

# 3 Advanced Payroll Concepts

## Course Outline

### THE EXEMPT EMPLOYEE

- Coverage under the FLSA
- White collar exemptions
  - Administrative
  - Executive
  - Professional
  - Outside sales
- White collar exemption issues
  - Highly compensated employees
  - Salary basis
  - Allowable and improper deductions
- Collective bargaining agreements
- Managing wage and hour investigations
- Public contract acts
  - The Walsh-Healy Public Contracts Act
  - The Davis-Bacon Act
  - The Contract Work Hours and Safety Standards Act
  - The Service Contract Act
  - The Copeland Anti-Kickback Act

### FAMILY AND MEDICAL LEAVE ACT

- Eligibility and covered employers
- Types of leave
- Notification requirements
- Intermittent leave
- Job restoration
- Benefits continuation
- Interaction of FMLA, cafeteria plans, and COBRA

### FEDERAL TAX REPORTING CORRECTIONS/ADJUSTMENTS

- Correcting and replacing Forms W-2
- Completing Form W-2c
- Completing Form W-3c
- Adjustments for overpayments and underpayments
- Completing Form 941-X
- Reconciling wages and taxes

- Special wage payment reporting
- Electronic filing

### TAXATION OF EMPLOYER-PAID BENEFITS

- Business travel expenses
- Stock options
  - Incentive stock options
  - Employee stock purchase plans
  - Nonqualified stock options
- Nonqualified deferred compensation
  - Income taxation and reporting under Section 409A
  - Social security and Medicare taxation and reporting
- Health and welfare plans
  - Health insurance tax treatment
  - Benefits for same-sex spouses and domestic partners
  - Health Savings Accounts
  - Health Reimbursement Arrangements
  - Qualified Small Employer Health Reimbursement Arrangements
  - Paying COBRA
- Affordable Care Act and large employers
  - Full-time employees
  - Applicable large employer status
  - Employer shared responsibility payments
  - Completing Forms 1094-C and 1095-C

- Whole-life insurance
- Adoption assistance
- Advances and overpayments

### EXPATRIATE TAXATION OVERVIEW

- Defining expatriates
- Federal income tax withholding
- Foreign earned income and housing cost exclusions
- Social security, Medicare, and FUTA taxation

- U.S. income tax treaties
- Totalization agreements
- Tax reimbursement policies
- Shadow payrolls

### RESIDENT AND NONRESIDENT ALIENS

- Definition of alien status
- Taxation overview
- Form W-4 requirements
- Federal income tax withholding
- Social security and Medicare taxation
- Forms 1042, 1042-S, and 1042-T

### SPECIAL PAYROLL TOPICS

- Paycards and paycheck issues
- Identity theft and the use of SSNs
- Non-tax deduction reporting
  - Charitable contributions
- Escheatment
- Census reporting
- Multiple worksite reporting
- Pension payments and withholding
- Holder in due course

### PAYROLL SYSTEMS

- Developing a process, procedures, and policies manual
- Interfaced vs. integrated system
- System implementation process
- Maintaining the payroll system
- Workflow
- System updates
- Post project plan review

### PAYROLL DEPARTMENT OPERATIONS

- Internal controls
  - Phantom employees
  - Segregation and rotation of job duties
- Recordkeeping
- FLSA enforcement and penalties
- Sarbanes-Oxley Act compliance
- HIPAA records confidentiality
- Management practices
- Update department processes

### LEADING A PAYROLL DEPARTMENT

- Leadership concepts
- Management practices and theories
- Customer satisfaction surveys