

## Q# Pg or Section

1. An employee worked for 3 employers by August 20, 2024. The employee earned \$50,000, \$55,000, and \$65,000 respectively from each employer. What is the total amount of social security and Medicare taxes that should have been withheld from the employee's wages?
- 6-70 a. \$12,897.90  
b. \$10,664.00  
c. \$10,453.20  
d. \$13,158.00  
 $\$172,000 (50,000 + 55,000 + 67,000) \times 7.65\% = \$13,158$
2. What is the minimum amount of federal income tax an employer is required to withhold on a bonus payment of \$1,001,000.00 in 2024, assuming the supplemental rate of withholding is used and no other supplemental wages were paid in the year?
- 6-54 a. \$220,220  
b. \$370,370  
c. \$220,370  
 $\$1,000 \times 37\% = \$370$   
 $\$1,000,000 \times 22\% = \$220,000$   
 $\$220,000 + \$370$   
d. \$223,700
3. Under the Internal Revenue Code, how long should a 2024 1st quarter 941 be retained?
- 10-5 a. 2 years  
b. April 30, 2028  
c. 4 years  
d. March 31, 2028 (4 years after the due date of tax)
4. Which of the following would be used to report wages for agricultural employees?
- 8-8 a. Form 941  
8-12 b. Form 943  
8-49 c. Form 942  
d. Form 944
5. Which of the following would NOT be defined as a tax-deferred benefit?
- 4-127 a. §401(k) pretax contributions  
b. §125 pretax contributions  
c. §403(b) pretax contributions  
d. Nonqualified plan contributions
6. Amy has a semi-monthly salary of \$9,750. She receives a monthly 'work from home' allowance of \$200 on the 2nd check of each month, and received a \$22,500 bonus in May. She elects 15% of her salary for 401(k) and is under 50. Calculate the 401(k) deduction for her 7/15/2024 paycheck.
- a.  $\$1,895.00 = (\$9,750 \times 12 + \$22,500 + \$200 \times 6) \times .15 = \$21105. \quad \$23000 - \$21105 = \$1895$   
b. 1462.5  
c. 1492.5  
d. 67.5
7. Mary went on sick leave on 2/5/24 and received 3rd party payments under a benefit 100% paid by her employer. She returned to work 10/1/24. She received \$2,000 per month in third party sick pay for February - September. What are the federal and SS/Medicare taxable wages for the sick pay?
- 4-81 a. FIT Taxable = \$16,000 SS/Medicare Taxable = \$16,000  
4-79 b. FIT Taxable = \$14,000 SS/Medicare Taxable = \$14,000  
c. FIT Taxable = \$16,000 SS/Medicare Taxable = \$14,000  
Feb-Aug txbl for FIT/SS/Med, Sept only FIT  
d. FIT Taxable = \$0 SS/Medicare Taxable = \$14,000

8. What are the Federal taxable wages for an employee with a \$5,500 semi-monthly salary, \$400 per month pre-tax medical and a 5% Roth 401(k)
- 4-149 a. \$4,825.00  
b. \$5,100.00  
c. \$5,300.00  
\$5,500 salary - \$400/2 medical (Roth 401k is taxable)  
d. \$5,025.00
9. Which of the following is not subject to a child support garnishment under federal law?
- a. Sign-on bonus  
b. Performance award  
c. Retroactive pay  
d. Value of a noncash fringe benefit
10. The total cost of disability insurance premium is \$35.00 per month. The employer pays 60% and the employee pays 40% with pretax dollars under the ER's flexible benefits plan. Assuming that an employee receives \$100 in Sick Pay while on temporary disability, what portion of the payment is included in gross federal taxable wages?
- a. \$100  
b. \$60  
c. \$40  
d. \$0
11. In March 2024, the weekly amount of disposable pay exempt from a creditor's garnishment is:
- 9-55 a. \$217.50  
30 x minimum wage of \$7.25  
b. \$196.50  
c. \$175.50  
d. \$154.50
12. Calculate the net pay for a bonus of \$25,000 paid in January (no limits met) and a 401(k) pre-tax election of 12%
- a. \$15,477.00  
b.  $\$15,247.50 = \$25,000 - (\$25,000 \cdot .12) \cdot .22 = \text{FIT } \$4,840. \text{ SS/Med} = \$1,550 \text{ and } \$362.50$   
c. \$18,247.50  
d. \$14,587.50
13. If a third party sick pay (3PSP) provider makes payments to an employee and transfers liability to the employer, which of the following is not true?
- a. 3PSP Provider deductions and deposits taxes from payments made to the employee.  
b. Employer deposits Employer SS/Medicare taxes and reports wages and taxes on the W-2.  
c. 3PSP Provider files Form 8922 to reconcile taxes with the IRS and employer data.  
d. Employer deducts SS/Medicare for payments made to the employee. With transfer of Liability, 3rd party pays EE SS/Med tax
14. Wages are paid on Thursday, July 1, that give rise to a deposit liability of \$90,000. Wages are again paid on Friday, July 2, that give rise to deposit liability of \$12,000. Assume that Monday, July 5, is a nonbusiness day. Under the semiweekly deposit rule, when are these deposits due?
- 8-8 a. \$102,000 is due on Monday, July 5  
8-11 b. \$102,000 is due on Tuesday, July 6  
c. \$102,000 is due on Wednesday, July 7  
d. \$102,000 is due on Friday, July 9

15. An employee has \$210,000 in gross wages, \$23,000 in 401(k), \$5,000 in pre-tax medical, \$2,000 in FSA, and \$1,000 in United Way deductions. What is reported on the W-2 in Boxes 1,3 and 5?
- Box 1 = \$180,000, Box 3 = \$168,600, Box 5 = \$180,000
  - Box 1 = \$180,000, Box 3 = \$168,600, Box 5 = \$203,000 Box 1 = gross-pretax med & FSA & 401k, Box 3 = max, Box 5 = gross - pretax med & FSAonly
  - Box 1 = \$179,000, Box 3 = \$168,600, Box 5 = \$203,000
  - Box 1 = \$180,000, Box 3 = \$180,000, Box 5 = \$180,000
16. In the lookback period, Company A incurred payroll tax liabilities of \$182,404.92. Wages are paid on Friday, October 14. The total federal tax deposit is \$2,500. The deposit would be due on:
- 8-8
- Monday, October 18
  - Wednesday, October 19
  - Friday, October 22
  - Monday, November 15
17. Which of the following employee contributions is not separately reported in Form W-2, box 12, in 2024?
- SIMPLE contributions
  - \$125 pretax contributions
  - 401(k) contributions
  - Roth IRA contributions
18. For IRS purposes, the payroll register should be retained for a period of not less than how many years?
- 10-5
- 3
  - 4
  - 2
  - 11
19. Which of the following savings/spending arrangement accounts does not have to be changed only at annual open enrollment of with a life event (birth/marriage)?
- Health Care FSA
  - Dependent Care FSA
  - Health Savings Account (HSA)
  - Limited Purpose FSA
20. Assume that it is November 2023. An employer received a child support order for employee Mary on August 2, 2023. Under the order, the lesser of 50% of disposable pay or \$100 must be deducted each pay period for child support. A creditor garnishment was received on October 10, 2023, ordering that \$3,000 be attached from her wages. Assuming that Mary's disposable pay is \$1,000, how much should be deducted for child support and how much should be deducted for the creditor, assuming child support takes priority under state law?
- 9-12
- Creditor = \$150; child support = \$100  
 $\$1,000 \times 25\% = \$250$  maximum for creditor  
 $\$250 - \$100$  Child Support = \$150  
 $\$150 -$  less than the excess of 30 x minimum wage of \$217.50
  - Creditor = \$-0-; child support = \$100
  - Creditor = \$250; child support = \$100
  - Creditor = \$500; child support = \$100
21. The final due date for the second quarter Form 941, assuming that the employer paid all taxes on time is:
- 8-31
- July 10
  - June 30
  - July 31
  - August 10

22. A federal tax levy of \$3,000 is received on June 1, 2024. The employee returned part 3&4 of the 668-W to the employer on June 2, 2024 claiming married filing jointly with two dependents. Assuming that the employee's semi-monthly net pay for June 15 is \$825, what amount should be deducted for the federal tax levy?
- a. \$237.50
  - b. \$-0-**
- \$-0- (Per Pub 1494, amount exempt from levy for M filing Joint/semimonthly/2 exemptions is \$1,633.33)
- c. \$825.00
  - d. \$858.33
23. The aggregate cost of employer-provided health insurance is reported in box 12 of Form W-2 using which of the following codes?
- a. CC
  - b. HH
  - c. DD**
  - d. EE
24. Jane voluntarily separated from employment. She is allowed to continue paying for her medical insurance at cost plus 2% under what legislation?
- 4-42
- a. Fair Labor Standards Act of 1948
  - b. Affordable Care Act
  - c. Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)**
  - d. Family and Medical Leave Act of 1993
25. The rate at which employers withhold FICA tax on wages in excess of \$200,000 in 2024 is:
- a. 7.65%
  - b. 1.45%
  - c. 2.35%**
  - d. 0.90%
26. Which of these forms is used to request income tax withholding from disability pay provided under an insurance contract with a third party?
- 6-29
- a. W-4S**
  - b. W-4
  - c. W-4P
  - d. W-11
27. XYZ, Inc. is ready to store hourly time cards for the month of February 2024. When can these time cards be destroyed under statutory regulations, assuming no other daily record of hours worked exists?
- a. February 2025
  - b. February 2026**
  - c. February 2027
  - d. February 2030
28. During all of 2024, a Corporate Officer is paid a semi-monthly salary of \$14,000 on the 15th and last day of the month. How much Social Security and Medicare taxes should be withheld from the officer's August 31 paycheck?
- a. Social Security \$0.00 and Medicare \$0.00
  - b. Social Security \$0.00 and Medicare \$329.00 (SS limit and Med surtax limit met \$14k \* 2.35%)**
  - c. Social Security \$0.00 and Medicare \$203.00
  - d. Social Security \$868.00 and Medicare \$203.00

29. Which of the following benefits is allowable in an §125 plan?
- Transportation fringe benefits
  - Employee discounts
  - Educational assistance
  - Disability insurance
30. An employee contributes \$2,000 on a pretax basis to a 401(k) qualified plan. They are below all limits. Which of the following statements is false?
- Box 1 wages are less than Box 3 and Box 5 wages
  - Box 12 Code C shows 401(k) and Box 13 is checked - code C is GTL
  - Box 12 Code D shows 401(k)
  - Box 13 is checked
31. Calculate the FUTA and SUI expense for the February payroll for the following employees who are paid monthly. All interest is paid current for FUTA and the SUI wage base is \$8,000 and the SUI rate is 4%  
Ray has monthly salary of \$7,500  
Sue has monthly salary of \$3,000  
Art has monthly salary of \$6,500
- 7-3 a. FUTA = \$210, SUI = \$200
- 7-23 b. FUTA = \$102, SUI = \$680
- c. FUTA = \$126, SUI = \$680
- d. FUTA = \$21, SUI = \$200 Ray FUTA \$0, SUI \$500\*.04, Sue FUTA \$3,000\*.006 SUI \$3,000\*.04, Art FUTA = \$500\*.006, SUI = \$1,500\*.04
32. Calculate the federal tax for a bi-weekly employee claiming single (2020 W4) with gross pay of \$3,650, \$100 in pre-tax medical and 5% 401(k).
- a.  $\$427.04 - \$3,650 - \$100 - \$182.50 = \$3,367.50 * 26 = \$87,555 - \$8,600 = \$78,955$ . Tax  $\$5,426 + (\$78,955 - \$53,150) = \$11,103.10 / 26 = \$427.04$
- b. \$400.89
- c. \$251.48
- d. \$467.19
33. In the context of fringe benefits, the phrase "the plan cannot discriminate" refers to a plan that disproportionately favors
- 4-99 a. A sex
- b. An ethnic group
- c. The highly paid
- d. An age group
34. Federal income tax withholding would be reported on line 3 of the employer's Form 941 for which of the following payments?
- Annuities
  - Gambling winnings
  - Third-party sick pay
  - Personal use of a company car
35. Which of the following factors can be used to determine the state where the employer assigns the employee for the purposes of collecting and depositing SUI tax?
- Services are performed in one state
  - There is a base of operations in one state
  - The employee has a PO Box in a state
  - a. and b.
  - a., b. and c.

36. Procedures governing employers' payment of wages by direct deposit are governed by:
- IRS
  - NACHA
  - SSA
  - INS
37. When is Form 940 generally due if the employer made timely deposits in full payment of the amount due?
- January 31
  - February 15
  - April 15
  - February 10
38. Calculate the federal tax for an employee paid semi-monthly. W4 = Married Filing Jointly, Multiple Job Checkbox is checked, 1 dependent for \$2,000. Gross salary is \$6,000, pre-tax medical is \$250 and 401(k) is 5%
- \$435.75
  - \$872.10
  - $\$788.77 - \$6,000 - \$250 - \$300 = \$5,450 * 24 = \$130,800$ . Tax is  $\$17,168.50 + (\$130,800 - \$115,125) * .24 = \$20,930.50 - \$2000 \text{ depen} = \$18,930.50/24$
  - \$1,100.52
39. A common paymaster is:
- Any member (or members) of a group of related corporations that pays an employee who is concurrently employed by two or more of the related corporations
  - The manager of the payroll department responsible for the payrolls of several companies
  - The member of a group of related corporations that employs the greatest number of employees
  - The member of a group of companies that files Forms 941 and W-2 for all of them
40. Calculate the net pay for an employee with a 2017 W-4 with Single and 3 allowances and a gross pay of \$3,000 bi-weekly:
- \$2,690.19
  - $\$2460.69 - \$3,000 * 26 - (3 * \$4,300) = \$65,100$ . Tax  $\$5,426 + (\$65,100 - \$53,150) * .22 / 26 = \$309.81$ . Use 6.2% SS, 1.45% Med
  - \$2,351.54
  - \$2,387.92