Payroll AccountingÂ 2019 29th edition Bieg Solutions Manual

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CHAPTER 1

Note: Working space and special forms are provided for the Practical Problems and the Continuing Payroll Problem only. If students are required to prepare written answers to the Questions for Review, Questions for Discussion, and Case Problems, blank paper should be provided.

Learning Objectives

After studying this chapter, students should be able to:

1. Identify the various laws that affect employers in their payroll operations.
2. Examine the recordkeeping requirements of these laws.
3. Describe the employment procedures generally followed in a Human Resources Department.
4. Recognize the various personnel records used by businesses and know the type of information shown on each form.
5. Identify the *payroll register* and the *employee's earnings record*.

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Matching Quiz (p. 1–27)

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Questions for Review (p. 1–27)

1. The Fair Labor Standards Act sets the minimum wage rate, and the current minimum wage rate is $7.25 an hour.

2. To meet the requirements of the FLSA, the employer must keep records providing the following information with respect to each employee's wages earned:

- **a.** Day and time of day when workweek begins
- **b.** Regular hourly rate of pay
- **c.** Basis of wage payments
- **d.** Hours worked each day
- **e.** Hours worked each week
- **f.** Daily or weekly straight-time pay
- **g.** Amount and nature of exempt pay
- **h.** Weekly overtime pay
- **i.** Total additions to or deductions from wages
- **j.** Total remuneration for payroll period
- **k.** Date of payment
- **l.** Payroll period

3. FICA levies taxes on employers and employees to finance the Federal Old-Age and Survivors' Trust Fund, the Federal Disability Insurance Trust Fund, and the Health Insurance Plan—Medicare. SECA also imposes taxes on the net earnings of the self-employed individual.

4. The taxes paid to the federal government (FUTA tax) are used to pay the state and federal administrative expenses incurred in operating the overall unemployment insurance program. The taxes paid to the various state governments (SUTA tax) are used to pay the unemployment compensation benefits to the qualified unemployed workers.

5. The unfair employment practices prohibited by the Civil Rights Act of 1964, as amended, include:

- **a.** Discriminating in hiring, firing, promoting, compensating, or in any other condition of employment on the basis of race, color, religion, gender, or national origin.
- **b.** Unions may not include or segregate union members on these bases.
- **c.** Employment agencies may not refer or refuse to refer applicants for employment on the basis of race, color, religion, gender, or national origin.

6. The purpose of the Age Discrimination in Employment Act (ADEA) is to prohibit discrimination on the basis of age in the employment practices of employers, employment agencies, and labor unions that are engaged in an industry affecting interstate commerce.

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7. A key exception is executives who are 65 or older and who have held high policy-making positions during the two-year period prior to retirement. If such an employee is entitled to an annual retirement benefit from the employer of at least $44,000, he or she can be forcibly retired.
8. The Walsh-Healey Public Contracts Act covers laborers for contractors who furnish materials, supplies, articles, and equipment to any agency of the United States, provided the minimum contract amount is $10,000.
9. The employer is required to offer the employee as many as 12 weeks of unpaid leave. The leave may be used all at once, or in separate weeks, days, or hours.
10. ERISA was designed primarily to ensure that workers covered by private pension plans receive benefits from those plans in accordance with their credited years of service with their employers.
11. *Vesting* conveys to employees the right to share in a retirement fund in the event they are terminated before the normal retirement age. The vesting process is linked to the number of years needed for workers to earn equity in their retirement plans and to become entitled to full or partial benefits at some future date if they leave the company before retirement. Once vested, a worker has the right to receive a pension at retirement age, based on years of covered service, even though the worker may not be working for the firm at that time.
12. The administrator must furnish a statement, not more than once in a 12-month period, of the total benefits accrued and accrued benefits that are vested, if any, or the earliest date on which these accrued benefits will become vested.
13. Employers with 50 or more full-time employees during the previous year (applicable large employers) are required to provide insurance coverage for all full-time employees and for their dependents.
14. The procedure that may be followed by the Human Resources Department in hiring new employees is:
    - **a.** Receive request for new employee.
    - **b.** Examine applications.
    - **c.** Interview applicants.
    - **d.** Administer tests.
    - **e.** Check references.
    - **f.** Select and notify successful applicant.
    - **g.** Send information to Payroll Department.
    - **h.** Prepare personnel file.

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15. The application for employment form may provide information such as the following:

- **a.** Personal information, including name, address, telephone number, and social security number.
- **b.** Educational background, including a summary of the schools attended, whether the applicant graduated, and degrees conferred.
- **c.** Employment and experience record.
- **d.** Type of employment desired.
- **e.** References.

16. The employer who is subject to the Civil Rights Act of 1964 and the Age Discrimination in Employment Act must make certain that all aspects of the pre-hire inquiries are free of discrimination on the basis of race, color, religion, gender, national origin, and age.

17. The Fair Credit Reporting Act of 1968 subjects employers to certain disclosure obligations when they seek an investigative report from a consumer reporting agency on a job applicant or, in certain instances, on present employees. Generally, these steps must be followed:

- **a.** Notify the applicant in writing that the information obtained will be used in the employment decision.
- **b.** Have the applicant sign the notification.
- **c.** Give the applicant a notice and a copy of the report at least five days before making an adverse employment decision.
- **d.** Provide a copy of the government document “A Summary of Your Rights Under the FCRA.”

18. A typical payroll accounting system includes the following procedures:

- **a.** Record hours worked or units produced.
- **b.** Compute gross pay, deductions, and net pay.
- **c.** Complete payroll register.
- **d.** Maintain payroll deduction records.
- **e.** Update employees’ earnings records.
- **f.** Make payments to employees.
- **g.** Record payroll in accounting books.
- **h.** Prepare various payroll reports.

19. The two basic records generated in a payroll accounting system are the payroll register and the employee’s earnings record.

20. The earnings record provides the information needed to prepare periodic reports required by the various laws and to complete Form W-2 for each employee.

Questions for Discussion (p. 1–28)

1. A small retailer with only three employees would not need very detailed personnel records. There should be, however, an application form or some other record providing the employee’s name, address, telephone number, social security number, date of employment, regular working hours, and information about wages.

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2. Many employers do not check job applicants' references because former employers, who are afraid of lawsuits, tend to be less than candid in their comments about ex-workers. Some companies will not make any comment about former workers unless they have the written consent of those workers. Other companies have found that even a good recommendation can create a "potential liability."

3. Use of this approach in staffing an office may pose too great an opportunity for the development of cliques in the office. The applicant recommended may not be desirable, and this will cause some embarrassment or disappointment to the person who recommended the applicant. The advantages in most instances, however, outweigh these disadvantages. The advantages realized from the use of in-house referrals include the added prestige among present employees and a positive psychological effect. Firms may offer incentives, such as cash payments, U.S. savings bonds, and company merchandise, for referrals after the newly employed worker has been on the job for a stipulated period of time. Some firms estimate the recruiting and advertising cost of a new hire to be $5,000.

4. Sources of potential employees include employment agencies, both public and private; newspaper advertisements (Help Wanted and Jobs Wanted); employment bureaus in schools and in social and philanthropic institutions; friends and relatives secured through present employees; and "through the gate" and unsolicited applications. Past national surveys have found that for employees without a college degree, the leading recruiting sources were (1) walk-in, (2) newspaper advertisements, (3) in-house referrals, (4) employment agencies, (5) requests to high schools, (6) high school career conferences, and (7) unions.

5. **a.** and **b.** Illegally. Answers to these two questions could reveal the national origin, race, religion, or color of the applicant. One exception to this is when information of this nature is required as a bona fide occupational qualification for reasons of national or state security.

c. Legally. Companies subject to Title VII of the Civil Rights Act of 1964 must ask applicants if they are U.S. citizens. Companies are also permitted to ask the applicant if he or she intends to become a U.S. citizen and if the applicant has legal sanction to remain in the United States.

d. Legally. A company is within legal sanction to ask the applicant *what* languages he or she is capable of reading, writing, or speaking. These abilities can be acquired through study and thus do not necessarily reveal race, religion, color, or national origin. However, the company may be proceeding illegally in its pre-employment practices if it inquires *how* the applicant acquired the language abilities, for this could easily determine ethnic background. Thus, the interviewer must be aware of the *what* and *how* aspects of this question when making pre-hire inquiries that could directly or indirectly establish ethnic background characteristics of the applicant.

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Case Problem (p. 1–28)

Case 1–1

Even though it was the company's mistake, legally it was entitled to reimbursement from Ken. However, the cost of legal fees to follow through on the proceedings needed to reclaim the paychecks would probably exceed the total of the four paychecks. The company would be better off to absorb this loss and to solve the problems it has in interdepartmental communication.

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EXAMINATION QUESTIONS

To aid instructors using *Payroll Accounting*, we have provided a section of examination questions in this manual. The section contains true-false and multiple-choice questions for Chapter 1, with the addition of short problems for Chapters 2, 3, 4, 5, and 6, arranged according to the presentation of the subject matter within these chapters of the textbook.

There is a sufficient number of test questions so that you may vary your examinations from semester to semester or prepare different examinations for each section of the course you may be teaching. Each of the true-false and multiple-choice questions is preceded by a letter answer to the question and a page reference to the textbook page upon which the answer may be found. These test questions are also available within CengageNow, so that tests can be created from our online site.

CHAPTER 1

True-False Questions

T 1–3 **1.** The Fair Labor Standards Act is commonly known as the Federal Wage and Hour Law.

F 1–3 **2.** The FLSA imposes no recordkeeping requirements on employers.

T 1–3 **3.** The employer is required by the FLSA to display a poster that informs employees of the provisions of the law.

F 1–3 **4.** All states have set their minimum wage to be the same as the federal government.

F 1–4 **5.** Under the Federal Insurance Contributions Act, the Medicare portion of the tax is only paid by the employer.

F 1–4 **6.** The FLSA provides health insurance for the aged and disabled (Medicare).

T 1–4 **7.** The tax paid to the federal government for unemployment taxes is used for paying state and federal administrative expenses of the unemployment program.

T 1–4 **8.** The Self-Employment Contributions Act imposes a tax on the net earnings from self-employment derived by an individual from any trade or business.

F 1–4 **9.** Each state imposes an income tax on employees that is 2 percent of gross wages.

F 1–5 **10.** Only six states do not impose a state unemployment tax on employers in their state.

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T 1–5 **11.** One of the provisions of coverage of the Civil Rights Act is that the employer must have 15 or more workers.

F 1–5 **12.** Title VII of the Civil Rights Act protects all employees from arbitrary dismissal.

T 1–7 **13.** By the use of executive orders, the federal government has banned discrimination in employment on government contracts.

T 1–7 **14.** Employers not subject to Title VII coverage may come within the scope of the Civil Rights Act by reason of a contract or subcontract involving federal funds.

T 1–5 **15.** Under the Civil Rights Act of 1964, the U.S. government is classified as an exempt employer.

T 1–7 **16.** An exception to the protection that the Age Discrimination in Employment Act provides for all workers over 40 involves executives who are 65 or older and who have held high policy-making positions during the two-year period prior to retirement.

T 1–8 **17.** Under the Federal Personal Responsibility and Work Opportunity Reconciliation Act, every employer is required to report the name, address, and social security number of each new employee to the appropriate state agency.

T 1–9 **18.** Form I-9 must be completed by each new hire.

F 1–9 **19.** Employers are now required to photocopy new employees' Form I-9 documents.

T 1–9 **20.** In order for the Walsh-Healey Public Contracts Act to protect laborers for contractors who furnish materials to any agency of the United States, the contract amount must be at least $10,000.

F 1–10 **21.** Under FMLA, the time off must be used in one uninterrupted period of time.

T 1–11 **22.** Under the Family and Medical Leave Act, employers can exempt an employee who has not worked for the employer for at least one year and has worked for the company at least 1,250 hours in the last year.

F 1–12 **23.** FUTA was designed to ensure that workers who are covered by pension plans receive benefits from those plans.

T 1–12 **24.** Under ERISA, vesting conveys to employees the right to share in a retirement fund in the event they are terminated before the normal retirement age.

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T 1–19 **25.** If an investigative consumer report is being used, the applicant must be given a written notice that the information obtained will be used in the employment decision.

T 1–12 **26.** ERISA provides for full vesting of the employer's contributions in three years or gradually over six.

T 1–13 **27.** Under the Affordable Care Act, employers with 50 or more full-time employees during the previous year are required to provide health insurance coverage for all full-time employees.

F 1–13 **28.** The Affordable Care Act does not make a distinction between large and small employers.

F 1–14 **29.** The total cost of workers' compensation insurance is borne by the employees.

T 1–14 **30.** Workers' compensation insurance premiums for employers vary according to the different degrees of danger in various classes of jobs and employers' accident experience rate.

F 1–14 **31.** Only one state has passed a law to provide disability benefits to employees absent from their jobs due to illness, accident, or disease not arising out of their employment.

F 1–16 **32.** The *requisition for personnel form* is sent to the Payroll Department so that the new employee can be properly added to the payroll.

F 1–16 **33.** Employment application forms are usually discarded when the applicant is hired.

T 1–19 **34.** Questions pertaining to religion, gender, national origin, or age are allowed on application forms when these are bona fide occupational qualifications for a job.

T 1–19 **35.** Asking applicants for their arrest records is illegal.

F 1–23 **36.** There are no states that allow employees to access their personnel files.

F 1–24 **37.** The *payroll register* is a separate payroll record that is kept on each employee.

T 1–24 **38.** A *payroll register* lists all employees who have earned remuneration, the amount of remuneration, the deductions, and the net amount paid for each pay period.

F 1–24 **39.** The amounts needed for the payroll entries in the journal come from the *employee's earnings record*.

F 1–25 **40.** The trend toward outsourcing of payroll operations has weakened in recent years.

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Multiple-Choice Questions

a
1–3

1. Which of the following laws establishes the minimum wage?
a. Fair Labor Standards Act
b. Federal Income Tax Act
c. Federal Insurance Contributions Act
d. Federal Unemployment Tax Act
e. Fair Employment Laws

a
1–4

2. Which of the following is *not* part of the social security program?
a. Federal Income Tax Law
b. Federal Old-Age and Survivors' Trust Fund
c. Medicare
d. Self-Employment Contributions Act
e. All are part of the social security program.

b
1–4

3. Which of the following acts levies a tax on employers and employees that is credited to the Federal Old-Age and Survivors' Trust Fund and the Federal Disability Insurance Trust Fund?
a. Federal Income Tax Act
b. Federal Insurance Contributions Act
c. Fair Labor Standards Act
d. Federal Unemployment Tax Act
e. Employee Retirement Income Security Act

a
1–3

4. Which of the following is a provision of the Fair Labor Standards Act (FLSA)?
a. Sets up minimum wage
b. Tax on net earnings of self-employed individuals
c. Allows discrimination in hiring
d. Separate tax on employees and employers
e. All are provisions of the FLSA

b
1–3

5. The Fair Labor Standards Act has set the current minimum hourly rate of pay at:
a. $10.00.
b. $7.25.
c. $7.75.
d. $5.00.
e. $8.50.

c
1–4

6. Which of the following is a part of the social security program?
a. Federal unemployment taxes (FUTA)
b. State income tax withholding
c. Medicare
d. Federal income tax withholding
e. All are part of the social security program

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a
1–4

7. Which of the following levies a graduated tax on the earnings of most employees and is deducted from their gross pay?
a. Income tax withholding laws
b. Federal Unemployment Tax Act
c. Fair Labor Standards Act
d. Federal Insurance Contributions Act
e. Employee Retirement Income Security Act

b
1–4

8. What tax act levies a tax on employers to pay state and federal administrative expenses of the unemployment program?
a. Federal Income Tax Act
b. Federal Unemployment Tax Act
c. Federal Wage and Hour Law
d. Estate Unemployment Tax Acts
e. Workers' Compensation Laws

c
1–5

9. Which of the following acts established the Equal Employment Opportunity Commission (EEOC)?
a. Americans with Disabilities Act
b. Immigration Reform and Control Act of 1986
c. Civil Rights Act of 1964
d. Age Discrimination in Employment Act
e. None of the above

d
1–5

10. Title VII of the Civil Rights Act is referred to as the:
a. Wage and Hour Act.
b. Social Security Act.
c. Age Discrimination Act.
d. Equal Employment Opportunity Act.
e. Immigration Reform Act.

b
1–7

11. All of the following are covered by the Age Discrimination in Employment Act *except*:
a. labor unions.
b. an employer with 15 employees.
c. state government employees (other than elected officials).
d. employment agencies.
e. All of the above are covered.

e
1–7

12. The Age Discrimination in Employment Act provides protection to virtually all workers up to the age of:
a. 50.
b. 65.
c. 70.
d. 75.
e. 40.

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b
1–9

13. Form I-9, which is completed by each employee, deals with:
a. contributions to individual retirement accounts.
b. verification of employment eligibility.
c. eligibility for unemployment benefits.
d. eligibility for Medicare benefits.
e. none of the above.

e
1–9

14. Which of the following acts deals with the minimum wage paid to laborers for contractors on federal government construction contracts?
a. Walsh-Healey Public Contracts Act
b. Fair Labor Standards Act
c. McNamara-O'Hara Service Contract Act
d. Occupational Safety and Health Act
e. Davis-Bacon Act

a
1–9

15. Form I-9, Employment Eligibility Verification, is required due to which of the following acts?
a. Immigration Reform and Control Act of 1986
b. Civil Rights Act of 1964
c. Age Discrimination in Employment Act
d. Americans with Disabilities Act
e. None of the above

e
1–10

16. The E-Verify program is a system to check the:
a. age of new hires.
b. vesting status of all employees.
c. health status of employees on medical leave.
d. social security status of new hires.
e. employment eligibility of new hires.

c
1–10

17. Which of the following acts deals with the unpaid leave for a family or medical emergency?
a. Fair Labor Standards Act
b. Occupational Safety and Health Act
c. Family and Medical Leave Act of 1993
d. Walsh-Healey Public Contracts Act
e. None of the above

d
1–10

18. Which of the following is part of the Family and Medical Leave Act for the employer?
a. Must provide for 9 months of unpaid leave
b. Must allow all employees to take the leave
c. Must pay the employee 50 percent of his or her salary during the leave
d. Must continue the employee's health-care coverage during the leave
e. All of the above

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e
1–11

19. Employers can exempt which of the following from the provision of the Family and Medical Leave Act?
a. All salaried employees
b. Employees with less than a five-year tenure with the employer
c. All employees under the age of 30
d. All employees earning the minimum wage
e. Highest-paid 10 percent of their workforce

c
1–12

20. ERISA provides for full vesting of the employer's contribution to an employee's pension fund in three years or gradually over:
a. ten years.
b. five years.
c. six years.
d. seven years.
e. No gradual vesting is allowed.

d
1-13

21. The Affordable Care Act defines applicable large employers (ALEs) as employers with:
a. 15 or more full-time employees during the previous year.
b. 1 or more full-time employees during the previous year.
c. 200 or more full-time employees during the previous year.
d. 50 or more full-time employees during the previous year.
e. 200 or more full- and part-time employees during the previous year.

d
1–13

22. Which of the following acts gives a tax credit to employers for offering health insurance to their employees?
a. Civil Rights Act
b. Fair Labor Standards Act
c. Family and Medical Leave Act
d. Patient Protection and Affordable Care Act
e. None of the above

a
1–13

23. Which of the following laws protects employees against losses due to work-related injury?
a. Workers' Compensation
b. Federal Wage and Hour
c. Family and Medical Leave
d. State Disability
e. Federal Unemployment

e
1–16

24. Which of the following is included in a job description?
a. Secondary duties
b. Education requirements and special skills needed
c. Attendance requirements
d. Job's essential functions, including any physical requirements
e. All of the above

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c
1–19

25. Pre-hire questions pertaining to religion, gender, national origin, or age are allowed if:
a. all employees are asked the same questions.
b. only foreign-born applicants are asked these questions.
c. these factors are bona fide occupational qualifications for the job.
d. they are not in written form.
e. the applicant is married.

c
1–19

26. Which of the following is not allowed as part of a company's pre-hire inquiries?
a. Past employment and experience records
b. Social security numbers
c. Lie detector tests
d. Educational background
e. List of references

b
1–21

27. Which of the following is used to provide a continuous record of the relationship between employer and employee?
a. Change in payroll rate form
b. Employee history record
c. Hiring notice
d. Employee's earnings record
e. None of the above

b
1–24

28. Which of the following records lists all employees who earn remuneration, the amount of remuneration, the deductions, and the net amount paid for each payroll period?
a. Employee history record
b. Payroll register
c. Change in payroll rate form
d. Reference inquiry form
e. None of the above

a
1–24

29. Which of the following is a multicolumn form used to assemble and summarize the data needed at the end of each payroll period?
a. Payroll register
b. Reference inquiry form
c. Change in payroll rate form
d. Employee history record
e. None of the above

d
1–24

30. Which of the following is not part of the records employers keep in employee files?
a. Regular pay rate
b. Gender
c. Wages subject to tax for the calendar year
d. Health-care account withdrawals
e. None of the above

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2019 edition

PAYROLL ACCOUNTING

Bieg/Toland

TEST 1

Student _____

Chapter 1 Date _____

SCORING RECORD

Section	Total Points	Deductions	Score
A	60		
B	40		
Total	100		

Section A—DIRECTIONS: Each of the following statements is either true or false. Unless directed otherwise by your instructor, indicate your choice in the Answers column by writing "T" for a true answer or "F" for a false answer. (2 points for each correct answer)

		Answers	For Scoring
1.	The Fair Labor Standards Act sets the current minimum wage at $7.50 per hour.	___	**1.** ___
2.	The Federal Insurance Contributions Act covers restrictions on the employment of child labor.	___	**2.** ___
3.	The Federal Income Tax Withholding Law requires that all employment data be kept on file permanently.	___	**3.** ___
4.	In cases where both federal and state regulations cover the minimum wage for the same employee, the higher of the two rates is always used as the standard minimum wage.	___	**4.** ___
5.	Those records that are required by the various payroll laws must generally be kept on file for only the current year.	___	**5.** ___
6.	Unions and employment agencies are excluded from coverage under the Civil Rights Act of 1964.	___	**6.** ___
7.	Employers' photocopying of new employees' I-9 documents is not required under the Immigration Reform and Control Act.	___	**7.** ___
8.	The Age Discrimination in Employment Act protects virtually all workers, but only to the age of 70.	___	**8.** ___
9.	FICA taxes are levied upon employers only.	___	**9.** ___
10.	Criminal background checks can be used by employers on all job applicants.	___	**10.** ___
11.	Most employers are faced with two unemployment taxes—federal and state.	___	**11.** ___
12.	Every state imposes state unemployment taxes on employers in their state.	___	**12.** ___
13.	As part of their FMLA, a few states have implemented a paid family leave plan.	___	**13.** ___
14.	The FUTA tax paid to the federal government is used to pay benefits to the unemployed workers who qualify for the benefits.	___	**14.** ___
15.	Under the Affordable Care Act, all employers are required to provide insurance coverage for all full-time employees.	___	**15.** ___
16.	The information reporting requirements of the Affordable Care Act only involve the filing of each employee's Form W-2.	___	**16.** ___
17.	Once vested, workers have the right to receive a pension at retirement age, even if they no longer work for that company.	___	**17.** ___
18.	Under the Family and Medical Leave Act, employers can exempt the highest paid 10 percent of their workforce from its provisions.	___	**18.** ___
19.	Under federal law, new-hire reporting also applies to newly hired independent contractors.	___	**19.** ___
20.	Form I-9, Employment Eligibility Verification, is completed only by employees who were born outside the United States.	___	**20.** ___

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SECTION A (continued)

	Answers	For Scoring
21. The deadline for an employee to complete and sign Section 1 of Form I-9 is one year from the date of hire.	___	**21.** ___
22. Under the Family and Medical Leave Act, an employer can substitute an employee's earned paid leave for any part of the 12-week family leave.	___	**22.** ___
23. Workers' compensation insurance applies only to work-related injury, illness, or death.	___	**23.** ___
24. Pre-hire questions pertaining to religion, gender, national origin, or age are allowed when these factors are bona fide occupational requirements for a job.	___	**24.** ___
25. If an investigative consumer report is being used, the applicant must be given a written notice that the information obtained will be used in the employment decision.	___	**25.** ___
26. Employers cannot terminate an employee for providing false information on an application form once the employee begins employment.	___	**26.** ___
27. The hiring notice is a record sent to the Payroll Department so that the new employee can be added to the payroll.	___	**27.** ___
28. The payroll register is used by employers in preparing Form W-2, the wage and tax statement sent to each employee at year-end.	___	**28.** ___
29. The payroll register is used to provide the information needed to record the payroll entries made in the journal on each payday.	___	**29.** ___
30. The FLSA requires all employees to be paid weekly or biweekly.	___	**30.** ___

Section B—DIRECTIONS: Complete each of the following sentences by writing in the Answers column the letter of the word or words that correctly completes each statement. (5 points for each correct answer)

	Answers	For Scoring
1. Which of the following is not a provision of the Fair Labor Standards Act (FLSA)? (A) Restricts the employment of child labor, (B) Sets minimum wage, (C) Forbids discrimination in hiring, (D) Mandates equal pay for equal work, regardless of gender, (E) All are provisions of FLSA.	___	**1.** ___
2. Which of the following bases for discrimination in employment practices is not covered in Title VII of the Civil Rights Act of 1964 as amended? (A) Color, (B) Religion, (C) Age, (D) Sex, (E) National origin	___	**2.** ___
3. Which of the following acts covers employee pension and welfare plans? (A) Affordable Care Act, (B) Federal Insurance Contributions Act, (C) Age Discrimination in Employment Act, (D) Family and Medical Leave Act, (E) Employee Retirement Income Security Act.	___	**3.** ___
4. Medicare is a two-part health insurance program that was part of an amendment to what act? (A) Federal Insurance Contributions Act, (B) Federal Income Tax Withholding Law, (C) Federal Unemployment Tax Act, (D) Affordable Care Act, (E) Fair Labor Standards Act.	___	**4.** ___
5. Which of the following statements is *not* a provision of ERISA? (A) ERISA applies to pension and welfare plans established by any employer engaged in commerce. (B) ERISA establishes minimum vesting schedules that protect the workers' benefits. (C) ERISA provides that all employees are eligible to set up their own individual retirement accounts. (D) ERISA requires each employer to establish a pension plan. (E) All of the above are provisions of ERISA.	___	**5.** ___
6. Which of the following acts deals with the minimum wage paid to laborers for contractors who supply materials to any agency of the United States? (A) Davis-Bacon, (B) Walsh-Healey Public Contracts, (C) Federal Insurance Contributions, (D) McNamara-O'Hara Service Contract, (E) None of these.	___	**6.** ___
7. Which of the following forms is used to complete each employee's Form W-2, Wage and Tax Statement? (A) Payroll register, (B) Employee's paycheck, (C) Change in payroll rate form, (D) Employee's individual retirement account, (E) Employee's earnings record	___	**7.** ___
8. Protection under the provisions of the Age Discrimination in Employment Act begins at what age? (A) 18, (B) 65, (C) 21, (D) 40, (E) 50	___	**8.** ___

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2019 edition PAYROLL ACCOUNTING

Bieg/Toland

TEST 1

Student INSTRUCTOR'S COPY

Chapter 1 Date _____

SCORING RECORD

Section	Total Points	Deductions	Score
A	60		
B	40		
Total	100		

Section A—DIRECTIONS: Each of the following statements is either true or false. Unless directed otherwise by your instructor, indicate your choice in the Answers column by writing "T" for a true answer or "F" for a false answer. (2 points for each correct answer)

		Answers	For Scoring
1.	The Fair Labor Standards Act sets the current minimum wage at $7.50 per hour.	**F**	**1.** ___
2.	The Federal Insurance Contributions Act covers restrictions on the employment of child labor.	**F**	**2.** ___
3.	The Federal Income Tax Withholding Law requires that all employment data be kept on file permanently.	**F**	**3.** ___
4.	In cases where both federal and state regulations cover the minimum wage for the same employee, the higher of the two rates is always used as the standard minimum wage.	**T**	**4.** ___
5.	Those records that are required by the various payroll laws must generally be kept on file for only the current year.	**F**	**5.** ___
6.	Unions and employment agencies are excluded from coverage under the Civil Rights Act of 1964.	**F**	**6.** ___
7.	Employers' photocopying of new employees' I-9 documents is not required under the Immigration Reform and Control Act.	**T**	**7.** ___
8.	The Age Discrimination in Employment Act protects virtually all workers, but only to the age of 70.	**F**	**8.** ___
9.	FICA taxes are levied upon employers only.	**F**	**9.** ___
10.	Criminal background checks can be used by employers on all job applicants.	**F**	**10.** ___
11.	Most employers are faced with two unemployment taxes—federal and state.	**T**	**11.** ___
12.	Every state imposes state unemployment taxes on employers in their state.	**T**	**12.** ___
13.	As part of their FMLA, a few states have implemented a paid family leave plan.	**T**	**13.** ___
14.	The FUTA tax paid to the federal government is used to pay benefits to the unemployed workers who qualify for the benefits.	**F**	**14.** ___
15.	Under the Affordable Care Act, all employers are required to provide insurance coverage for all full-time employees.	**F**	**15.** ___
16.	The information reporting requirements of the Affordable Care Act only involve the filing of each employee's Form W-2.	**F**	**16.** ___
17.	Once vested, workers have the right to receive a pension at retirement age, even if they no longer work for that company.	**T**	**17.** ___
18.	Under the Family and Medical Leave Act, employers can exempt the highest paid 10 percent of their workforce from its provisions.	**T**	**18.** ___
19.	Under federal law, new-hire reporting also applies to newly hired independent contractors.	**F**	**19.** ___
20.	Form I-9, Employment Eligibility Verification, is completed only by employees who were born outside the United States.	**F**	**20.** ___

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SECTION A (continued)

	Answers	For Scoring
21. The deadline for an employee to complete and sign Section 1 of Form I-9 is one year from the date of hire.	**F**	**21.** ___
22. Under the Family and Medical Leave Act, an employer can substitute an employee's earned paid leave for any part of the 12-week family leave.	**T**	**22.** ___
23. Workers' compensation insurance applies only to work-related injury, illness, or death.	**T**	**23.** ___
24. Pre-hire questions pertaining to religion, gender, national origin, or age are allowed when these factors are bona fide occupational requirements for a job.	**T**	**24.** ___
25. If an investigative consumer report is being used, the applicant must be given a written notice that the information obtained will be used in the employment decision.	**T**	**25.** ___
26. Employers cannot terminate an employee for providing false information on an application form once the employee begins employment.	**F**	**26.** ___
27. The hiring notice is a record sent to the Payroll Department so that the new employee can be added to the payroll.	**T**	**27.** ___
28. The payroll register is used by employers in preparing Form W-2, the wage and tax statement sent to each employee at year-end.	**F**	**28.** ___
29. The payroll register is used to provide the information needed to record the payroll entries made in the journal on each payday.	**T**	**29.** ___
30. The FLSA requires all employees to be paid weekly or biweekly.	**F**	**30.** ___

Section B—DIRECTIONS: Complete each of the following sentences by writing in the Answers column the letter of the word or words that correctly completes each statement. (5 points for each correct answer)

	Answers	For Scoring
1. Which of the following is not a provision of the Fair Labor Standards Act (FLSA)? (A) Restricts the employment of child labor, (B) Sets minimum wage, (C) Forbids discrimination in hiring, (D) Mandates equal pay for equal work, regardless of gender, (E) All are provisions of the FLSA.	**C**	**1.** ___
2. Which of the following bases for discrimination in employment practices is not covered in Title VII of the Civil Rights Act of 1964 as amended? (A) Color, (B) Religion, (C) Age, (D) Sex, (E) National origin	**C**	**2.** ___
3. Which of the following acts covers employee pension and welfare plans? (A) Affordable Care Act, (B) Federal Insurance Contributions Act, (C) Age Discrimination in Employment Act, (D) Family and Medical Leave Act, (E) Employee Retirement Income Security Act.	**E**	**3.** ___
4. Medicare is a two-part health insurance program that was part of an amendment to what act? (A) Federal Insurance Contributions Act, (B) Federal Income Tax Withholding Law, (C) Federal Unemployment Tax Act, (D) Affordable Care Act, (E) Fair Labor Standards Act.	**A**	**4.** ___
5. Which of the following statements is *not* a provision of ERISA? (A) ERISA applies to pension and welfare plans established by any employer engaged in commerce. (B) ERISA establishes minimum vesting schedules that protect the workers' benefits. (C) ERISA provides that all employees are eligible to set up their own individual retirement accounts. (D) ERISA requires each employer to establish a pension plan. (E) All of the above are provisions of ERISA.	**D**	**5.** ___
6. Which of the following acts deals with the minimum wage paid to laborers for contractors who supply materials to any agency of the United States? (A) Davis-Bacon, (B) Walsh-Healey Public Contracts, (C) Federal Insurance Contributions, (D) McNamara-O'Hara Service Contract, (E) None of these.	**B**	**6.** ___
7. Which of the following forms is used to complete each employee's Form W-2, Wage and Tax Statement? (A) Payroll register, (B) Employee's paycheck, (C) Change in payroll rate form, (D) Employee's individual retirement account, (E) Employee's earnings record.	**E**	**7.** ___
8. Protection under the provisions of the Age Discrimination in Employment Act begins at what age? (A) 18, (B) 65, (C) 21, (D) 40, (E) 50	**D**	**8.** ___

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