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| 2012 | e | d | i | | t | i | o | n |  |
| PAYROLL | | | | | | | | | |
| accounting | | | | | | | | | |
| Bieg/Toland | | | |  | | | | | |

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|  | | TEST 1 | | | | | | | |  | |
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| Student | | **INSTRUCTOR’S COPY** | | | | | | | | |  |
|  | |  | | | | | | | | |  |
| Chapter 1 | | |  | Date | |  | | |  | | |
|  | | |  |  | |  | | |  | | |
| SCORING RECORD | | | | | | | | | |  | |
|  | | | | | | | | | |  | |
| Section | Total Points | | | | Deductions | | Score |  | | | |
| A | 60 | | | |  | |  |  | | | |
| B | 40 | | | |  | |  |  | | | |
| Total | 100 | | | |  | |  |  | | | |

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| **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) | | | | | | | | |
|  |  |  | For  Answers Scoring | | | | | |
| 1. |  | The Fair Labor Standards Act is commonly known as the Federal Wage and Hour Law. | |  | T |  | 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 federal rate is always used as the standard minimum wage. | |  | F |  | 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. |  | Social security benefits are unavailable to self-employed persons. | |  | 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. |  | The Age Discrimination Act covers employers engaged in an industry affecting interstate commerce | |  |  |  |  |  |
|  |  | (who employ 20 or more workers), employment agencies, and labor unions. | |  | 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. |  | Employers receive credit against their SUTA tax for their FUTA contributions. | |  | F |  | 15. |  |
| 16. |  | Employers should not allow employees to view any documents in their files that could be considered | |  |  |  |  |  |
|  |  | confidential and an invasion of privacy. | |  | T |  | 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. |  |

**SECTION A (continued)**

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|  |  |  | | For  Answers Scoring | | | | |
| 21. |  | The deadline for an employee to complete 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. |  | Prehire 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. |  | In the event employment is denied because of the information obtained from an investigative con- | |  |  |  |  |  |
|  |  | sumer report, the employer is required to inform the individual that this was the reason for denying | |  |  |  |  |  |
|  |  | employment. | |  | T |  | 25. |  |
| 26. |  | The application for employment does not become a permanent record for most businesses. | |  | F |  | 26. |  |
| 27. |  | The hiring notice is a written 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. | |  | 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) | | | | | | | | |
|  |  |  | For  Answers Scoring | | | | | |
| 1. |  | Which of the following laws has as one of its major provisions the establishment of the minimum | |  |  |  |  |  |
|  |  | wage? (A) Fair Labor Standards Act, (B) Social Security Law, (C) Federal Insurance Contributions | |  |  |  |  |  |
|  |  | Act, (D) Federal Unemployment Tax Act, (E) Fair Employment Laws. | |  | A |  | 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) Federal Unemploy- | |  |  |  |  |  |
|  |  | ment Tax 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) Age Discrimination in Employment 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. |  | Which of the following items does *not* always appear on both the payroll register and the employee’s | |  |  |  |  |  |
|  |  | earnings record in the weekly payroll recording? (A) Gross weekly pay, (B) Net amount of the pay- | |  |  |  |  |  |
|  |  | check, (C) Federal income tax deducted, (D) Cumulative earnings, (E) All of the above appear on | |  |  |  |  |  |
|  |  | both records. | |  | D |  | 8. |  |