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 2³/₄ hours of overtime. She will be paid for 39¹/₂ 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 = \$2,884.62
- b. Semi-monthly 75,000/24 = \$3,125.00
- c. Weekly 75,000/52 = \$1,442.31
- d. 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?

Form W-4 (2015)

Purpose. Complete Form W-4 so that your employer can withheld 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 II. Your axemption for 2015 expires Fobruary 16, 2016. See Pub. 506, Tax Withholding and Estimated Tax.

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

Exceptions: An employee may be able to claim exemption from withinding 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.

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

The exceptions do not apply to supplemental wages greater than \$1,000.000,

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.

percentage of wages. Head of household Generally, you can claim head of household filing status on your tax return only if you are unmared and pay more than 50% of the costs of keeping up a home for yourself and your dependently or ther could frying individuals. See Plus 501, Exemptions, Standard Deficiention, and Filing Information, for information,

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Nonwage income. If you have a large amount of nonrega income, such as interest or dividends, corrister making estimated tax pownents suing Form 1044-ES, Estimater I act for Individuals. Other wrise, you may owe additional tax. If you have pension or annutry your withinkding on Form VH-4 or VH-4P.

yeur artitholding on earn W-4 or W-4P. Twe earners or multiple jobs. If you have a working spouse or more than one job. Igure the total monther of allowances you are entitled to daim W-4. Your withholding usually will be most accurate when all allowances are clarmed on the Form W-4 for the highest paying job and zero allowances are clarmed on the others. See Pub. 506 for details.

chamled on the onients. See Fuch due to der details. Norresident allen, if you are a norresident allen, see Notice 1399, Supplemental Form W-4 Instructions for Norresident Allens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub, 505 to see how the amount you are having withheld compares to your projected total tax, tor 2015, See Pub, 505, sepcially if your earnings axcesd \$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 pusted at www.es.gowtw4.

nal Allowances Worksheet	(Keep for	your records.	É.
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		Personal Allowances Worksheet (Keep for your records.)				
A	Enter "1" for you	rself if no one else can claim you as a dependent			Α.	1
в	Enter "1" if:	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.			в	1
C		r spouse. But, you may choose to enter "-0-" if you are married and have either a working spouse itering "-0-" may help you avoid having too little tax withheld.)			с	
D	Enter number of	dependents (other than your spouse or yourself) you will claim on your tax return			D	2
E	Enter "1" If you v	vill file as head of household on your tax return (see conditions under Head of household above)			E	1
F		nave at least \$2,000 of child or dependent care expenses for which you plan to claim a credit clude child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)		•	F	
G	 If your total inc have two to four 	t (including additional child tax credif). See Pub. 972, Child Tax Credit, for more information. ome will be less than \$66,000 (\$100,000 if married), enter "2" for each eligible child; then less "1" eligible children or less "2" if you have five or more eligible children.			•	
н		ne will be between \$65,000 and \$84,000 (\$100,000 and \$119,000 if married), enter "1" for each eligible child in G and enter total here, (Note, This may be different from the number of exemptions you claim on your tax				2
	For accuracy, complete all worksheets that apply.	 If you plan to itemize or claim adjustments to income and want to reduce your withholding, see th 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 v carrings from all jobs exceed \$50,000 (\$20,000 if married), see the Two-Earners/Multiple Jobs W avoid having too little tax withheld. If neither of the above situations applies, stop here and enter the number from line H on line 5 of F 	he Dec vork a lorksh	duction and the	ons he co on pa	ige 2 to
		Separate here and give Form W-4 to your employer. Keep the top part for your records.				
Intern	triment of the Treasury	Employee's Withholding Allowance Certificate Multiple of allowance is a contain 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.	4	20)1	5-0074 5
	Voit first incine of	A training and training	d marrie	million and	a standard	

	Revenue Service		are entitled to claim a certain numb w by the IRS. Your employer may					2015
1	Your first name a	nd middle initial	Last name			2 Your soci	al secu	rity number
Kiers	tan A		Winter-Casey			9	88-65-	3124
		umber and street or run	al route)	3 🗹 Single	Level and the second second			
542 S	ole Point Road			Note. If married, I	but legally separated, or spo	use is a nonresider	nt allien, e	check the "Single" box.
	City or town, stat	e, and ZIP code		4 If your last a	name differs from that	shewn on your	social s	security card,
Silka	AK 99835			check here.	You must call 1-800-3	72-1213 for a 1	replace	ement card. 🕨 🗌
5	Total number of	of allowances you a	re claiming (from line H above	or from the ap	plicable worksheet o	on page 2)	5	7
6	Additional amo	ount, if any, you wa	nt withheld from each payched	ok			6	\$
7	I claim exempt	tion from withholdin	ig for 2015, and I certify that I	meet both of th	e following conditio	ns for exemp	tion.	
	 Last year I have 	ad a right to a refun	d of all federal income tax with	hheld because	I had no tax liability,	and		
	This year I ex	pect a refund of all	federal income tax withheld t	ecause I expec	ct to have no tax liab	oility.		
	If you meet bo	th conditions, write	"Exempt" here		•	7		
Under	r penalties of perje	ury, I declare that I ha	ave examined this certificate and	i, to the best of	my knowledge and be	elief, it is true,	correc	t, and complete.
Emple	ovee's signature							
		nless you sign it.) 🕨				Date 🕨		
8	Employer's name	and address (Employe	r: Complete lines 8 and 10 only if ser	nding to the IRS.)	9 Office code (optional)	10 Employer	identifi	cation number (EIN)
For P	rivacy Act and P	apenwork Reductio	n Act Notice, see page 2.		Cat. No. 102200			Form W-4 (2015)

Cat. No. 10220Q

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

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McGraw-Hill Education.

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



U.S. Citizenship and Immigration Services

USCIS
Form I-9
OMB No. 1615-004
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.

Last Name (Family Name) Lambert	First Nar Meag	me (Given Name nan	e) Middle Initia A	Other Nam Smith	nes Used	l (if any)
Address (Street Number and 552 Coddington R		Apt. Number	City or Town Rio Nido		State CA	Zip Code 95555
Date of Birth (mm/dd/yyyy) 07/01/1984	U.S. Social Security Number	and the second second second	55		Tele	ephone Number

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following):

X A citizen of the United States

A noncitizen national of the United States (See instructions)

A lawful permanent resident (Alien Registration Number/USCIS Number):

An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy) ______. Some aliens may write "N/A" in this field. (See instructions)

For aliens authorized to work, provide your Alien Registration Number/USCIS Number OR Form I-94 Admission Number:

1. Alien Registration Number/USCIS Number:

OR

2. Form I-94 Admission Number: _____

If you obtained your admission number from CBP in connection with your arrival in the United States, include the following:

Foreign Passport Number: _

Country of Issuance: _

Signature of Preparer or Translator:

Last Name (Family Name)

Some aliens may write "N/A" on the Foreign Passport Number and Country of Issuance fields. (See instructions)

Signature of Employee:

Date (mm/dd/yyyy):

First Name (Given Name)

Date (mm/dd/yyyy):

3-D Barcode

Do Not Write in This Space

Preparer and/or Translator Certification (To be completed and signed if Section 1 is prepared by a person other than the employee.)

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 information is true and correct.

without the prior written consent of

Section 2. Employer or Authorized Representative Review and Verification

(Employers or their authorized representative must complete and sign Section 2 within 3 business days of the employee's first day of employment. You must physically examine one document from List A OR examine a combination of one document from List B and one document from List C as listed on the "Lists of Acceptable Documents" on the next page of this form. For each document you review, record the following information: document title, issuing authority, document number, and expiration date, if any.)

Employee Last Name, First Name and Middle Initial from Section 1: Lambert, Meaghan A List A OR List B AND List C Identity and Employment Authorization **Employment Authorization** Identity Document Title: Document Title: Document Title: U.S. Passport Issuing Authority: Issuing Authority: Issuing Authority: United States State Department Document Number: Document Number: Document Number: 5397816 Expiration Date (if any)(mm/dd/yyyy): Expiration Date (if any)(mm/dd/yyyy): Expiration Date (if any)(mm/dd/yyyy): 10/31/2018 Document Title: Issuing Authority: Document Number: Expiration Date (if any)(mm/dd/yyyy): 3-D Barcode Do Not Write in This Space Document Title: Issuing Authority: Document Number: Expiration Date (if any)(mm/dd/yyyy):

Certification

I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.

The employee's first day of employment (mm/dd/vyvv):	(See instructions for exemptions.)
--	------------------------------------

Signature of Employer or Authorized Representative	Date (mm/dd/yyyy)	Title of	Employer a	Authorized	Representative
Last Name (Family Name) First Nam	ne (Given Name	2)	Employer's B	usiness or O	rganization	Name
Employer's Business or Organization Address (Street Numl	ber and Name)	City or Towr	1		State	Zip Code
Section 3. Reverification and Rehires (To A. New Name (if applicable) Last Name (Family Name) Fir:						sentative.) applicable) (mm/dd/yyyy)
C. If employee's previous grant of employment authorization presented that establishes current employment authorizati				locument fro	n List A or L	ist C the employee
Document Title:	Document N	umber:			Expiration	Date (if any)(mm/dd/yyyy):

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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 if. Your exemption for 2015 expires February 18, 2018. 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 uncarned 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 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 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 intormation on converting your other credits into withholding allowances. 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 persion 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 usuelly 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 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.

		Person	al Allowances wo	orksheet (Keep for your records.))			
A	Enter "1" for yourself	if no one else can	claim you as a depen	ident		S2 12	Α	1
	(• Yo	u are single and ha	ive only one job; or)			5 C 00 0
в	Enter "1" if: Yo	u are married, have	e only one job, and yo	our spouse does not work; or	} .	14 E	в	
	• Yo	ur wages from a see	cond job or your spous	se's wages (or the total of both) are \$1,5	00 or less.		2	2
С				" if you are married and have either a		or more		
	than one job. (Enterin	g "-0-" may help yo	ou avoid having too lif	ttle tax withheid.)			С	
D	Enter number of depe	endents (other thar	your spouse or your	self) you will claim on your tax return .	a na a ar a		D	3
E	Enter "1" if you will file	e as head of hous	ehold on your tax retu	urn (see conditions under Head of hou	sehold above)		E	
F	Enter "1" if you have a	at least \$2,000 of c	hild or dependent c	are expenses for which you plan to cla	aim a credit		F	
	(Note. Do not include	child support pay	ments. See Pub. 503,	Child and Dependent Care Expenses,	for details.)		- 000 -	
G	Child Tax Credit (inc	luding additional ch	hild tax credit). See Po	ub. 972, Child Tax Credit, for more info	rmation.			
				arried), enter "2" for each eligible child	; then less "1" if ;	you		
	have two to four eligit	ole children or less	"2" if you have five o	r more eligible children.				
				0 and \$119,000 if married), enter "1" for ea			G	
н	Add lines A through G a	nd enter total here. (Note. This may be diffe	rent from the number of exemptions you o	laim on your tax re	eturn.) 🕨	н	4
			e or claim adjustment orksheet on page 2.	s to income and want to reduce your wit	thholding, see the	Deduct	ions	3
	worksheets ea	f you are single and mings from all jobs old having too little t	exceed \$50,000 (\$20,1	e job or are married and you and your 000 if married), see the Two-Earners/M	spouse both wo luitiple Jobs Wor	ork and t rksheet	he co on pa	mbined ge 2 to
	mar appiy.	U		top here and enter the number from line	H on line 5 of For	m W-4 h	olow	
		Separate here and	give Form W-4 to yo	ur employer. Keep the top part for you	r records			
	W_A	Employe	e's Withhold	ling Allowance Certifica	nte	OMBIN	o. 1545	5-0074
Form		Whether you are en	titled to claim a certain	number of allowances or exemption from wi	ithholding is	90	1	5
	tment of the Treasury al Revenue Service			may be required to send a copy of this form		20	<u>ا</u> و	5
1	Your first name and mid	idle initial	Last name		2 Your social s	security n	umbe	r
Mad	eline E		Jenkins		545	-02-1987	1	
	Home address (number	and street or rural rout	e)	3 Single 🗹 Married 🗆 Ma	rried, but withhold at	higher Si	ingle ra	ite.
203	County Road 4			Note. If married, but legally separated, or sp	ouse is a nonresident al	lien, check	the "Sin	gle* box.
		7IP code		4 If your last name differs from that	shown on your sor	nial cocur	ity car	d,
	City or town, state, and	211 0000		4 in your last name unreis nom that	anown on your soc	Siel secul		
Dou	City or town, state, and glas, WY 82036	211 0000		check here. You must call 1-800-			t card.	
Dou 5	glas, WY 82036		aiming (from line H at		772-1213 for a rep on page 2)	lacemen 5	t card. 4	. ► 🗌
	glas, WY 82036 Total number of allo Additional amount,	wances you are cla if any, you want wit	thheld from each pay	check here. You must call 1-800 pove or from the applicable worksheet check	772-1213 for a rep on page 2)	lacemen 5 6 \$. • 🗌
5	glas, WY 82036 Total number of allo Additional amount, I claim exemption fr	wances you are cla if any, you want wit om withholding for	thheld from each pay 2015, and I certify th	check here. You must call 1-800 bove or from the applicable worksheet check at I meet both of the following condition	on page 2)	lacemen 5 6 \$		
5 6	glas, WY 82036 Total number of allo Additional amount, I claim exemption fr • Last year I had a r	wances you are cla if any, you want wit om withholding for ight to a refund of	thheid from each pay 2015, and I certify th all federal income tax	check here. You must call 1-800 bove or from the applicable worksheet check at I meet both of the following condition withheld because I had no tax liability	on page 2)	lacemen 5 6 \$		
5 6	glas, WY 82036 Total number of allo Additional amount, I claim exemption fr • Last year I had a r • This year I expect	wances you are cli if any, you want wi om withholding for ight to a refund of a refund of all fede	thheld from each pay 2015, and I certify th all federal income tax eral income tax withhe	check here. You must call 1-800 bove or from the applicable worksheet check at I meet both of the following condition	on page 2)	lacemen 5 6 \$		

Employee's signature (This form is not valid unless you sign it.) ►

Date >

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



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

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.

Davis	First Name <i>(Given Name</i> Martin	A	Other Names I	u any)
Address (Street Number and Na	ne) Apt. Number	City or Town	Stat	te Zip Code
5923 Bunker Hill Rd		Clarksville	TN	38205

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

attest,	under	penalty	of	perjur	, that I	am	(check	one	of the	following	1):

X A citizen of the United States

A noncitizen national of the United States (See instructions)

A lawful permanent resident (Alien Registration Number/USCIS Number):

An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy) ______. Some aliens may write "N/A" in this field. (See instructions)

For aliens authorized to work, provide your Alien Registration Number/USCIS Number OR Form I-94 Admission Number:

1. Alien Registration Number/USCIS Number:____

OR

2. Form I-94 Admission Number: _____

If you obtained your admission number from CBP in connection with your arrival in the United States, include the following:

Foreign Passport Number: _

Country of Issuance: ____

Some aliens may write "N/A" on the Foreign Passport Number and Country of Issuance fields. (See instructions)

Signature of Employee:

Date (mm/dd/yyyy):

3-D Barcode

Do Not Write in This Space

Preparer and/or Translator Certification (To be completed and signed if Section 1 is prepared by a person other than the employee.)

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 information is true and correct.

Signature of Preparer or Translator:		Date (mm/dd/yyyy):
Last Name (Family Name)	First Name (Given	Name)	
Address (Street Number and Name)	City or Town	State	Zip Code

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Section 2. Employer or Authorized Representative Review and Verification

(Employers or their authorized representative must complete and sign Section 2 within 3 business days of the employee's first day of employment. You must physically examine one document from List A OR examine a combination of one document from List B and one document from List C as listed on the "Lists of Acceptable Documents" on the next page of this form. For each document you review, record the following information: document title, issuing authority, document number, and expiration date, if any.)

Employee Last Name, First Name and Middle Initial from Section 1: Davis, Martin A List A OR List B AND List C Identity and Employment Authorization **Employment Authorization** Identity Document Title: Document Title: Document Title: Tennessee Drivers License Social Security Card Issuing Authority: Issuing Authority: Issuing Authority: Tennessee Motor Vehicles Divis Social Security Administration Document Number: Document Number: Document Number: 030290688 987-65-4321 Expiration Date (if any)(mm/dd/yyyy): Expiration Date (if any)(mm/dd/yyyy): Expiration Date (if any)(mm/dd/yyyy): 5/29/2018 Document Title: Issuing Authority: Document Number: Expiration Date (if any)(mm/dd/yyyy): 3-D Barcode Do Not Write in This Space Document Title: Issuing Authority: Document Number: Expiration Date (if any)(mm/dd/yyyy):

Certification

I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.

tions for exemptions.	.)
uo	is for exemptions.

Signature of Employer or Authorized Representative	Date (Date (mm/dd/yyyy) Title of Employer or Authorized Represe			Representative	
Last Name (Family Name) First Nat	Name (Given Name)		nployer's Business or Organization Name			
Employer's Business or Organization Address (Street Nur	nber and Name)	City or Town			State	Zip Code
Section 3. Reverification and Rehires (T A. New Name (if applicable) Last Name (Family Name) Fi						sentative.) applicable) (mm/dd/yyy
 If employee's previous grant of employment authorization presented that establishes current employment authorization 			tion for the doc	ument fron	n List A or L	ist C the employee
Document Title:	Document N	umber:			Expiration (Date (if any)(mm/dd/yyy

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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

The Departments are as

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

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 "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 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 1. Your exemption for 2015 expires February 18, 2018. 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 uncarned 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,

a ago ob or c

Is blind, or

 Will claim adjustments to income; tax credits; or itemized deductions, on his or her tax return.

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

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 acjust your withholding allowances based on itemized deductions, certain credits, acjustments 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 dependentlys or other qualifying incividuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax oredits. 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 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 persion 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 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.

▶ 7

	Pe	rsonal Allowances W	orksheet (Keep for your records.)					
A	Enter "1" for yourself if no one els	e can claim you as a depe	ndent	1.00.0.0.0	\$2.55	. Α	1	
	You are single a	and have only one job; or)				
в			our spouse does not work; or	·	× 3	. В	1	
	Your wages from	n a second job or your spou	use's wages (or the total of both) are \$1,50	0 or less. J			S)	
С	Enter "1" for your spouse. But, yo	u may choose to enter "-0	-" if you are married and have either a w	orking spouse	or mo	ore		
	than one job. (Entering "-0-" may h	nelp you avoid having too l	little tax withheld.)	9 (8) X 9 X	8.3	c		
D	Enter number of dependents (oth	er than your spouse or you	rself) you will claim on your tax return .			. D		
E	Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above) .							
F	Enter "1" if you have at least \$2,00	00 of child or dependent of	care expenses for which you plan to cla	im a credit		. F		
	(Note. Do not include child suppo	rt payments. See Pub. 503	, Child and Dependent Care Expenses,	for details.)				
G	Child Tax Credit (including addition	onal child tax credit). See F	Pub. 972, Child Tax Credit, for more infor	mation.				
	· If your total income will be less the	han \$65,000 (\$100,000 if m	narried), enter "2" for each eligible child;	then less "1" if	you			
	have two to four eligible children of	r less "2" if you have five o	or more eligible children.					
			00 and \$119,000 if married), enter "1" for eac	•				
н	Add lines A through G and enter total	here. (Note. This may be diff	ferent from the number of exemptions you cl	aim on your tax n	eturn.)) ► H	2	
	that apply. avoid having too • If neither of the Separate here Emp • Whether your	b little tax withheld. the above situations applies, state and give Form W-4 to your of the state of the s	0.000 if married), see the Two-Earners/Mu stop here and enter the number from line H our employer. Keep the top part for your ding Allowance Certifica In number of allowances or exemption from wit	I on line 5 of For records te hholding is	m W-	4 belov	v.	
Internal 1	Revenue Service subject to revi Your first name and middle initial	Last name	may be required to send a copy of this form t	o the IRS. 2 Your social				
8				ALC: NOTIFICATION			Jei	
Stude	ent F Home address (number and street or n	Success			-55-5			
		inarroute)	3 🗹 Single 🗌 Married 🗌 Marr					
1644	Smittin Road City or town, state, and ZIP code		Note. If married, but legally separated, or spo		-			
			4 If your last name differs from that s			350 D D D D D D D D D D D D D D D D D D D	1946 P.S.	
	Istock, VT 05001	and also also for a line line	check here. You must call 1-800-7					
5		φ.	bove or from the applicable worksheet o	on page 2)	5 6 \$		2	
6	Additional amount, if any, you wa	방법 전에 가지 않는 것을 많은 것이 같이 많은 것이 봐. 다 있는 것은 것을 했다.	 Market Market and Annal Anna 			,		
7		•	hat I meet both of the following condition in withheld because I had no tax liability.		ur.			
			neld because I expect to have no tax liability,					
	 This year respect a refund of a 	in rederal income tax withr	held because I expect to have no tax liab	niity.				

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Employment Eligibility Verification USCIS Department of Homeland Security OMB No. 1615-0047 U.S. Citizenship and Immigration Services Espires 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.

me <i>(Given Nam</i> ent	e) Middle Initial F	Other Names	10	
Concert Context Contractor				
Apt. Number	City or Town	Sta	te	Zip Code
	Woodstock	VI	7	05001
E-mail Addre	55		Teleph	one Number
ment and/or	fines for false statements	or use of fa	lse doo	cuments in
k one of the f	ollowing):			
netructions)				
	S Number):		_	
oplicable, mm/d	d/yyyy)	Some aliens r	nay writ	te "N/A" in this field.
n Registration	Number/USCIS Number OF	R Form I-94 A	dmissi	on Number:
			<u> </u>	
			Do No	3-D Barcode of Write in This Space
			0000	in this option
CBP in connec	tion with your arrival in the	United		
assport Num	ber and Country of Issuance	e fields. (See	instruc	tions)
		Date (mm/de	1/yyyy):	
be completed	and signed if Section 1 is p	repared by a	persor	n other than the
sted in the co	ompletion of this form and	that to the I	best of	my knowledge the
			Date (r	mm/dd/yyyy):
	First Name (Give	an Name)		
	City or Town	S	state	Zip Code
	ment and/or k one of the finite instructions) Number/USCI pplicable, mm/di a Registration CBP in connect Passport Number be completed	E-mail Address imment and/or fines for false statements k one of the following): instructions) Number/USCIS Number): pplicable, mm/dd/yyyy) n Registration Number/USCIS Number OF CBP in connection with your arrival in the CBP in connection with your arrival in the cassport Number and Country of Issuance be completed and signed if Section 1 is p sted in the completion of this form and First Name (Give	E-mail Address Imment and/or fines for false statements or use of fa k one of the following): Instructions) Number/USCIS Number): Instructions in Registration Number/USCIS Number OR Form I-94 A CBP in connection with your arrival in the United CBP in connection with your arrival in the United Passport Number and Country of Issuance fields. (See Date (mm/dd be completed and signed if Section 1 is prepared by a sted in the completion of this form and that to the I First Name (Given Name)	

Section 2. Employer or Authorized Representative Review and Verification

(Employers or their authorized representative must complete and sign Section 2 within 3 business days of the employee's first day of employment. You must physically examine one document from List A OR examine a combination of one document from List B and one document from List C as listed on the "Lists of Acceptable Documents" on the next page of this form. For each document you review, record the following information: document title, issuing authority, document number, and expiration date, if any.)

Employee Last Name, First Name and Middle Initial from Section 1: Success, Student F

List A Identity and Employment Authorization	OR List B Identity	AND List C Employment Authorization
Document Title:	Document Title: Vermont Drivers License	Document Title: Social Security Card
Issuing Authority:	Issuing Authority: Dept of Motor Vehicles	Issuing Authority:
Document Number:	Document Number: 8811009	Document Number: 555-55-5555
Expiration Date (if any)(mm/dd/yyyy):	Expiration Date (if any)(mm/dd/yyyy): 01/01/2016	Expiration Date (if any)(mm/dd/yyyy):
Document Title:		
Issuing Authority:	-	
Document Number:		
Expiration Date (if any)(mm/dd/yyyy):		3-D Barcode
Document Title:		3-D Barcode Do Not Write in This Space
Issuing Authority:	-	
Document Number:		
Expiration Date (if any)(mm/dd/yyyy):	-	h

Certification

I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.

The employee's first day of employment (mm/dd/vvvv): (See instructions for exemptions.)

Signature of Employer or Authorized Representative	Date (mm/dd/yyyy)	n/dd/yyyy) Title of Employer or Authorized Rep				
Last Name (Family Name) First	Name (Given Name	e) Emj	lover's Business or Or	ver's Business or Organization Name			
Employer's Business or Organization Address (Street N	lumber and Name)	City or Town		State	Zip Code		
Section 3. Reverification and Rehires A. New Name (if applicable) Last Name (Family Name)					sentative.) applicable) (mm/dd/yyyy)		
			10 10 10 10				
C. If employee's previous grant of employment authorizal presented that establishes current employment author			on for the document from	n List A or L	ist C the employee		
Document Title:	Document N	umber:		Expiration	Date (if any)(mm/dd/yyyy)		
l I attest, under penalty of perjury, that to the best the employee presented document(s), the docun							
Signature of Employer or Authorized Representative:	Date (mm/do	(/yyyy): Pr	int Name of Employer	or Authoriz	ed Representative:		
Form I-9 03/08/13 N					Page 8 of		

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

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Avery'	Towle	Hire	Date 2/4/	/2014								
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EMPL	OYEE INI	FORM	ATION	FORM								
NAME	2											
Joel Sc	hwartz		Hire	Date 2/1	/2014							
ADDR	ESS		Date	of Birth		-						
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Toni P	revosti	Hire	Date 2/1	/2014								
ADDR	ESS		Date	of Birth		=						
10520	10520 Cox Hill Rd 9/18/1967											
CITY/STATE/ZIP Position						_						
Bridgewater/VT/05521 Owner/President					lent							
TELE	PHONE					_						
802-67	802-673-2636 No. of exemptions 5											
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EMPLOYEE INFORMATION FORM

NAME												
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ADDR												
1644 S	mittin Rd		Date	of Birth	1/1/1991	_						
CITY/STATE/ZIP			Posit	tion								
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Payroll Accounting, 2nd ed.

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

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Chapter 2 Payroll System Procedures

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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

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Non-Confidential Company Documents

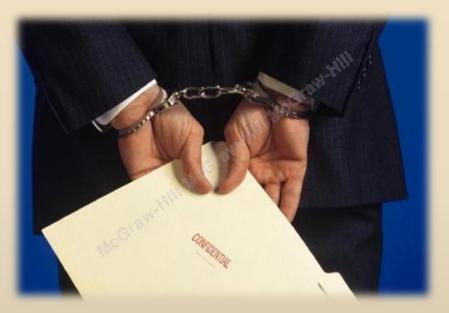
- Expense Receipts
- Vendor Invoices
- Check copies



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

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	PTET
TELEPHONE 202-555-4009	No. of exemptions 4	M/S
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
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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





Employee's Withholding Allowance Certificate

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.

2

OMB No. 1545-0074

1	Your first name and middle initial	Last name		2 Your social s	ecurity number		
Jonathan A. Doe				987-65-4321			
	Home address (number and street or rural rout	e)	3 Single Married Married, but withhold at higher Single rate.				
123 N	lain Street		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,				
Anyto	own, KS 54932		check here. You must call 1-800-772-1213 for a replacement card. ►				
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						
Unde	r penalties of perjury, I declare that I have e	xamined this certificate and	, to the best of my knowledge and be	elief, it is true, con	rect, and complete.		
Empl (This t	oyee's signature form is not valid unless you sign it.) \blacktriangleright J	onathan A. Do	re	Date ► 1/1/2	2015		
8	Employer's name and address (Employer: Con	nplete lines 8 and 10 only if sen	ding to the IRS.) 9 Office code (optional)	10 Employer ider	ntification number (EIN)		

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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

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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

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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

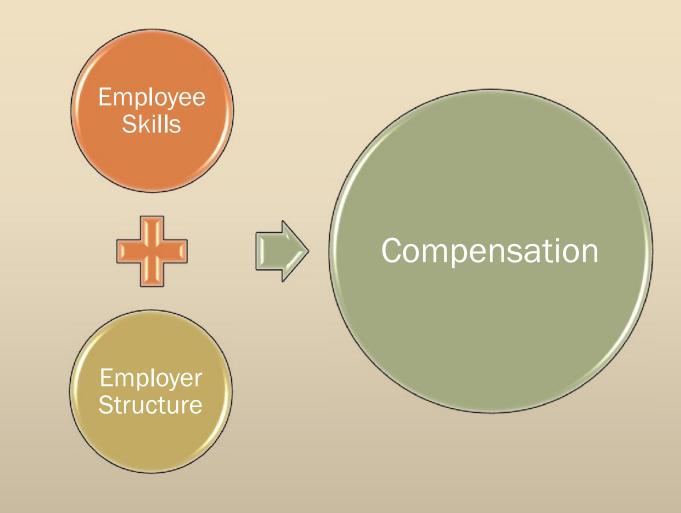
Employee

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

Employer

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

Compensation considerations



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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



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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 <u>indefinitely</u>*
- 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

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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	ОК	Next regular payday for the
	guidelines		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

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.

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1

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Nonexempt	An employee who is subject to all overtime provisions of the Fair Labor Standards Act; generally, an hourly 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 pays employees in accordance with wage and/or salary agreements.
Paycards	A debit card issued to employees that contains electronically transmitted 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 completeness.
Semimonthly Payroll	The payroll frequency in which employees are paid 24 times per year.
Separation of Duties	An internal control method in which payroll duties are spread among two or 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	Ra	te	Total
Regular	40	\$	16.48	\$ 659.20
Overtime	6.75	\$	24.72	\$ 166.86
	Total gro	oss p	ay	<u>\$ 826.06</u>

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

3

She is married and her spouse works. She has four children. The total income for Victoria and her husband is \$85,000 per year. They will have \$3,600 in child care expenses this year.

The blank W-4 follows

	(2015)	greater than \$1,000,000.	ly to supplemental wages	Nonwage in nonwage in	come, such as inten	est or civider	305.
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Answer:

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and w	cse. Complete Form W-4 so that your employer ithhold the correct federal income tax from your Consider completing a new Form W-4 each year hen your personal or financial situation changes.	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-exemers/multiple jobs situations.	the may over additional tax. If you have periods of an income, see Pub. 505 to find cut if you should ac your withholding on Form W-4 or W-4P. Two earners or multiple jobs. If you have a			using Form herwise, you n or annuity suld acjust
Febru and E	nption from withholding. If you are exempt, lete only lines 1, 2, 3, 4, and 7 and sign the form idate it. Your exemption for 2015 expires any 16, 2018. Sea Pub. 505, Tax Withholding Istimated Tax.	Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular weges, withhoking must be based on allowances you claimed and may not be a flat amount or percentatoe of wages.	u working spo total number on all jobs u W-4. Your w when all allo	use or more than o of allowances you sing worksheets fro ithholding usually v wances are claime	ne job, fig are entitle or only or vill be mo- d on the F	ure the ed to claim te Form st accurate form W-4
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4. Complete an I-9 with your students for the following employee:

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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:

6

	ployment Eligibility Ver Department of Homeland Sect S. Citizenship and Immigration S	urity		USCIS Form I-9 OMB No. 1615-004 Expires 03/31/2016
START HERE. Read instructions carefully be NTI-DISCRIMINATION NOTICE: It is illegal to locument(s) they will accept from an employee. xpiration date may also constitute illegal discrim	discriminate against work-authorized The refusal to hire an individual beca	d individuals. Emp	loyers CANN	OT specify which
Section 1. Employee Information an than the first day of employment, but not before		complete and sig	gn Section 1	of Form I-9 no later
Last Name (Family Name) Firs	st Name (Given Name) M	iddle Initial Other I	Names Used (if any)
Address (Street Number and Name)	Apt. Number City or Town		State	Zip Code
Date of Birth (mm/dd/yyyy) U.S. Social Security Nu	Imber E-mail Address		Telep	hone Number
am aware that federal law provides for impr		tatements or us	e of false do	cuments in
onnection with the completion of this form. attest, under penalty of perjury, that I am (c				
A citizen of the United States				
A noncitizen national of the United States (See instructions)			
A lawful permanent resident (Alien Registra	tion Number/USCIS Number):			
An alien authorized to work until (expiration date (See instructions)	e, if applicable, mm/dd/yyyy)	. Some	aliens may wr	ite "N/A" in this field.
For aliens authorized to work, provide your	Alien Registration Number/USCIS I	Number OR Form	I-94 Admiss	ion Number:
1. Alien Registration Number/USCIS Numb	er:			taotest ka
OR			Do N	3-D Barcode ot Write in This Space
2. Form I-94 Admission Number:				of Frinte in This Opace
If you obtained your admission number fr States, include the following:	rom CBP in connection with your an	rival in the United	E.	
Foreign Passport Number:			. ட	
Country of Issuance:				
Some aliens may write "N/A" on the Fore	ion Decenart Number and Country	of leeuance fielde	-	ations)
Some aliens may write INIA on the Pore	agn Passport Number and Country of	or issuance neids	. (See manu	suons)
ignature of Employee:		Date	(mm/dd/yyyy)	
Preparer and/or Translator Certification amployee.)	(To be completed and signed if Se	ction 1 is prepare	ed by a perso	n other than the
attest, under penalty of perjury, that I have nformation is true and correct.	assisted in the completion of this	s form and that t	o the best o	f my knowledge the
Signature of Preparer or Translator:			Date	(mm/dd/yyyy):
ast Name (Family Name)	First	Name (Given Nam	e)	
Address (Street Number and Name)	City or Town		State	Zip Code
	Employer Completes Next I	Page STOP		
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	piration date, it				
Employee Last Name, First Name and Mid	Idle Initial fro	m Section 1:			
List A Identity and Employment Authorization	OR	List B Identity	AND	List	C t Authorization
Document Title:	Docume	ent Title:	Docur	nent Title:	
ssuing Authority:	Issuing	Authority:	Issuin	g Authority:	
Document Number:	Docume	ent Number:	Docur	nent Number:	
Expiration Date (if any)(mm/dd/yyyy):	Expiration	on Date (<i>if any)(mm/dd/yyyy)</i> :	Expire	ation Date (<i>if any</i>)	(mm/dd/yyyy):
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Document Number:	-1				
Expiration Date (if any)(mm/dd/yyyy):	-1			_	
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Issuing Authority:					
Document Number:					
Certification	(1) have ex	camined the document(s)	presented by th	e above-name	d employee. (2) the
Certification attest, under penalty of perjury, that above-listed document(s) appear to b employee is authorized to work in the The employee's first day of employme	e genuine a United Stat ent (mm/dd/	nd to relate to the employ es. yyyy):	ee named, and ((See instruction	3) to the best	of my knowledge the lions.)
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	LIST A Documents that Establish Both Identity and Employment Authorization	OR	LIST B Documents that Establish Identity AM	٩D	LIST C Documents that Establish Employment Authorization
_	U.S. Passport or U.S. Passport Card	1	. Driver's license or ID card issued by a State or outlying possession of the	1.	A Social Security Account Number card, unless the card includes one of
2.	Permanent Resident Card or Alien Registration Receipt Card (Form I-551)		United States provided it contains a photograph or information such as		the following restrictions: (1) NOT VALID FOR EMPLOYMENT
3.	Foreign passport that contains a temporary I-551 stamp or temporary		name, date of birth, gender, height, eye color, and address		(2) VALID FOR WORK ONLY WITH INS AUTHORIZATION
	I-551 printed notation on a machine- readable immigrant visa	2	. ID card issued by federal, state or local government agencies or entities,		(3) VALID FOR WORK ONLY WITH DHS AUTHORIZATION
4.	Employment Authorization Document that contains a photograph (Form I-766)		provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address	2.	Certification of Birth Abroad issued by the Department of State (Form FS-545)
5.	For a nonimmigrant alien authorized	3	. School ID card with a photograph	3.	Certification of Report of Birth
	to work for a specific employer because of his or her status:	4	. Voter's registration card		issued by the Department of State (Form DS-1350)
	a. Foreign passport, and	5	U.S. Military card or draft record	4.	Original or certified copy of birth
	b. Form I-94 or Form I-94A that has		Military dependent's ID card		certificate issued by a State, county, municipal authority, or
	the following: (1) The same name as the passport;	7	U.S. Coast Guard Merchant Mariner Card		territory of the United States bearing an official seal
	and (2) An endorsement of the alien's	8	. Native American tribal document	5.	Native American tribal document
	(2) An encorsentent of the alien's nonimmigrant status as long as that period of endorsement has	9	Driver's license issued by a Canadian 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 are unable to present a document listed above:	7.	Identification Card for Use of Resident Citizen in the United States (Form I-179)
6.	Passport from the Federated States of	1	0. School record or report card	8.	Employment authorization document issued by the
	Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form		1. 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	H	2. Day-care or nursery school record		

Form I-9 03/08/13 N Answer:

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	Dep: U.S. Cit	artment of H tizenship and	gibility Verificatio Homeland Security I Immigration Services form. The instructions must twork-authorized individual	t be available of		
document(s) they will accept expiration date may also control of the second sec	ot from an employee. The re onstitute illegal discrimination	efusal to hire a n.	n individual because the do	cumentation p	resente	ed has a future
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Address (Street Number and 3234 Church Stree		Apt. Number	City or Town Natchitoches	Sta L3	te F	Zip Code 71457
Date of Birth (mm/dd/yyyy)	U.S. Social Security Number	E-mail Addres	is		Teleph	one Number
9-23-1978	374-02-4005	Karlh@me	. com		3185	552323
 Alien Registration N Form I-94 Admissio If you obtained your States, include the I Foreign Passport Country of Issuar 	umber/USCIS Number: OR n Number: admission number from C ollowing: Number: nce:	BP in connect	Number/USCIS Number Of	United	Do No	3-D Barcode t Write in This Space
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employee.) attest, under penalty of information is true and c	perjury, that I have assis orrect.		and signed if Section 1 is p mpletion of this form and		best of	my knowledge the
Signature of Preparer or Trar	islator:				Date (n	nm/dd/yyyy);
Last Name (Family Name)			First Name (Give	en Name)		
Address (Street Number and	Name)		City or Town	s	tate 🔽	Zip Code
	STOP E	mployer Co	mpletes Next Page	STOP		
Form I-9 03/08/13 N	CREASE OF					Page 7 of

List A Identity and Employment Authorizatio		om Section 1:				
	OR	List B		AND		List C
ocument Title:	Docum	nent Title:			Document Ti	tle:
suing Authority:	Issuing	siana Drive Authority: e of Louisi		1	ssuing Autho	ecurity Card onty: ecurity Administration
ocument Number:	Docum	ent Number: 38295			Document No 374-02-4	umber:
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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

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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

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	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

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.

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Form W-4	(2015)	The exceptions do not apply greater than \$1,000,000.		Nonwage income. If you nonwage income, such as	interest or dividends.
Purpose. Complete Form can withhold the correct 1 pay. Consider completing and when your personal of	W-4 so that your employer ederal income tax from your a new Form W-4 each year or financial situation changes.	Basic instructions. If you an the Personal Allowance's W worksheets on page 2 furthe withholding allowances base deductions, certain rendits, a or two-earners/multiple jobs.	orksheet below. The r adjust your d on itemized idjustments to income,	consider making estimate 1040-ES, Estimated Tax fr may owe additional tax. If income, see Pub. 505 to 1 your withholding on Form Two earners or multiple	d tax payments using Form or Individuals. Otherwise, you you have pension or annuity ind out if you should adjust W-4 or W-4P. a iobs. If you have a
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Toni Prev ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0	SS ox Hill Rd TATE/ZIP ater/VT/0552 IONE 2636 SECURITY R 4443		Date o Positi No. of Pay R	of Birth 9/1 on Owner f exemptior ate \$3,750/	8/1967 t/President is 5 imonth	Ms	Fed	State		Total		
Toni Pret ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(2)	Total	Nat roy	VTD
Toni Prev ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0	SS ox Hill Rd TATE/ZIP ater/VT/0552 IONE 2636 SECURITY R 4443		Date o Positi No. of Pay R	of Birth 9/1 on Owner f exemptior ate \$3,750/	8/1967 t/President is 5 imonth	Ms			401(k)	Total Deduc	Net pay	YTD
Toni Pret ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(k)		Net pay 0	YTD
Toni Pret ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross Pay	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(k)	Deduc		YTD
Toni Pret ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross Pay	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(k)	Deduc		YTD
Toni Pret ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross Pay	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(k)	Deduc		YTD
Toni Pret ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross Pay	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(k)	Deduc		YTD
Toni Pret ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross Pay	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(k)	Deduc		YTD
Toni Pret ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross Pay	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(k)	Deduc		YTD
Toni Pret ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross Pay	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(k)	Deduc		YTD
Toni Pret ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross Pay	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(k)	Deduc		YTD
Toni Prev ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross Pay	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(k)	Deduc		YTD
Toni Prev ADDRES 10520 Cc CITY/ST Bridgewa TELEPH 802-673- SOCIAL NUMBE 055-22-0 Period	SS ox Hill Rd FATE/ZIP ater/VT/0552 IONE -2636 SECURITY R 4443 Hrs.	Reg	Date of Positi No. of Pay R	of Birth 9/1 on Owner f exemption ate \$3,750/ Gross Pay	8/1967 //President is 5 month Social	Hr/WkMo	Inc.	Inc.	401(k)	Deduc		YTD

EMPLOY	YEE INFORM	IATION F	ORM									
NAME Student F Success			Hire Date 2/10/2014									
ADDRES			Hire Date 2/10/2014			-						
1644 Smitten Rd			Date of Birth 1/1/1991									
CITY/STATE/ZIP			Position									
Woodstock/VT/05001			Accounting Clerk			PTET						
TELEPHONE						M/S						
555-555-5555			No. of exemptions 2									
SOCIAL SECURITY NUMBER					\frown							
555-55-5555			Pay Rate \$2,833.33/month			Hr/Wk/Mo						
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			1			1	Fed	State				
Period	Hrs.	Reg	OT	Gross	Social		Inc.	Inc.		Total		
Ended	Worked	Pay	Pay	Pay	Sec. Tax	Medicare	Tax	Tax	401(k)	Deduc	Net pay	YTD
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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.

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