

2016 FPC/ CPP EXAM PREPARATION TRAINING

ANSWERS

TEST 1: (Covers Material from Chapters 1-3 in The Payroll Source)

1. C. \$4.00

Calc.: $\$580 - \$54 = \$526$; $100 \text{ miles} \times \$0.04 = \$4.00$

2. D. \$2,400

3. C. 20% of employees' FICA, 1.5% of amount deemed to be wages

4. C. Form SS-8

5. D. 28%

6. C. FICA and FUTA only

7. B. Form 8027

8. D. FICA and FIT only

9. D. \$58.00 Calc.: $\$580 \times 100 \text{ miles} = \58.00

10. B. \$3,000

Note.: The coverage under the dependent life policy exceeds \$2,000, so the entire value of the policy (\$3,000) is subject to tax.

11. B. FIT and FITW

12. D. \$100,000

13. B. 6

14. D. 168 consecutive hours

15. B. \$350.00

Note: Hours did not exceed 40, the regular rate was equal to or exceeded the federal minimum, therefore pay is not required for hours worked between 36 and 40 in the workweek. (Exceptions may apply under a contract or state law.)

16. D. \$7.25

17. C. \$3.48

Calculation:

$$\$100 \div 172 = \$0.58$$

$$\$0.58 \div 2 = \$0.29$$

$$\$0.29 \times 12 = \$3.48$$

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18. D. \$417.97

Calculation:

$$40 \text{ hours} \times \$2.13 = \$85.20$$

$$1 \text{ hour} \times (\$7.25 \times 1.5) - \$5.12 \text{ (tip credit)} = \$5.76$$

$$\$332.51 - \$5.50 = \$327.01$$

$$\$85.20 + \$5.76 + \$327.01 = \$417.97$$

19. C. An engineer

20. B. Form W-2 of \$15,000 to the employee, Form 1099-MISC of \$3,000 to the employee, and Form 1099-MISC of \$18,000 to the attorney

21. A. Employees of state and local government employers

22. B. April 1

23. D. \$2.50

$$\$25 \times .100 = \$2.50$$

Coefficient table used in Principles of Payroll Administration (not used in The Payroll Source) (We couldn't out the answer without the coefficient table. If you can, you are better at this than we are. ☺)

24. A. Serious illness of mother-in-law

25. C. \$600

26. D. Travel from work to a seasonal residence

27. B. 1,250

28. D. 38

29. C. Job improvement seminar

30. A. \$0

Note: In 2016, only the portion of the benefit that exceeds \$255 per month is considered taxable.

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31. A. FICA = \$26.78, FIT = \$23.22

By law, the priority of withholding is as follows:

1. Regular wages (\$50) X 7.65% = \$ 3.83
2. Regular wages (\$50) X 25% = \$12.50
3. Tip income (\$300) X 7.65% = \$ 22.95
4. Tip income (\$300) X 20% = \$60.00
5. Total Tax = \$99.28
6. Less wages – 50.00
7. Shortage = \$49.28
8. Tip income(\$300 X 20%)- \$49.28=\$10.72(Re-compute line 4)

$$\text{FICA} = \$3.83 + \$22.95 = \$26.78$$

$$\text{FIT} = \$12.50 + \$10.72 = \$23.22$$

32. B. Equal Pay Act: a Fair Labor Standards Act provision

33. B. \$11.54

34. D. Retirement plan contributions

35. A. Nonqualified deferred compensation

36. A. 16

Note: 24 hours – 8-hour maximum deduction allowed = 16 hours

37. B. -0-

38. A. \$455

39. C. 15.5

Calculation:

Sunday: (9:00 a.m. to 3:30 p.m. is 6.5 hours)

Monday: (8:00 a.m. to 5:00 p.m. is 9 hours)

6.5 hours + 9 hours = 15.5 hours

40. C. \$8,000

$$\$10,000 - (\$10,000 \times 20\% \text{ mandatory FITW}) = \$8,000$$

41. D. Adoption assistance

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- 42. D. \$255
- 43. D. Worker has opportunity for profit or loss
- 44. D. Dependent group-term life insurance over \$2,000
- 45. A. Fair market value of personal auto use
- 46. D. Form 4070
- 47. D. \$527.80

Calculation:

$$45 \text{ hours} \times \$10 = \$450$$

$$\$450 + \$50 = \$500$$

$$\$500 \div 45 = \$11.11$$

$$\$11.11 \div 2 = \$5.56 \text{ (premium pay)}$$

$$5 \text{ hours overtime} \times \$5.56 = \$27.80$$

$$\$500 + \$27.80 = \$527.80$$

- 48. C. Employers with 50 or more employees
- 49. B. \$550.00 **Note:** (employee cannot be docked for partial workweek if absence caused by the employer)
- 50. D. Full-day