What Is Payroll?
• The nature of the payroll profession
• Role of the payroll professional
• Challenges in payroll
• The payroll process
• Objectives of the payroll department

Determining Worker Type
• Types of workers
  – Employees
  – Independent contractors
  – Temporary employees
  – Leased employees
• Making the determination between employees and independent contractors
  – Common law test
  – Form SS-8

What Do I Need From an Employee?
• Form I-9
  – Penalties for noncompliance
• Form W-4
• New hire reporting
• Social security numbers
  – Form SS-5
  – Electronic Form SS-5
  – Social Security Number Verification Service (SSNVS)
• New hire reporting

Fair Labor Standards Act
• Exempt and nonexempt employees
• Child labor restrictions

Employee Wages
• The federal minimum wage rate
  – State minimum wage rates
• Tips and the tip credit
• Shift premiums
• Paid time off and gifts
• Defining overtime
• When must overtime be paid?
  – Time of payment
  – Workweek
• Changing workweeks
• 8/80 rule – healthcare exception
• Fluctuating workweek

Calculating Overtime Payments
• Rates of pay
• Regular rate of pay
• Overtime premium rate
• Piecework and commission
• Bonuses
• Multiple pay rates
• Overtime for salaried employees

Defining Time Worked
• Collecting time worked
• Call-back and show-up pay
• Waiting to work
• Preparing to work

Withholding Taxes
• Form W-4
  – Employee’s Withholding Allowance Certificate – Form W-4
  – State withholding allowance certificates
  – Withholding allowances
  – Lock-in letters
  – Exemption from withholding
  – Time of submission
  – Invalid Form W-4
  – Employer responsibilities
• Form W-4P – withholding from pensions and annuities
• Form W-4S – withholding from third-party sick pay
• Federal income tax withholding
  – Constructive receipt
  – Overpayments and repayments
  – Factors affecting withholding
  – Wage-bracket method
  – Percentage method
  – Supplemental wages
    • Optional flat rate method
    • Aggregate method
    • Mandatory flat rate method
• Social security and Medicare taxes
  – Social security tax withholding
  – Medicare tax withholding
  – Additional Medicare tax for highly compensated employees
• State and local taxes overview
  – State income taxes
  – State disability insurance taxes
  – State unemployment insurance tax withholding
  – Local income taxes
• Employer-paid taxes
  – Calculating the gross-up
  – Crossing the social security wage base
• Deceased employee’s tax withholding

Determining Tax Treatment of Employer-Paid Benefits
• Fringe benefits
• IRS definition of compensation
• Taxable/nontaxable compensation
• Fair market value
• Imputed income
• Fringe benefit recording frequency and withholding
  – When to withhold and deposit taxes on noncash fringe benefits
• Nontaxable fringe benefits
  – De minimis fringe benefits
  – No-additional-cost services
  – Qualified employee discounts
  – Working condition fringes
  – Use of athletic facilities
  – Qualified transportation fringes
  – Retirement advice
  – Qualified moving expense reimbursements
• Prizes and awards
• Personal use of company vehicles
  – Nontaxable use of a company vehicle
  – General valuation method
  – Annual lease valuation method
  – Cents-per-mile method
  – Commuting value method
• Accounting for company vehicle use

*Program is subject to change without notice.
Payroll Practice Essentials Course Outline cont’d

• Group-term life insurance
  – Tax considerations of group-term life insurance
  – Calculating the value of excess group-term life insurance
  – Dependent group-term life insurance coverage
• Deferred compensation
  – Qualified versus nonqualified plans
  – Qualified plans
    • 401(k) plans
    • 403(b) plans
  – Nonqualified plans
    • 457(b) plans
• Cafeteria (flexible benefit) plans
  – Choices and tax implications
  – Flexible spending accounts
• Loans to employees
  – forgiven loans

Voluntary and Involuntary Deductions
• Voluntary deductions
  – Wage assignments
  – Charitable contributions
  – Overpayments
  – Employer-provided loans
• Involuntary deductions
  – Wage attachments
  – Priorities of wage attachments
  – Child support orders
    • Electronic withholding orders
    • Federal and state regulations
  – Medical support orders
  – Federal tax levies
  – Creditor garnishments
  – Student loan garnishments
  – Federal agency loan garnishments
  – Priority of multiple withholding orders

Payroll Accounting
• Accounting basics
• GAAP principles

Payroll Systems and Auditing
• Payroll systems
  – Upgrading/updating the payroll system
• Batch and real-time processing
• Employee and manager self-service
• Interfaces
• Integrated systems
• Reconciliations
• Control procedures
• Payroll system controls
• System security
• Internal controls
• Audits

Recordkeeping
• Employee master file
• Updating the master file
• Record retention
  – How long documents must be kept

The Payroll Profession
• The payroll professional
• Effective communication
• Principles of customer service
  – Compliance
  – Confidentiality
  – Problem solving
• Keeping up with changes affecting the payroll department
• Advancing your payroll career
  – Certification – FPC and CPP certification exams

The Payroll Question Hour—Bring your most challenging payroll questions for your instructor to answer during the first hour of the third class day.

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