

6 Pages

Payroll Accounting

Regional 2012

Contestant Number \_\_\_\_\_

Time \_\_\_\_\_

Rank \_\_\_\_\_

# PAYROLL ACCOUNTING (04)

## Regional– 2012

|  |       |         |
|--|-------|---------|
| Multiple Choice (15 @ 2 points each)                       | _____ | 30 pts  |
| Short Answer (6 @ 6 points each)                           | _____ | 36 pts  |
| Problem 1: Payroll Register and<br>General Journal Entries | _____ | 34 pts  |
| TOTAL POINTS   | _____ | 100 pts |

***Failure to adhere to any of the following rules will result in disqualification:***

- 1. Contestant must hand in this test booklet and all printouts. Failure to do so will result in disqualification.***
- 2. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.***
- 3. Electronic devices will be monitored according to ACT standards.***

No more than ten (10) minutes orientation

No more than 90 minutes testing time

No more than ten (10) minutes wrap-up

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*Workplace Skills Assessment Program* competition.

### Multiple Choice:

Select the answer which best completes each statement and record on the Scantron provided.

1. Under the FLSA, overtime pay is required for:
  - a. any hours worked in excess of 8 in one day.
  - b. all work on Sundays.
  - c. all hours worked in excess of 40 in a workweek.
  - d. all hours worked on Christmas and other national holidays.
2. The total earnings of an employee for a payroll period is referred to as
  - a. take-home pay.
  - b. pay, net of taxes.
  - c. net pay.
  - d. gross pay.
3. Medicare is a two-part health insurance program that was part of an amendment to the
  - a. Federal Insurance Contributions Act (FICA)
  - b. Federal Income Tax Withholding Law (FIT)
  - c. Federal Unemployment Tax Act (FUTA)
  - d. Fair Labor Standards Act (FLSA)
4. Julie Haar, married with 3 dependents, failed to complete and file Form W-4 with her employer. The employer should
  - a. withhold federal income taxes as if Julie were single with 3 allowances.
  - b. withhold federal income taxes as if Julie were single and claimed 0 allowances.
  - c. withhold federal income taxes at a flat rate of 25% of Haar's gross wages.
  - d. refuse to pay Julie until her Form W-4 is filed.
5. A quarterly federal tax return prepared by most employers is
  - a. Form 940.
  - b. Form 941.
  - c. Form W-2.
  - d. Form 1040.
6. If an employer reported federal income tax and social security taxes of \$50,000 or less in a lookback period, then the employer is defined as a
  - a. semiweekly depositor.
  - b. weekly depositor.
  - c. monthly depositor.
  - d. quarterly depositor.
7. A method available to calculate federal income tax withholding is
  - a. the Wage Bracket Method.
  - b. the Allowance Method.
  - c. The Percentage Method.
  - d. Both a and c.
8. Which of the following taxes are generally withheld from employees and then matched by employers?
  - a. Federal and state income taxes.
  - b. Federal and state unemployment taxes.
  - c. OASDI and HI.
  - d. both b and c.

9. Which of the following is not considered an employee of the business for which they work?
- a partner.
  - a corporation president.
  - a secretary.
  - a salesperson.
10. Intrastate commerce refers to
- trade that is confined to one state only.
  - transportation that occurs on an interstate highway.
  - trade or transportation among several states.
  - both b and c.
11. An IRS publication containing tax tables and other information about payroll is
- Form W-4.
  - Form W-2.
  - Form 1099 Misc.
  - Circular E.
12. A form sent to employees by January 31<sup>st</sup> of each year which shows the employee's annual payroll information for tax return purposes is
- Form W-4.
  - Form W-2.
  - Form 1099 Misc.
  - Circular E.
13. This law is also called the Federal Wage and Hour.
- FICA.
  - FLSA.
  - SECA.
  - ERISA.
14. This part of the FICA act provides for social security benefits for self-employed persons.
- SECA.
  - OASDI.
  - HI.
  - ERISA.
15. An employee is paid by her employer every two weeks. The employee is said to be paid
- semimonthly.
  - biweekly.
  - bimonthly.
  - none of the above.

**Short Answer:**

Read each short answer problem carefully. Place the answer on the line provided.

For all short answer problems, use the following assumptions:

~Answers should be rounded to two (2) decimal places

~Assume the current OASDI (social security) tax rates of 4.2% employees/6.2% employers, and HI (medicare) tax rate of 1.45%

~The 2011 FICA OASDI wage base is \$106,800

~The 2011 net FUTA (Federal Unemployment Tax) tax is .8% on the first \$7,000 of employee earnings

**Short answer 1:**

Rondi Hubbard receives an annual base salary of \$30,500 as a salesperson in the Southern region. Her corporate annual sales quota is \$750,000. For all sales over this quota, Hubbard receives a commission of 4.25%.

For the current year, sales in the Southern region totaled \$1,585,000. The total amount of gross pay (salary and commissions) due to Hubbard is:

Salary      \$ \_\_\_\_\_

Commission \$ \_\_\_\_\_

Gross Pay    \$ \_\_\_\_\_

**Short answer 2:**

Alicia Olson receives an hourly wage of \$8.40 and normally works a Monday to Friday 40-hour workweek. She is covered individually under the Federal Fair Labor Standards Act. *After* 40 hours, Alicia's employer pays overtime on Saturdays at 1.5 times the regular rate, and Sundays at 2 times the regular rate. How much would her regular, overtime, and gross pay be for the week described below?

Week 1    -    47 hours total (37 hours M - F; 4 hours on Saturday; 6 hours on Sunday)

Regular      \$ \_\_\_\_\_

OT            \$ \_\_\_\_\_

Gross        \$ \_\_\_\_\_

**Short answer 3:**

Convert the following pay scales into a regular hourly rate and an overtime rate for a 40-hr week.

Regular Hourly Rate      Overtime Rate

\$40,000 per year                      \_\_\_\_\_

\$1,625.00 weekly                      \_\_\_\_\_

\$3,100.00 per month                      \_\_\_\_\_

**Short answer 4:**

Refer to the wage bracket tables attached. Determine the federal income tax to be withheld. Place the amount of FIT to withhold on the line provided.

Sharon Underton (married, 0 allowances, semi-monthly) \$795 wages \_\_\_\_\_

Alice Geiger (single, 1 allowance, semi-monthly) \$1920 wages \_\_\_\_\_

Joleen Kerr (single, 3 allowances, semi-monthly) \$1240 \_\_\_\_\_

**Short answer 5:**

John Crow earns \$2,350.00 per week.

The amount of OASDI taxes to withhold from John's January 7 pay is \_\_\_\_\_

The amount of HI taxes to withhold from John's January 7 pay is \_\_\_\_\_

During which week of the year will John meet the OASDI wage base? \_\_\_\_\_

**Short answer 6:**

Fess Parker received wages from his employer totaling \$64,500 this year. He also operated a small business on the side. His gross revenue from self-employment this past year was \$108,450, while his net earnings from self-employment amounted to \$51,300. How much of Fess's self-employment income will be subject to the OASDI and HI taxes?

Self-employment income subject to OASDI \_\_\_\_\_ HI \_\_\_\_\_

**Problem 1:**

- ~Answers should be rounded to two (2) decimal places
- ~Assume the current OASDI tax rates of 4.2% employees/6.2% employers, and HI tax rate of 1.45%
- ~The 2011 FICA OASDI wage base is \$106,800
- ~ Assume a SUTA rate of 2.7%, a net FUTA rate of .8%
- ~ No employee has met any of the taxable wage bases

The totals from the first weekly payroll of the year, dated January 7, 2011, are shown below.

| <b>Total<br/>Earnings</b> | <b>FICA<br/>OASDI</b>   | <b>FICA<br/>HI</b>     | <b>Federal<br/>Inc Tax</b> | <b>State<br/>Inc Tax</b> | <b>Union<br/>Dues</b>  | <b>Net<br/>Pay</b>        |
|---------------------------|-------------------------|------------------------|----------------------------|--------------------------|------------------------|---------------------------|
| <b><u>\$36,195.10</u></b> | <b><u>\$1520.19</u></b> | <b><u>\$524.81</u></b> | <b><u>\$7,515.00</u></b>   | <b><u>\$361.95</u></b>   | <b><u>\$400.00</u></b> | <b><u>\$25,873.15</u></b> |

- a. Refer to the partial payroll register above. Journalize the entry to record the January 7 payroll. Use the general journal below. NOTE: Make certain to use properly named ledger accounts. For example, if the account is an expense account its name should include the word 'expense;' likewise, if the account is a liability account its name should include the word 'payable.'
- b. Refer to partial payroll register above. Journalize the entry to record the employer's payroll taxes.

| <b>Date</b> | <b>Account Name</b> |  | <b>Debit</b> | <b>Credit</b> |
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