) B
- 27) E
- 28) Short Answer
- 29) Short Answer
- 30) Short Answer