

**1. B**

Child support receives disposable pay up to 50%, and any remainder not to exceed 25% of disposable pay goes to the creditor

**2. B** \$5,880

$$\begin{aligned} \$6,000 \times 98\% &= \$5,880 \\ \$5,880 &\text{ is greater than } \$100 \end{aligned}$$

**3. C.** Combined FICA at 7.65%

**4. B**

March 31, 2014 (3 years from the date of termination or March 31, 2014. A final withholding order was not issued before termination, so March 31 is the applicable date.)

**5. D** \$1,800 (\$2,000 x 90%)

**6. B** International

**7. B** 15%

**8. C** May 10

**9. C** Medicare at 1.45%

**10. A** Driver's license containing photograph or description of the individual

**11. C** Schedule B

**12. C**

**Calculations**

$$\begin{aligned} &\$11,306.95 - \$2,108.16 \text{ (Social Security tax)} \times 2 + \$1,818 \times \\ &2 \text{ (Medicare)} + \$215 \text{ (additional Medicare)} + \$3,239.63 \text{ (FIT)} = \\ &\$11,306.95 \end{aligned}$$

**(Note:** Backup tax is a Form 945 liability; there is no employer match on additional Medicare tax and state income tax is not a Form 941 liability.)

**13. C**

\$113,700 for Woodmaster, Inc. (the combined Social Security wages, up to the wage limit, are reported under the EIN of the common paymaster—Woodmaster, Inc.)

**14. A**

\$84,000 for Shavings Inc. and \$30,000 for Woodmaster Inc.

**15. D** Box 3 = \$113,700, Box 5 = \$150,000

**16. D** \$12  $(\$8 \div 2) \times 3$  hours = premium pay

**17. B** 6 hours

**18. C**

Use one EIN when filing Forms 941 and W-2 as a reporting agent

**19. D** J 1150.00

**20. C** 0.6%

**21. D** \$106.20

**Calculation**

$\$115 - (\$115 \times 7.65\%) = \$8.80$

FICA withholding applies whether or not an employee is receiving Social Security benefits.

FITW calculation:  $\$115 - \$75.00 = \$40.00$  (personal allowances)

There is no federal income tax on \$40.00

Net pay:  $\$115.00 - \$8.80 - \$0 = \$106.20$

**22. A** Group-term life insurance over \$50,000

**23. C**

Federal taxable wages = \$35,500, Social Security/Medicare wages = \$35,000 (only Social Security and Medicare wages may be adjusted)

**24. A** The following Monday

**25. B** January 31

**26. B** Box 1 = \$3, Box 3/5 = \$3, Box 12 = \$56.50

For 2013, the federal mileage rate is \$.565. The amount reported in box 12, code L, is the amount equal to the federal rate, or \$56.50. The excess of \$3 is reported in boxes 1, 3 and 5.

**27. C** Corporation

**28. D** Personal use of a company-owned vehicle

**29. D** 15 years

**30. D** \$ 57.69

$\$500 - (\$50 + \$125 + \$50 + \$25) = \$250$  (take home pay)  
 $\$250$  (take home pay) -  $\$192.31$  (exempt from levy) =  $\$57.69$  (payment to IRS)

**31. D** Change of job responsibility

**32. C** 8850

**33. C** \$392 (6 hours overtime, in that work was secretarial and so was related to her job)

**34. C** For a period of 4 years from the employee's termination

**35. C** \$217.50 ( $\$7.25 \times 30 = \$217.50$ )

**36. D** \$192.31

$\$6,100 + \$3,900 = \$10,000$   
 $\$10,000 \div 52 = \$192.31$

**37. A** \$13,755.20

\$13,755.20 calculated as:  
 $\$5,000 = \text{FITW } (20,000 \times 25\%)$   
 $\$954.80 = \text{Social Security } (\$15,400 \times 6.2\%)$   
 $\$290.00 = \text{Medicare } (\$20,000 \times 1.45\%)$   
Taxable Social Security earnings computed as:  
 $\$118,300 - \$20,000 = \$98,300$  YTD prior to payment  
 $\$113,700$  (Social Security wage limit) -  $\$98,300 = \$15,400$

**38. B** If more than three years have passed since the last Form I-9 was completed

**39. C** Social Security, Medicare, and FUTA are not required; federal income tax withholding is mandatory

**40. D** IRS regulations require that tax returns be retained for 4 years.

**41. C** \$194,800

$\$750,000 + \$300,000 = \$1,050,000$

$\$1,050,000 - \$1,000,000 = \$50,000$

$\$750,000 - \$50,000 = \$700,000$

$\$700,000 \times 25\% = \$175,000$

$$\$50,000 \times 39.6\% = \$19,800$$

$$\$175,000 + \$19,800 = \$194,800$$

**42. A** April 15, 2016

**43. C** 0 hours

**44. A** On line 5a of Form 941

**45. C** 6

**46. D** Child support, AWG, state tax levy

Under federal law, an AWG takes priority over all other attachments later received, except for family support. Federal law supersedes state law.

**47. A** \$100

**48. D** FDIC

**49. C** Wages paid in excess of \$1,500 for any calendar quarter

**50. A** Single with no allowances