

# THE PAYROLL SOURCE®

## TABLE OF CONTENTS

### SECTION 1: THE EMPLOYER-EMPLOYEE RELATIONSHIP

1.1	Importance of the Determination.....	1-2
1.2	Employee vs. Independent Contractor .....	1-2
1.2-1	Common Law Test.....	1-3
1.2-2	Reasonable Basis Test .....	1-6
1.3	Employment Status Determined by Law .....	1-11
1.3-1	Statutory Employees .....	1-11
1.3-2	Statutory Nonemployees .....	1-12
1.4	Temporary Help Agency Employees .....	1-13
1.5	Other Third-Party Arrangements—Leased Employees, PEOs, Statutory Employers, Payer Agents.....	1-13
1.6	Employees Under Other Federal and State Laws.....	1-18
1.6-1	Fair Labor Standards Act .....	1-18
1.6-2	State Wage-Hour Laws .....	1-21
1.6-3	State Income Tax Withholding Laws.....	1-21
1.6-4	State Unemployment Insurance Laws .....	1-22
1.6-5	State Disability Insurance Laws.....	1-23
1.7	Worker Misclassification: Enforcement and Penalties.....	1-24
1.7-1	IRS Penalties .....	1-24
1.7-2	IRS Enforcement Efforts.....	1-24
1.7-3	FLSA Complaints Filed With the Department of Labor .....	1-29
1.7-4	State Unemployment Agencies.....	1-29
1.8	Proof of the Right to Work in the U.S. ....	1-30
1.9	New Hire Reporting .....	1-48
1.10	Review Questions and Exercises.....	1-60

### SECTION 2: FEDERAL AND STATE WAGE-HOUR LAWS

2.1	Fair Labor Standards Act .....	2-3
2.2	Federal/State Relationship .....	2-4
2.3	Employer and Employee Coverage.....	2-4
2.4	Exempt and Nonexempt Employees.....	2-5
2.4-1	White Collar Exemption .....	2-5
2.4-2	Retail and Service Industry Exemption .....	2-35
2.4-3	Public Sector Exempt Employees.....	2-36
2.4-4	Other Exempt Employees .....	2-37

## **The Payroll Source**

2.5	Minimum Wage.....	2-39
2.5-1	Tips and the Tip Credit .....	2-42
2.5-2	Equal Pay for Equal Work.....	2-46
2.6	Overtime Pay Requirements.....	2-47
2.6-1	The Workweek.....	2-48
2.6-2	Hours Worked .....	2-50
2.6-3	Regular Rate of Pay .....	2-50
2.6-4	Special Problems in Regular Rate Determinations.....	2-57
2.6-5	Compensatory Time Off .....	2-64
2.7	Compensable Time Issues.....	2-68
2.7-1	Unauthorized Overtime .....	2-69
2.7-2	Meal and Rest Periods .....	2-69
2.7-3	Travel Time .....	2-71
2.7-4	On-Call Time.....	2-72
2.7-5	Waiting Time .....	2-75
2.7-6	Time Spent at Meetings and Training Sessions.....	2-75
2.7-7	Preliminary and Postliminary Activities.....	2-77
2.7-8	Receiving Medical Attention .....	2-80
2.7-9	Telework .....	2-80
2.8	Child Labor Restrictions.....	2-82
2.9	Enforcement and Penalties .....	2-83
2.10	Public Contracts Laws.....	2-85
2.10-1	Walsh-Healey Public Contracts Act .....	2-86
2.10-2	Wage Rates for Public Buildings and Works (Davis-Bacon and Related Acts) .....	2-86
2.10-3	Contract Work Hours and Safety Standards Act .....	2-87
2.10-4	Service Contract Act.....	2-87
2.10-5	Copeland 'Anti-Kickback' Act .....	2-87
2.11	State Wage-Hour Charts .....	2-87
2.11-1	State Minimum Wage Rates.....	2-88
2.11-2	State Tip Credits .....	2-90
2.11-3	State Overtime Pay Requirements .....	2-91
2.11-4	State Meal and Rest Period Requirements.....	2-93
2.11-5	State Wage and Hour Agencies.....	2-95
2.12	Review Questions and Exercises.....	2-96

## **SECTION 3: TAXABLE AND NONTAXABLE COMPENSATION**

3.1	Gross Income and Wages Under the IRC .....	3-3
3.1-1	Income and Employment Taxes Defined.....	3-3
3.1-2	Fair Market Value.....	3-4
3.2	Fringe Benefits Under the Internal Revenue Code.....	3-4
3.2-1	Nontaxable Fringe Benefits.....	3-4
3.2-2	Personal Use of Employer-Provided Vehicles .....	3-18
3.2-3	Personal Use of Employer-Provided Aircraft .....	3-25
3.2-4	Free or Discounted Commercial Flights.....	3-27

3.2-5	Discounts on Property or Services .....	3-27
3.2-6	Club Memberships.....	3-28
3.2-7	Emergency Responder Benefits.....	3-29
3.3	Additional Employer-Provided Benefits.....	3-30
3.3-1	Life Insurance .....	3-30
3.3-2	Moving Expenses .....	3-38
3.3-3	Educational Assistance.....	3-40
3.3-4	Group Legal Services .....	3-43
3.3-5	Employee Business Travel Expense Reimbursements.....	3-44
3.3-6	Employer-Provided Meals and Lodging .....	3-62
3.3-7	Adoption Assistance .....	3-64
3.4	Other Payments.....	3-66
3.4-1	Advances and Overpayments .....	3-66
3.4-2	Awards and Prizes.....	3-70
3.4-3	Back Pay Awards .....	3-71
3.4-4	Bonuses.....	3-78
3.4-5	Commissions .....	3-79
3.4-6	Conventions.....	3-79
3.4-7	Death Benefits.....	3-79
3.4-8	Dependent Care Assistance Programs .....	3-79
3.4-9	Directors' Fees .....	3-81
3.4-10	Disaster Relief Payments.....	3-81
3.4-10a	Emergency Paid Sick Leave and Expanded Family and Medical Leave.....	3-82
3.4-10b	Employee Retention Credit Wages .....	3-83
3.4-10c	COBRA Premium Assistance Payments.....	3-84
3.4-11	Employer-Paid Taxes (Grossing-Up).....	3-85
3.4-12	Equipment Allowances.....	3-90
3.4-13	Gifts.....	3-91
3.4-14	Golden Parachute Payments.....	3-91
3.4-15	Guaranteed Wage Payments .....	3-92
3.4-16	Jury Duty Pay.....	3-92
3.4-17	Leave-Sharing Plans.....	3-93
3.4-18	Loans to Employees .....	3-95
3.4-19	Military Pay.....	3-96
3.4-20	Outplacement Services.....	3-98
3.4-21	Retroactive Wage Payments.....	3-98
3.4-22	Security Provided to Employees.....	3-98
3.4-23	Severance or Dismissal Pay.....	3-98
3.4-24	Stocks and Stock Options.....	3-99
3.4-25	Strike Benefits.....	3-107
3.4-26	Supplemental Unemployment Benefits.....	3-107
3.4-27	Tips.....	3-108
3.4-28	Uniform Allowances.....	3-114
3.4-29	Vacation Pay.....	3-114
3.4-30	Wages Paid After Death.....	3-115
3.5	Withholding and Reporting Rules for Employer-Provided Benefits .....	3-115
3.5-1	Withholding on Cash Fringe Benefits.....	3-115
3.5-2	Withholding and Reporting on Noncash Fringe Benefits.....	3-115
3.6	Review Questions and Exercises.....	3-117

**SECTION 4: HEALTH, ACCIDENT, AND RETIREMENT BENEFITS**

4.1	Health Insurance.....	4-3
4.1-1	Affordable Care Act Health Insurance Requirements.....	4-4
4.1-2	Tax Treatment of Contributions and Benefits.....	4-22
4.1-3	Medical Savings Accounts.....	4-39
4.1-4	Long-Term Care Insurance.....	4-42
4.1-5	COBRA Health Insurance Continuation.....	4-42
4.1-6	Health Reimbursement Arrangements.....	4-47
4.1-7	Health Savings Accounts.....	4-55
4.2	Family and Medical Leave Act.....	4-66
4.3	Sick Pay.....	4-78
4.3-1	Sick Leave Pay.....	4-78
4.3-2	Sick Pay Under a Separate Plan.....	4-79
4.3-3	Permanent Disability Benefits.....	4-85
4.4	Workers' Compensation Insurance.....	4-86
4.4-1	Benefit Payments.....	4-86
4.4-2	Premium Payments.....	4-86
4.5	Cafeteria Plans.....	4-88
4.5-1	What Benefits Can Be Offered.....	4-89
4.5-2	How Cafeteria Plans Are Funded.....	4-91
4.5-3	What the Cafeteria Plan Document Must Contain.....	4-93
4.5-4	Benefit Elections.....	4-93
4.5-5	Who Can Participate in the Plan.....	4-99
4.5-6	Nondiscrimination Testing.....	4-99
4.5-7	Flexible Spending Arrangements.....	4-102
4.5-8	Tax Treatment of Cafeteria Plans.....	4-116
4.5-9	Reporting Requirements.....	4-117
4.6	Retirement and Deferred Compensation Plans.....	4-119
4.6-1	Qualified Pension and Profit-Sharing Plans (IRC §401(a)).....	4-119
4.6-2	Cash or Deferred Arrangements (IRC §401(k)).....	4-127
4.6-3	Tax-Sheltered Annuities (IRC §403(b)).....	4-141
4.6-4	Deferred Compensation Plans for the Public Sector and Tax-Exempt Groups (IRC §457(b)).....	4-146
4.6-5	Employee-Funded Plans (IRC §501(c)(18)(D)).....	4-151
4.6-6	Individual Retirement Accounts.....	4-151
4.6-7	Simplified Employee Pensions (IRC §408(k)).....	4-153
4.6-8	Savings Incentive Match Plans for Employees of Small Employers (SIMPLE Plans).....	4-154
4.6-9	Employee Stock Ownership Plans.....	4-158
4.6-10	Nonqualified Deferred Compensation Plans.....	4-158
4.7	State Taxability of Cafeteria Plan and §401(k) Salary Reductions.....	4-179
4.8	Review Questions and Exercises.....	4-181

**SECTION 5: PAYING THE EMPLOYEE**

5.1 Pay Frequency.....5-2

5.2 Payment on Termination .....5-6

5.3 Payment Methods .....5-9

5.3-1 Cash or Check .....5-9

5.3-2 Direct Deposit (Electronic Funds Transfer) .....5-11

5.3-3 Electronic Paycards.....5-21

5.3-4 Earned Wage Access .....5-34

5.3-5 Cryptocurrency and Wage Payments.....5-35

5.4 Pay Statements Provided to Employees.....5-36

5.5 Unclaimed Paychecks .....5-39

5.6 Wages Owed Deceased Employees .....5-41

5.7 Extra Paydays Caused by the Calendar .....5-45

5.8 Review Questions and Exercises.....5-46

**SECTION 6: WITHHOLDING TAXES**

6.1 The Principle of Actual or Constructive Payment.....6-2

6.2 Social Security Numbers .....6-3

6.2-1 Obtaining an Employee’s SSN.....6-3

6.2-2 Verifying Social Security Numbers.....6-5

6.3 Employee Withholding Certificates.....6-8

6.3-1 Form W-4.....6-8

6.3-2 Forms W-4P and W-4R.....6-21

6.3-3 Form W-4S.....6-29

6.3-4 State Employee Withholding Certificates .....6-29

6.4 Methods of Withholding Federal Income Tax .....6-32

6.4-1 Percentage Method .....6-32

6.4-2 Wage Bracket Method .....6-42

6.4-3 Alternative Withholding Methods.....6-48

6.4-4 Supplemental Wage Payments.....6-51

6.4-5 Withholding on Pensions and Annuities .....6-60

6.5 Backup Withholding.....6-65

6.6 Earned Income Credit .....6-67

6.7 Social Security and Medicare Taxes.....6-68

6.7-1 Social Security and Medicare Tax Rates.....6-68

6.7-2 Social Security Wage Base.....6-69

6.7-3 Calculating the Withholding Amounts.....6-70

6.7-4 Related Corporations and the “Common Paymaster” Option.....6-74

6.7-5 Self-Employment Tax .....6-75

6.7-6 What Wages Are Exempt From Social Security and Medicare Taxes .....6-75

## **The Payroll Source**

6.7-7	What Types of Employment Are Exempt From Social Security and Medicare Taxes .....	6-76
6.7-8	Railroad Retirement Tax Act .....	6-77
6.8	State and Local Government Employees .....	6-79
6.9	Penalties for Failure to Withhold .....	6-81
6.10	State and Local Income Tax Withholding .....	6-82
6.11	Review Questions and Exercises .....	6-84

## **SECTION 7: UNEMPLOYMENT INSURANCE**

7.1	Federal Unemployment Insurance .....	7-2
7.1-1	Who Must Pay FUTA Tax .....	7-2
7.1-2	What Wages Are Exempt From FUTA Tax .....	7-2
7.1-3	What Types of Employment Are Exempt From FUTA Tax .....	7-3
7.1-4	FUTA Tax Rate and Wage Base .....	7-3
7.1-5	Depositing and Paying FUTA Tax .....	7-4
7.1-6	Calculating the State Credits Against FUTA Tax Liability .....	7-5
7.1-7	Reporting FUTA Tax on Form 940 .....	7-8
7.1-8	Form 940 Line-by-Line Instructions .....	7-11
7.1-9	Penalties for FUTA Noncompliance .....	7-21
7.2	State Unemployment Insurance .....	7-22
7.2-1	The Employment Relationship .....	7-22
7.2-2	SUI Taxable Wages .....	7-23
7.2-3	Contribution Rates and Experience Rating .....	7-25
7.2-4	Voluntary Contributions .....	7-29
7.2-5	Joint or Combined Accounts .....	7-31
7.2-6	The Unemployment Benefits Process .....	7-32
7.2-7	Reporting Requirements .....	7-35
7.3	State Disability Insurance .....	7-42
7.4	State Employment Security Agencies .....	7-45
7.5	Review Questions and Exercises .....	7-46

## **SECTION 8: DEPOSITING AND REPORTING WITHHELD TAXES**

8.1	Employer Identification Numbers .....	8-3
8.2	Depositing Withheld Income and Employment Taxes .....	8-5
8.2-1	Payroll Tax Deposit Rules .....	8-5
8.2-2	How to Deposit Payroll Taxes .....	8-12
8.2-3	Penalties for Failure to Deposit on Time .....	8-19
8.3	The Employer's Employment Tax Return—Form 941 .....	8-27
8.3-1	Who Must File Form 941 .....	8-27
8.3-2	When and Where to File Form 941 .....	8-31
8.3-3	Form 941—Line-by-Line Instructions .....	8-34
8.3-4	Schedule B (Form 941) .....	8-38

8.3-5	Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations.....	8-44
8.3-6	Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers .....	8-45
8.3-7	IRS Offers Advice on Avoiding Form 941 Errors .....	8-47
8.4	Annual Reporting of Nonpayroll Withholding—Form 945 .....	8-47
8.5	Other Federal Employment Tax Returns.....	8-48
8.5-1	Monthly Reporting for Delinquent Employers—Form 941-M .....	8-49
8.5-2	Employers Operating Outside the Continental U.S. Now File Form 941 or 941(sp).....	8-49
8.5-3	Employers of Domestic Employees .....	8-49
8.5-4	Annual Reporting by Agricultural Employers—Form 943 .....	8-49
8.5-5	Annual Reporting by Small Employers—Form 944.....	8-50
8.6	Making Adjustments, Correcting Returns, and Obtaining Refunds and Credits—Forms 941-X and 843.....	8-51
8.7	Penalties for Late Reporting and Paying Tax.....	8-86
8.8	Information Reporting for Employees—Form W-2.....	8-90
8.8-1	Employers Must Provide W-2s.....	8-90
8.8-2	When and Where to Furnish Form W-2 .....	8-93
8.8-3	Box-by-Box Instructions for Form W-2 .....	8-98
8.8-4	Substitute Forms W-2.....	8-110
8.8-5	Miscellaneous Form W-2 Issues.....	8-112
8.9	Providing Wage and Tax Information to the SSA—Form W-3.....	8-112
8.9-1	When and Where to File Form W-3.....	8-113
8.9-2	Box-by-Box Instructions for Form W-3 .....	8-114
8.10	Correcting Information Statements—Forms W-2c and W-3c.....	8-116
8.11	The Reconciliation Process for Employers .....	8-120
8.12	Information Returns for Nonemployee Payments—1099 Series.....	8-124
8.12-1	Miscellaneous Payments Made by Businesses—Form 1099-MISC.....	8-124
8.12-2	Nonemployee Compensation Payments—Form 1099-NEC.....	8-129
8.12-3	Pension and Retirement Plan Distributions—Form 1099-R.....	8-132
8.13	Penalties for Incorrect or Late Information Returns and Statements .....	8-135
8.13-1	Failure to File Information Returns.....	8-136
8.13-2	Failure to Provide Information Statements to Employees.....	8-140
8.14	Electronic Reporting Requirements .....	8-142
8.15	Reporting “Special Wage Payments” to the SSA .....	8-159
8.16	Review Questions and Exercises.....	8-161

**SECTION 9: OTHER DEDUCTIONS FROM PAY**

9.1	Involuntary Deductions .....	9-2
9.1-1	Tax Levies .....	9-2
9.1-2	Child Support Withholding Orders.....	9-11
9.1-3	Creditor Garnishments .....	9-47
9.1-4	Bankruptcy Orders .....	9-52
9.1-5	Student Loan Collections.....	9-54
9.1-6	Federal Agency Debt Collections.....	9-55
9.1-7	Fair Labor Standards Act Restrictions on Deductions.....	9-57
9.2	Voluntary Deductions .....	9-59
9.2-1	Wage Assignments .....	9-59
9.2-2	Union Dues.....	9-61
9.2-3	Credit Union Deductions.....	9-61
9.2-4	U.S. Savings Bonds.....	9-61
9.2-5	Charitable Contributions .....	9-63
9.3	Review Questions and Exercises.....	9-65

**SECTION 10: RECORDKEEPING AND RECORD RETENTION**

10.1	Fair Labor Standards Act .....	10-2
10.2	Internal Revenue Code.....	10-5
10.3	Federal Employment Laws.....	10-9
10.3-1	Civil Rights Act of 1964 (Title VII) .....	10-9
10.3-2	Age Discrimination in Employment Act of 1967 (ADEA).....	10-10
10.3-3	Government Contractor Regulations.....	10-11
10.3-4	Immigration Reform and Control Act (IRCA).....	10-11
10.3-5	Family and Medical Leave Act (FMLA).....	10-12
10.3-6	Affordable Care Act .....	10-13
10.4	State Unemployment Insurance Laws .....	10-14
10.5	State Wage-Hour Laws .....	10-16
10.6	Unclaimed Wages.....	10-18
10.7	Direct Deposit Considerations.....	10-19
10.8	Record Retention Procedures.....	10-19
10.8-1	Employee Master File .....	10-19
10.8-2	Documents Needed From New Employees.....	10-20
10.8-3	Record Retention and Storage Methods .....	10-20
10.9	Health Insurance Portability and Accountability Act .....	10-23
10.10	Review Questions and Exercises.....	10-29



**SECTION 11: PAYROLL ACCOUNTING**

11.1	Accounting Principles .....	11-2
11.1-1	Account Classifications .....	11-3
11.1-2	Account Balances .....	11-4
11.2	Journal Entries.....	11-6
11.3	Recording Payroll Transactions .....	11-7
11.4	Accounting Periods.....	11-12
11.5	Accruals and Reversals.....	11-13
11.6	Balancing and Reconciling Payroll Accounts.....	11-15
11.6-1	Periodic Balancing and Reconciliation .....	11-16
11.6-2	Payroll Bank Account Reconciliation.....	11-17
11.7	Financial Statements and Audits.....	11-18
11.7-1	Balance Sheet .....	11-19
11.7-2	Income Statement .....	11-19
11.7-3	Notes to Financial Statements .....	11-20
11.7-4	Auditing Financial Statements .....	11-20
11.8	Internal Controls.....	11-21
11.9	Controlling Check Fraud .....	11-27
11.10	Check 21 and Its Impact on Payroll.....	11-28
11.11	Review Questions and Exercises.....	11-29

**SECTION 12: PAYROLL SYSTEMS AND TECHNOLOGY**

12.1	Payroll System Objectives .....	12-2
12.2	Interfacing and Integration.....	12-3
12.2-1	Interfacing—Working With Other Systems and Departments.....	12-3
12.2-2	Integration of Payroll and Other Business Systems.....	12-5
12.3	Hardware and Software Alternatives—Pros and Cons .....	12-6
12.3-1	Service Providers—Outsourcing the Payroll.....	12-6
12.3-2	In-House Payroll Systems .....	12-8
12.4	Selecting a Payroll System.....	12-9
12.4-1	Build a Project Team.....	12-11
12.4-2	Analyze What the System Needs to Do.....	12-12
12.4-3	Prepare a Request for Proposal .....	12-13
12.4-4	Select a System.....	12-14
12.4-5	Implement the System.....	12-17
12.4-6	Evaluate the System’s Performance .....	12-19
12.5	Controls and Security for the Payroll System.....	12-20
12.5-1	Putting Controls Into the Process.....	12-20
12.5-2	System Documentation.....	12-21
12.5-3	Providing Security for the System.....	12-23

## **The Payroll Source**

12.6	Disaster Recovery and Business Continuity Planning.....	12-24
12.7	Automated Time and Attendance.....	12-28
12.8	Self-Service, the Internet, and Mobile Applications.....	12-32
12.8-1	Employee and Manager Self-Service .....	12-32
12.8-2	Implementing Internet-Based Self-Service Technology .....	12-34
12.8-3	Web-Enabled Applications .....	12-35
12.8-4	Cloud Computing and Software as a Service (SaaS) .....	12-35
12.8-5	Mobile Applications.....	12-36
12.8-6	Robotic Process Automation and Artificial Intelligence.....	12-37
12.9	Review Questions and Exercises.....	12-38

## **SECTION 13: MANAGING A PAYROLL DEPARTMENT**

13.1	Basic Management Theory.....	13-2
13.2	Management Skills.....	13-4
13.2-1	Strategic Planning and Organizing.....	13-5
13.2-2	Staffing.....	13-6
13.2-3	Directing Employees.....	13-10
13.2-4	Controlling Performance .....	13-14
13.2-5	Reporting .....	13-16
13.3	Specific Management Issues .....	13-17
13.3-1	Conducting and Attending Meetings.....	13-17
13.3-2	Keep Written Policies and Procedures .....	13-18
13.3-3	Crisis Management .....	13-18
13.3-4	Time Management.....	13-20
13.3-5	Team Building.....	13-22
13.3-6	Performance Evaluations .....	13-25
13.3-7	Promoting Quality Customer Service in Payroll .....	13-26
13.3-8	Providing Customer Service in a Shared Services Environment.....	13-27
13.3-9	Service Level Agreements .....	13-29
13.3-10	Payroll Data Analytics .....	13-29
13.3-11	Payroll Metrics and Benchmarking.....	13-30
13.3-12	Project Management.....	13-30
13.3-13	Maintaining Confidentiality.....	13-31
13.3-14	Detecting and Responding to a Data Breach.....	13-32
13.3-15	Responding to Government Agency Notices.....	13-34
13.4	Research Needs.....	13-34
13.4-1	Tracking Tax Laws and Regulations .....	13-34
13.4-2	Employment Laws and Regulations .....	13-39
13.4-3	Payroll-Related Websites.....	13-40
13.4-4	Company Policies and Procedures.....	13-42
13.4-5	Union Contracts.....	13-42
13.5	Review Questions and Exercises.....	13-43

**SECTION 14: PAYROLL FOR U.S. EMPLOYEES ABROAD AND ALIENS IN THE U.S.**

14.1	U.S. Citizens and Resident Aliens Working Abroad .....	14-2
14.1-1	Federal Income Tax Withholding .....	14-2
14.1-2	Social Security and Medicare Taxes.....	14-4
14.1-3	Federal Unemployment Tax.....	14-6
14.1-4	Foreign Earned Income and Housing Cost Exclusions .....	14-6
14.1-5	U.S. Income Tax Treaties.....	14-18
14.1-6	Employer Tax Reimbursement Policies.....	14-19
14.1-7	Expatriate State Tax Issues .....	14-21
14.2	Resident and Nonresident Aliens Working in the U.S.....	14-22
14.2-1	Determining Resident/Nonresident Alien Status .....	14-22
14.2-2	Federal Income Tax Withholding and Employment Taxes for Resident Aliens.....	14-25
14.2-3	Federal Income Tax Withholding for Nonresident Aliens .....	14-26
14.2-4	Social Security and Medicare Taxes for Nonresident Aliens.....	14-39
14.2-5	Federal Unemployment Tax for Nonresident Aliens.....	14-40
14.2-6	Depositing and Reporting Obligations .....	14-40
14.2-7	State Tax Issues for Nonresident Aliens .....	14-44
14.3	Types of Visas .....	14-44
14.4	Managing International Relationships.....	14-46
14.5	Review Questions and Answers .....	14-46

**SECTION 15: PREPARING FOR THE CPP EXAM**

15.1	History and Purpose of Certification .....	15-3
15.2	Examination Eligibility Requirements .....	15-4
15.3	Examination Fees.....	15-5
15.4	Making an Examination Reservation.....	15-6
15.5	What to Bring to the Examination .....	15-7
15.6	Testing Center Rules .....	15-8
15.7	Format of the Examination.....	15-9
15.8	Electronic Testing.....	15-10
15.9	Possible Study Aids .....	15-10
15.10	Content of the Certification Examination .....	15-12
15.11	Test Taking Hints .....	15-13
15.12	How Your Examination Is Scored.....	15-14
15.12-1	Your Score Report .....	15-14
15.12-2	How the Passing Score Was Set.....	15-14
15.12-3	Raw Scores and Scaled Scores .....	15-15
15.12-4	Examination Results .....	15-15

**The Payroll Source**

15.13 Attainment of Certification ..... 15-15

15.14 Recertification ..... 15-15

    15.14-1 Recertification by Exam ..... 15-16

    15.14-2 Recertification by Continuing Education ..... 15-16

    15.14-3 Recertification Credits for PayrollOrg Professional Membership ..... 15-16

15.15 Benefits of Being a CPP ..... 15-17

15.16 Basic Level Certification Available..... 15-17

15.17 PayrollOrg Code of Ethics ..... 15-17

15.18 Practice Test Number 1 ..... 15-18

15.19 Practice Test Number 2 ..... 15-23

15.20 Practice Test Number 3 ..... 15-28

15.21 Practice Test Number 4 ..... 15-33

  

**GLOSSARY OF COMMON PAYROLL TERMS AND ACRONYMS ..... G-1**

  

**INDEX..... I-1**