### SOLUTIONS MANUAL: CHAPTER 2 END OF CHAPTER ANSWERS

### ANSWERS TO STOP AND CHECK EXERCISES

#### What's in the File?

- 1. a,b,d,e
- 2. b
- 3. d
- 4. a
- 5. c

### Who Are You?

- 1. Student answers will vary. One possible way to prove both identity and employment is a current U.S. passport. Alternatively, a current state-issued driver's license and a social security card will work for the purposes of the I-9.
- 2. Student answers will vary. Many students may underestimate their estimated exemptions.

## **Worker Facts**

1. Nonexempt

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- 2. Exempt workers receive a fixed amount of money and generally direct the actions of other employees; nonexempt workers are eligible for overtime, and generally have their work directed by a manager.
- 3. A beverage distribution driver, full-time life insurance agents for a single life-insurance company, home workers that use furnished materials, traveling salespersons who work on a single employer's behalf.

#### Who Does Which Job?

Student answers will vary. The answer should reflect a clear separation of duties, cross-training, rotation of tasks, and security protocols.

#### **Internal Controls and Audits**

- 1. b
- 2. c

## **Destroy and Terminate**

- 1. Paper payroll records should be shredded or burned. Computer records should be purged from the server and all other storage devices.
- 2. Charlie should receive his final pay on October 12, and not later than October 13. His employer is not required to provide him with a severance package, although he may be eligible for his accrued vacation pay.

## ANSWERS TO END-OF-CHAPTER MATERIALS

## **REVIEW QUESTIONS**

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- 1. What are some internal controls for a payroll department?
  - 1. Payroll system design, authorized signers, documentation, and review of the process
- 2. Why should more than one person prepare/verify payroll processing?
  - 1. Internal controls and verification to avoid fraud or theft
- 3. What documents are required in all new hire packets?
  - 1. I-9 and W-4
- 4. Why are new hires required to be reported to the state's employment department?
  - 1. The enforcement of child support and legal withholdings, ensuring immigrants are still eligible to work, verification of professional licensing/qualifications, administration of COBRA benefits
- 5. When must a terminated employee be paid his or her final paycheck?
  - 1. This is a state specific regulation time ranging from the point of discharge to no time requirements.
- 6. What are the five main payroll frequencies?
  - 1. Daily, weekly, biweekly, monthly, semi-monthly
- 7. What are some of the best practices in establishing a payroll system?
  - 1. Keep any requests for leave with the related paystubs, file retention schedule, have more than one person responsible for the duties/verification, and separation of duties
- 8. What are the important considerations in setting up a payroll system?

- 1. Pay frequency, pay types, method of payment, benefits, manual/computerized/outsourced payroll processing, file security system
- 9. What are the different tasks involved in payroll accounting?
  - 1. Entering the employees, entering the hours, calculation of gross wages, preparation of paychecks, payment of taxes, reporting requirements
- 10. When does a payroll record retention period begin?
  - 1. Disbursement of pay
- 11. What agencies or organizations can audit a company's payroll records?
  - 1. The Internal Revenue Service (IRS)
  - 2. Federal and State Departments of Labor
  - 3. Department of Homeland Security
  - 4. Other state and local agencies
  - 5. Labor unions
- 12. How long must employers keep terminated employee records?
  - 1. Seven years
- 13. Are independent contractors included in company payroll? Why or why not?
  - 1. It depends; some independent contractors are not included in the company's payroll, but are treated as vendors. Some independent contractors are considered statutory employees and would be included in the company's payroll.
- 14. What is the difference between termination and resignation?

- 1. An employee is terminated by the employer; when the employee initiates the separation it is a resignation.
- 15. What is the difference between weekly, biweekly, semi-monthly, and monthly pay periods?
  - 1. A weekly pay period is for one week, biweekly pay period is two weeks long, semi-monthly pay period is twice a month, and monthly pay period is once a month.

#### **EXERCISES SET A**

2-1A. Amanda, a nonexempt employee at Old Tyme Soda Distributing, works a standard 8:00–5:00 schedule with an hour for lunch. Amanda works in a state requiring overtime for hours over 8 per day and for those over 40 in a week. During the week she worked the following schedule:

Monday	8:00-11:00	12:00-4:30	7.50
Tuesday	8:00-11:00	12:00-5:15	8.25
Wednesday	8:00-11:00	12:00-5:00	8.00
Thursday	8:30-5:00	(no lunch)	8.50
Friday	8:00-6:00	(no lunch)	10.00

Based on a 40-hour work week, does she qualify for overtime under FLSA regulations? If so, how many hours of regular time and overtime did she work?

1. Yes, since overtime is calculated per day and per week, Amanda is eligible for 2¾ hours of overtime. She will be paid for 39½ hours of regular time.

2-2A. Jason is a salaried employee earning \$75,000 per year. Calculate the standard gross salary per pay period under each of the following payroll frequencies:

a. Biweekly 75,000/26 = \$2,884.62b. Semi-monthly 75,000/24 = \$3,125.00c. Weekly 75,000/52 = \$1,442.31d. Monthly 75,000/12 = \$6,250.00

- 2-3A. Katherine quit her job after four years with Canvas Emporium on July 10. Canvas Emporium pays employees semi-monthly on the 15th and last day of each month. Upon quitting, the company had a paid holiday for July 4th, Katherine had 16 hours of vacation accrued she had not used, and she had worked 52 hours, but was not eligible for overtime. Katherine earned an hourly wage of \$16.50 at the time of her separation. Calculate Katherine's final gross (pre-tax and deductions) paycheck.
- 1. (8 hours holiday +16 hours vacation +52 regular hours) \* 16.50/hour = \$1,254.00
- 2-4A. Angela, a resident of Texas, terminated her employment on December 11, 2014. By what date should she receive her final pay? Review your state's requirements for document retention (search the available resources for educational and governmental record retention). When will the company dispose of her payroll records?
- 1. Since Angela terminated her employment, her payroll will process as normally with the next payroll processing. If the company had terminated Angela, then payroll must pay within 6 days of termination. The company should keep her final pay information for seven years from the date of termination before destruction.
- 2-5A. A company operating in California is required to hold their payroll records for three years. They work on governmental contracts that require the payroll record retention for two years. Additionally the company has international contracts stipulating that payroll records must be maintained for six years. How should the company balance these requirements?
- 1. The longest period of retention should be enforced.

- 2-6A. Jacob needs additional filing space at the end of the year in the company's offsite, secured storage. He sees several boxes marked for the current year's destruction. What methods can Jacob use to dispose of the payroll records? What steps should he take to ensure the company is not under obligation to retain these records further?
- 1. Destruction methods of confidential payroll documents include incineration, confidential shredding services, or pulping of the paper records. Prior to destruction of the documentation, Jacob should make sure that all of the documents are eligible for destruction. Reviewing the documentation to see if any paperwork related to legal cases or audits are included is just one example. Jacob could check with a manager or records retention specialist for any questionable items prior to destruction.
- 2-7A. The controller has requested your assistance to price various accounting software programs available for document retention, payroll preparation, and financial reporting. What requirements should you ensure are present in the computer program?
- 1. Availability of handling various payroll types, processing timelines, updates of tax tables, maintaining confidentiality, and options for retention schedule implementation.
- 2-8A. Johan works for Noland Industries as an independent contractor. He has asked you to withhold Social Security and Medicare taxes from his fees. What advice should you offer Johan?
- 1. Assuming that Johan is not classified as a statutory employee by the IRS, as an independent contractor his fees would be paid as a vendor, and payments for Social Security and Medicare would be his responsibility.
- 2-9A. What are the forms of identification that establish identity for the I-9? How long does a company retain copies of an employee's I-9?
- 1. Passport or passport card—if foreign, a right to work (visa) is required, driver's license, social security card, state issued identification card, birth certificate, or special items for those under age 18, permanent residency card, foreign passport with I-551 stamp, employment authorization document with photograph (Form I-766), Form I-94 with either foreign passport or passports from Federated States of Micronesia or the Republic of the Marshall Islands, federal issued identification card with

- photograph, school identification card with photograph, voter's registration card, U.S. military card or draft letter, military dependent's ID card, U.S. Coast Guard Merchant Mariner Card, Native American Tribal ID Card, Canadian drivers' license.
- 2. FSLA requires that employee records should be retained for two years following termination of an employee, the I-9 is part of an employee's records.
- 2-10A. Sue is a citizen of the Northern Pomo Indian Nation. She provides her social security card along with an official Northern Pomo Nation birth certificate as proof of employment eligibility for her I-9. Is this sufficient documentation?
- 1. Yes, these are acceptable since this would fulfill the requirements of items from type B and type C of the acceptable documents.

## 2-11A. Complete the W-4 for employment at Bernie's Bar and Grill

Kierstan Amber Winter-Casey

542 Sole Point Road

Sitka, Alaska 99835

SSN: 988-65-3124

Single, head of household

2 dependents

Eligible for the Child tax credit

\$1,500 in child care expenses

Additional information needed to be able to accurately complete the W-4:

- 1. Total income for Kierstan? Depending on total income, the response to G, Child Tax Credit may be either 1 per child or 2 per child.
  - 2. Any additional amounts to be withheld?
  - 3. Is she claiming the withholding exemption?

Fo	Form W-4 (2015)	The exceptions do not appli greater than \$1,000,000.	ly to supplemental wages	Nonwage income. If you income such as	interest of	dividen	ds,	
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For Privacy Act and Paperwork Reduction Act Notice, see page 2.

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Form W-4 (2015)

Cat. No. 10220Q

2-12A. Complete the I-9 for employment at Excelsior College. Be sure to complete the "preparer" section.

Meaghan Ariel Lambert

Maiden name: Smith

Social Security number: 123-45-6789

Date of Birth: 7-1-1984

552 Coddington Road

Rio Nido, California 95555

U.S. Citizen

Passport number 5397816, issued by the United States State Department, expires 10/31/2018



Information is true and correct.

Signature of Preparer or Translator:

Last Name (Family Name)

### **Employment Eligibility Verification**

USCIS Form I-9

Department of Homeland Security
U.S. Citizenship and Immigration Services

OMB No. 1615-0047 Expires 03/31/2016

Date (mm/dd/yyyy):

►START HERE. Read instructions carefully before completing this form. The instructions must be available during completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Last Name (Family Name)	First Nan	ne (Given Name	Middle	nitial	Other Nar	nes Used	(if any)
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I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the

First Name (Given Name)

without the prior written consent of

#### Section 2. Employer or Authorized Representative Review and Verification (Employers or their authorized representative must complete and sign Section 2 within 3 business days of the employee's first day of employment. You must physically examine one document from List A OR examine a combination of one document from List B and one document from List C as listed on the "Lists of Acceptable Documents" on the next page of this form. For each document you review, record the following information: document title, issuing authority, document number, and expiration date, if any.) Employee Last Name, First Name and Middle Initial from Section 1: Lambert, Meaghan A List A List B AND List C Identity and Employment Authorization **Employment Authorization** Identity Document Title: Document Title: Document Title: U.S. Passport Issuing Authority: Issuing Authority: Issuing Authority: United States State Department Document Number: Document Number: Document Number: 5397816 Expiration Date (if any)(mm/dd/yyyy): Expiration Date (if any)(mm/dd/yyyy): Expiration Date (if any)(mm/dd/yyyy): 10/31/2018 Document Title: Issuing Authority: Document Number: Expiration Date (if any)(mm/dd/yyyy): 3-D Barcode Do Not Write in This Space Document Title: Issuing Authority: Document Number: Expiration Date (if any)(mm/dd/yyyy): Certification I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States. (See instructions for exemptions.) The employee's first day of employment (mm/dd/yyyy): Signature of Employer or Authorized Representative Date (mm/dd/yyyy) Title of Employer or Authorized Representative Last Name (Family Name) First Name (Given Name) Employer's Business or Organization Name Employer's Business or Organization Address (Street Number and Name) City or Town Zip Code State Section 3. Reverification and Rehires (To be completed and signed by employer or authorized representative.) Middle Initial B. Date of Rehire (if applicable) (mm/dd/yyyy): A. New Name (if applicable) Last Name (Family Name) First Name (Given Name) C. If employee's previous grant of employment authorization has expired, provide the information for the document from List A or List C the employee presented that establishes current employment authorization in the space provided below

Document Number

Document Title:

without the prior written consent of

Expiration Date (if any)(mm/dd/yyyy):

#### **EXERCISES SET B**

2-1B. Connie, a nonexempt employee of Westside Motel, works a standard 6:00–3:00 p.m. schedule with an hour for lunch. Connie works in a state requiring overtime for hours over 8 per day and for those over 40 in a week. During the week, she worked the following schedule:

Monday	6:00-10:30	11:15-3:00	8.25
Tuesday	6:15-10:45	11:45-3:15	8.00
Wednesday	5:45-10:00	11:00-3:30	8.75
Thursday	7:00-12:00	1:00-3:00	7.00
Friday	6:00-3:00	(no lunch)	9.00

Based on a 40-hour work week, does she qualify for overtime under FLSA regulations? If so, how many hours of regular time and overtime did she work?

- 1. Yes, since she is nonexempt any hours over 8 per day and 40 per week would be eligible for overtime. 2 hours of overtime and 39 hours of regular hours
- 2-2B. Paolo is a salaried employee earning \$84,000 per year. Calculate the standard gross salary per pay period under each of the following payroll frequencies:

a. Biweekly \$84,000/26 = \$3,230.77
b. Semi-monthly \$84,000/24 = \$3,500.00
c. Weekly \$84,000/52 = \$1,615.38
d. Monthly \$84,000/12 = \$7,000.00

2-3B. Terri quit her job after four years with Aspen Tree Service in Colorado on Friday, October 31. Aspen Tree Service pays

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employees weekly on Fridays. Upon quitting, Terri had 38.5 hours of vacation accrued that she had not used, and she had worked 45 hours, 5 hours of that was subject to overtime. Terri earned an hourly wage of \$11.50 at the time of her separation. Calculate Terri's final gross (pre-tax and deductions) paycheck. When must she receive her final paycheck?

- 1. (38.5 + 40) hours x \$11.50 + 5 x  $($11.50 \times 1.5) = $902.75 + 86.25 = $989.00$ ; since Terri quit, she will receive her paycheck with the standard processing of payroll.
- 2-4B. Brad terminated his employment on December 11, 2014. Review your state's requirements for document retention (search the available resources for educational and governmental record retention). When should the company dispose of his payroll records?
- 1. Employee records should be retained for a period of 7 years under best practices.
- 2-5B. A general contractor operating in Nebraska is required to retain its payroll records for four years. They work on interstate contracts that require the payroll record retention for three years. Additionally, the company has national contracts stipulating that payroll records must be maintained for five years. How should the company balance these requirements?
- 1. The company should maintain the records for the longer period, five years.
- 2-6B. Martin needs additional filing space at the end of the year in the company's office, and chooses to use offsite, secured storage. Upon arriving at the storage facility, he discovers that the unit is nearly full and sees several boxes marked for destruction at the end of the next calendar year. What are Martin's obligations regarding these payroll records? What steps should he take to ensure the company retains, stores, and disposes of payroll records properly?
- 1. Martin should ensure that the storage area is large enough to accommodate the records. As a company grows, the need for larger storage will appear. Martin should keep the documents organized to ensure the retention schedule is kept.

- 2-7B. Upon starting a new job in a company that has 70 employees, you notice that the company has been using manual accounting records and has retained every record since the business started 15 years ago. Your boss has asked you to recommend an accounting software system for accounting, payroll, and document destruction. Write your recommendations and rationale.
- 1. Key points that need to be included: ease of update for changes in tax laws, tax tables, and payroll regulations; ease of reporting; confidentiality
- 2-8B. Sandy is an independent contractor who is new to your company. Should you assign her compensation to the payroll clerk or to the accounts payable department? Explain.
- 1. Independent contractors are most frequently treated as a vendor and would be sent to accounts payable. However, depending upon specific requirements, Sandy could be classified as a statutory employee.
- 2-9B. Quinn, a member of the Menominee Indian nation, is a new employee at Raven Enterprises. During the process of completing his I-9, his only means of identity is a Menominee Nation identification document. Is this document sufficient to verify his employment eligibility? Explain.
- 1. The Menominee Nation identification card would only be one part of the qualifications (falling under type C). A secondary form (from type B) would be necessary.
- 2-10B. Frank was terminated for cause from Pineland Industries in Georgia. As of the date of his termination, he had accrued 24 hours of vacation and 15 hours of sick time. When must his final pay be issued? Will his accrued vacation and sick time be included in his final pay? Explain.
- 1. Georgia does not have specific termination requirements for the processing; the company will probably choose to issue the check with standard payroll. Depending upon the company policy and employee agreement, the vacation and sick time may be included.

## 2-11B. Complete the W-4 for employment at Dark Forest Ranch:

Madeline Emma Jenkins

203 County Road 4

Douglas, Wyoming 82036

SSN: 545-02-1987

Married filing jointly

3 dependents

She has a second job as a waitress at the Douglas Café, where she earns \$12,000/year

Additional information needed to be able to accurately complete the W-4:

- 1. Need to note that Madeline wants to enter 0 on line C even though she has a spouse. The W-4 states that she may "choose to enter 0".
  - 2. Any child care expenses?
  - 3. Able to claim child tax credit?
  - 4. Married? Or Married, but withhold at higher single rate?
  - 5. Any additional amounts to be withheld?
  - 6. Is she claiming the withholding exemption?

## Form W-4 (2015)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2015 expires February 16, 2016, See Pub. 505, Tax Withholding and Estimated Tax.

Note. If another person can claim you as a dependent on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$1,050 and includes more than \$350 of unearned income (for example, interest and dividends).

Exceptions. An employee may be able to claim exemption from withholding even if the employee is a The exceptions do not apply to supplemental wages greater than \$1,000.00

Basic instructions. If you are not exempt, complete the Personal Allowances Worksheet below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wades, withholding must be based on allowances you claimed and may not be a flat amount or

Head of household. Generally, you can claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividend: consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 505 for details

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes

dependent, if the employee effect, use Pub. 505 to see how the amount you are Tax credits. You can take projected tax credits into account . Is age 65 or older. having withheld compares to your projected total tax for 2015. See Pub. 505, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married). in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child · Is blind, or tax credit may be claimed using the Personal Allowances
Worksheet below. See Pub. 505 for information on · Will claim adjustments to income: tax credits: or Future developments. Information about any future itemized deductions, on his or her tax return developments affecting Form W-4 (such as legislation enacted after we release it) will be posted at www.irs.gov/w4. converting your other credits into withholding allowances. Personal Allowances Worksheet (Keep for your records.) . You are single and have only one job; or Enter "1" if: You are married, have only one job, and your spouse does not work; or Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. Enter "1" for your spouse. But, you may choose to enter "-0-" if you are married and have either a working spouse or more Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above) Enter "1" if you have at least \$2,000 of child or dependent care expenses for which you plan to claim a credit . . . (Note. Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.) Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. If your total income will be less than \$65,000 (\$100,000 if married), enter "2" for each eligible child; then less "1" if you have two to four eligible children or less "2" if you have five or more eligible children. Add lines A through G and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) > H • If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions For accuracy. and Adjustments Worksheet on page 2. complete all • If you are single and have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$50,000 (\$20,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to worksheets avoid having too little tax withheld. that apply. If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below. ------- Separate here and give Form W-4 to your employer. Keep the top part for your records, ------**Employee's Withholding Allowance Certificate** OMB No. 1545-0074 ▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is Department of the Treasury subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS. Your first name and middle initial Your social security number Madeline E Home address (number and street or rural route) 3 Single Married Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box. 203 County Road 4 City or town, state, and ZIP code 4 If your last name differs from that shown on your social security card. check here. You must call 1-800-772-1213 for a replacement card. ▶ ☐ Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2) 6 \$ Additional amount, if any, you want withheld from each paycheck

I claim exemption from withholding for 2015, and I certify that I meet both of the following conditions for exemption.

Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.

 Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. 

ibution without the prior written consent of

Employee's signature

(This form is not valid unless you sign it.) >

Date >

2-12B. Complete the I-9 for employment with the Tennessee Department of Corrections. Be sure to complete the "preparer" section.

Martin Allan Davis

Social Security number: 987-65-4312

Date of Birth: 5-29-1975

5923 Bunker Hill Road

Clarksville, Tennessee 38205

U.S. Citizen

Tennessee Driver's License #U30290688, Expires, 5/29/2018



Address (Street Number and Name)

## **Employment Eligibility Verification**

USCIS Form I-9 OMB No. 1615-0047 Expires 03/31/2016

Zip Code

#### Department of Homeland Security U.S. Citizenship and Immigration Services

►START HERE. Read instructions carefully before completing this form. The instructions must be available during completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Last Name (Family Name)	First Name (Given Name		Other Names	Jsed (if any)
Davis	Martin	A		
Address (Street Number and Name)	Apt. Number	City or Town	Sta	te Zip Code
5923 Bunker Hill Rd		Clarksville	TN	38205
Date of Birth (mm/dd/yyyy) U.S. Social S	Security Number E-mail Addres	s		Telephone Number
05/29/1975 987-6	5 - 4 3 1 2			
am aware that federal law provides onnection with the completion of t		ines for false statements	or use of fal	se documents in
attest, under penalty of perjury, the		llowing):		
A citizen of the United States	at I alli (check one of the ic	mownig).		
	Ctatas (Cas instructions)			
A noncitizen national of the United				
A lawful permanent resident (Alier	Registration Number/USCIS	S Number):		_
An alien authorized to work until (expi (See instructions)	ration date, if applicable, mm/dd	/уууу)	. Some aliens r	nay write "N/A" in this field.
For aliens authorized to work, pro-	vide your Alien Registration I	Number/USCIS Number O	R Form I-94 A	dmission Number:
1. Alien Registration Number/USC	IS Number:			
OR				3-D Barcode Do Not Write in This Space
2. Form I-94 Admission Number:				Do Not Write in This Space
If you obtained your admission States, include the following:	number from CBP in connect	tion with your arrival in the	United	
Foreign Passport Number: _				
Country of Issuance:				
Some aliens may write "N/A" or	the Foreign Passport Numb	er and Country of Issuance	e fields. (See	instructions)
Signature of Employee:			Date (mm/do	//yyyy):
Preparer and/or Translator Cert	ification (To be completed	and signed if Section 1 is p	prepared by a	person other than the
attest, under penalty of perjury, the	at I have assisted in the co	mpletion of this form and	d that to the b	est of my knowledge the
nformation is true and correct.				
information is true and correct. Signature of Preparer or Translator:				Date (mm/dd/yyyy):

City or Town

without the prior written consent of

Employee Last Name, First Name and Midd	le Initial from Section 1: Davis, M	artin A
List A Identity and Employment Authorization	OR List B	AND List C Employment Authorization
Document Title:	Document Title: Tennessee Drivers Licen	Document Title: se Social Security Card
ssuing Authority:	Issuing Authority: Tennessee Motor Vehicle	Issuing Authority:
Occument Number:	Document Number: U30290688	Document Number: 987-65-4321
Expiration Date (if any)(mm/dd/yyyy):	Expiration Date (if any)(mm/dd/yyyy) 5/29/2018	e): Expiration Date (if any)(mm/dd/yyyy):
Document Title:		
ssuing Authority:	1	
Occument Number:	1	
xpiration Date (if any)(mm/dd/yyyy):	1	3-D Barcode
ocument Title:	1	Do Not Write in This Spa
suing Authority:	1	
ocument Number:	1	
xpiration Date (if any)(mm/dd/yyyy):	1	/
Certification		
attact under negative of perium, that (	genuine and to relate to the emple	s) presented by the above-named employee, (2) the oyee named, and (3) to the best of my knowledge t
bove-listed document(s) appear to be		
bove-listed document(s) appear to be imployee is authorized to work in the t		(See instructions for exemptions.)
bove-listed document(s) appear to be mployee is authorized to work in the U he employee's first day of employmen	nt (mm/dd/yyyy):	
bove-listed document(s) appear to be mployee is authorized to work in the t The employee's first day of employment Signature of Employer or Authorized Represer	nt (mm/dd/yyyy):	
bove-listed document(s) appear to be mployee is authorized to work in the Uine employee's first day of employment Signature of Employer or Authorized Represert ast Name (Family Name)	nt (mm/dd/yyyy):  Itative Date (mm/dd/yyyy)  First Name (Given Name)	Title of Employer or Authorized Representative  Employer's Business or Organization Name
above-listed document(s) appear to be employee is authorized to work in the UThe employee's first day of employment Signature of Employer or Authorized Represer Last Name (Family Name)  Employer's Business or Organization Address	nt (mm/dd/yyyy):  Itative Date (mm/dd/yyyy)  First Name (Given Name)  (Street Number and Name) City or Tow	Title of Employer or Authorized Representative  Employer's Business or Organization Name  M State Zip Code

Document Number:

Document Title:

Section 2. Employer or Authorized Representative Review and Verification

without the prior written consent of

Expiration Date (if any)(mm/dd/yyyy):

#### CRITICAL THINKING

- 2-1. When BirMax was looking to implement a payroll accounting system, the manufacturing firm had several options. With only 40 employees, the manual preparation of payroll through spreadsheets and handwritten time cards was a comfortable option for the firm. Another option is to sell the senior management of BirMax on implementing a software program for payroll processing. What are the key points to consider? If the company has more than one department, how can this transition be accomplished?
- 1. Key points that need to be included: ease of update for changes in tax laws, tax tables, and payroll regulations; ease of reporting; whether the employee self-service option would be eligible; confidentiality
- 2-2. You have been hired as a consultant for a company facing an IRS audit of their accounting records. During your review, you notice anomalies in the payroll system involving overpayments of labor and payments to terminated employees. What would you do?
- 1. When the abnormalities are discovered, the management of the company should be made aware of the situation. Since the IRS audit is imminent, documenting the date of the find and attempts to rectify the error would be advisable. Depending upon the nature of the anomalies, the company or payroll employees may have made some serious errors.

#### IN THE REAL WORLD: CASE FOR DISCUSSION

Student response will vary.

## CONTINUING PAYROLL PROJECT: PREVOSTI FARMS AND SUGARHOUSE

Prevosti Farms and Sugarhouse pays its employees according to their job classification. The following employees make up Sugarhouse's staff:

Employee Number	Name and Address	Payroll information
A-Mille	Thomas Millen	Hire Date: 2-1-2014
	1022 Forest School Rd	DOB: 12-16-1982
	Woodstock, VT 05001	Position: Production Manager
	802-478-5055	PT/FT: FT, exempt
	SSN:031-11-3456	No. of Exemptions: 4
	401(k) deduction: 3%	M/S: M
		Pay Rate: \$35,000/year
A-Towle	Avery Towle	Hire Date: 2-4-2014
	4011 Route 100	DOB: 7-14-1991
	Plymouth, VT 05102	Position: Production Worker
	802-967-5873	PT/FT: FT, nonexempt
	SSN:089-74-0974	No. of Exemptions: 1

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	M/S: S
	Pay Rate: \$12.00/hour
Charlie Long	Hire Date: 2-7-14
242 Benedict Road	DOB: 3-16-1987
S. Woodstock, VT 05002	Position: Production Worker
802-429-3846	PT/FT: FT, nonexempt
SSN: 056-23-4593	No. of Exemptions: 2
	M/S: M
	Pay Rate: \$12.50/hour
Mary Shangraw	Hire Date: 2-5-14
1901 Main Street #2	DOB: 8-20-1994
Bridgewater, VT 05520	Position: Administrative Assistant
802-575-5423	PT/FT: PT, nonexempt
SSN: 075-28-8945	No. of Exemptions: 1
	M/S: S
	Pay Rate: \$10.50/hour
Kristen Lewis	Hire Date: 2-2-14
	242 Benedict Road  S. Woodstock, VT 05002  802-429-3846  SSN: 056-23-4593  Mary Shangraw  1901 Main Street #2  Bridgewater, VT 05520  802-575-5423  SSN: 075-28-8945

	840 Daily Hollow Road	DOB: 4-6-1950
	Bridgewater, VT 05523	Position: Office Manager
	802-390-5572	PT/FT: FT, exempt
	SSN: 076-39-5673	No. of Exemptions: 3
		M/S: M
		Pay Rate: \$32,000/year
B-Schwa	Joel Schwartz	Hire Date: 2-1-14
	55 Maple Farm Way	DOB: 5-23-1985
	Woodstock, VT 05534	Position: Sales
	802-463-9985	PT/FT: FT, exempt
	SSN: 021-34-9876	No. of Exemptions: 2
		M/S: M
		Pay Rate: \$24,000/year base plus 3% commission per case sold
B-Prevo	Toni Prevosti	Hire Date: 2-1-14
	10520 Cox Hill Road	DOB: 9-18-1967
	Bridgewater, VT 05521	Position: Owner/President
	802-673-2636	PT/FT: FT, exempt

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SSN: 055-22-0443	No. of Exemptions: 5
	M/S: M
	Pay Rate: \$45,000/year

The Departments are as

follows:

Department A: Agricultural Workers

Department B: Office Workers

1. You have been hired as of February 10, 2014, as the new accounting clerk. Your employee number is B-XXXX, where "B" denotes that you are an office worker and "XXXXXX" is the first five letters of your last name. If your last name is fewer than five letters, use the first few letters of your first name to complete the employee number. Your social security number is 555-55-5555, and you are full-time, nonexempt, and paid at a rate of \$34,000 per year. You are single with only one job (claiming 2 exemptions). You live at 1644 Smittin Road, Woodstock, VT 05001. Your date of birth is 1/1/1991 and your Social Security number is 555-55-5555 for the project. You are a citizen of the United States and provide a Vermont driver's license #88110009 expiring 1/1/2016 in addition to your Social Security card for verification of your identity. Complete the W-4 and the I-9 to start your own employee file.

## Form W-4 (2015)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes

Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2015 expires February 16, 2016. See Pub. 505, Tax Withholding and Estimated Tex.

Note, If another person can claim you as a dependent on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$1,050 and includes more than \$350 of unearned income (for example, interest and dividends).

**Exceptions.** An employee may be able to claim exemption from withholding even if the employee is a dependent, if the employee:

- . Is age 65 or older.
- Is blind, or
- Will claim adjustments to income; tax credits; or itemized deductions, on his or her tax return.

The exceptions do not apply to supplemental wages greater than \$1,000,000.

Basic instructions. If you are not exempt, complete the Personal Allowances Worksheet below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply, However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you can claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependently or other qualifying individuals. See Pub. 501. Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the Personal Allowances Worksheet below. See Pub. 505 for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES. Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or W-49.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub, 505 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 505 to see how the amount you are having withheld compares to your projected total tax for 2015. See Pub. 505, especially if your earnings exceed \$130.000 (Single) or \$180.000 (Married).

Future developments. Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted at www.irs.gov/w4.

#### Personal Allowances Worksheet (Keep for your records.) . You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. Enter "1" for your spouse. But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.) D Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above) Enter "1" if you have at least \$2,000 of child or dependent care expenses for which you plan to claim a credit . . . (Note, Do not include child support payments, See Pub. 503, Child and Dependent Care Expenses, for details.) Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. If your total income will be less than \$65,000 (\$100,000 if married), enter "2" for each eligible child; then less "1" if you have two to four eligible children or less "2" if you have five or more eligible children. If your total income will be between \$65,000 and \$84,000 (\$100,000 and \$119,000 if married), enter "1" for each eligible child. Add lines A through G and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) > H If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions For accuracy. and Adjustments Worksheet on page 2. complete all • If you are single and have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$50,000 (\$20,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to worksheets avoid having too little tax withheld. that apply. If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below. ------ Separate here and give Form W-4 to your employer. Keep the top part for your records, -------Employee's Withholding Allowance Certificate OMB No. 1545-0074 W-4 ▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is Department of the Treasury subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS. Your first name and middle initial Last name Your social security number Student F Home address (number and street or rural route) 3 Single Married Married, but withhold at higher Single rate. 1644 Smittin Road Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box. City or town, state, and ZIP code 4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶ ☐

Total number of allowances you are claiming (from line **H** above **or** from the applicable worksheet on page 2)

Additional amount, if any, you want withheld from each paycheck

I claim exemption from withholding for 2015, and I certify that I meet **both** of the following conditions for exemption.

Last year I had a right to a refund of **all** federal income tax withheld because I had **no** tax liability, **and**This year I expect a refund of **all** federal income tax withheld because I expect to have **no** tax liability.

If you meet both conditions, write "Exempt" here.

without the prior written consent of



#### **Employment Eligibility Verification**

USCIS Form I-9 OMB No. 1615-0047 Expires 03/31/2016

Department of Homeland Security U.S. Citizenship and Immigration Services

▶START HERE. Read instructions carefully before completing this form. The instructions must be available during completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documentation presented has a future expiration date, may also constitute illegal discrimination.

	e Information and A loyment, but not before a		Employees must complete offer.)	and sign S	ection 1	of Form I-9 no later
Last Name (Family Name) Success	First Nar Stude	me <i>(Given Name</i> ent	) Middle Initial	Other Nam	es Used (i	f any)
Address (Street Number and	i Name)	Apt. Number	City or Town		State	Zip Code
1644 Smittin Rd			Woodstock		VT	05001
Date of Birth (mm/dd/yyyy)	U.S. Social Security Number	E-mail Addres	is		Telep	hone Number
01/01/1991	555-55-555		2)			100 Store (1920 - 1920 - 1920 - 1920 - 1920 - 1920 - 1920 - 1920 - 1920 - 1920 - 1920 - 1920 - 1920 - 1920 - 1
am aware that federal la		ment and/or	fines for false statements	or use of	false do	cuments in
	perjury, that I am (check	one of the fo	llowing):			
A citizen of the United		cone or the ic	mownig).			
	of the United States (See i	netructions)				
			240 1 1			
A lawful permanent re	sident (Alien Registration	Number/USCI	S Number):		_	
An alien authorized to w (See instructions)	ork until (expiration date, if ap	oplicable, mm/do	l/yyyy)	. Some alier	ns may wr	ite "N/A" in this field.
For aliens authorized	to work, provide your Alier	Registration I	Number/USCIS Number O	R Form I-9	4 Admiss	ion Number:
1. Alien Registration N	lumber/USCIS Number:					
	OR				Do N	3-D Barcode of Write in This Spa
2. Form I-94 Admissio	n Number:				DON	ot write in this opa
If you obtained you States, include the		CBP in connec	tion with your arrival in the	United		
Foreign Passpor	Number:					
Country of Issua	nce:					
			er and Country of Issuanc	e fields. (Se	ee instru	ctions)
Signature of Employee:				Date (mn	n/dd/yyyy)	
Preparer and/or Trans employee.)	slator Certification (To	be completed	and signed if Section 1 is p	prepared by	y a perso	n other than the
attest, under penalty of nformation is true and o		sted in the co	mpletion of this form and	d that to th	e best o	f my knowledge tl
Signature of Preparer or Trai	nslator:				Date	(mm/dd/yyyy):
The state of the s			First Name (Giv	en Name)		
Last Name (Family Name)			γ		State	Zip Code
Last Name (Family Name) Address (Street Number and	Name)		City or Town		State	Zip Code

Form I-9 03/08/13 N Page 7 of 9

the "Lists of Acceptable Documents" on the rissuing authority, document number, and exp	List A OR exam	nine a combina form. For eac	ation of one	docume	ent from List B	and one	documen	day of employment. You nt from List C as listed on ation: document title,
Employee Last Name, First Name and Mid	dle Initial from	Section 1: S	uccess,	Stud	ent F			
List A Identity and Employment Authorization	OR	List B Identity			AND			C Authorization
Document Title:	Documen	t <b>Title</b> : it Drivers	License			ment Titl	e: curity	Card
suing Authority:	Issuing A		257.000.000.000		Issuin	g Autho	rity:	
Occument Number:	_	t Number:				ment Nu		
xpiration Date (if any)(mm/dd/yyyy):		Date (if any)(	mm/dd/yyyy	):				(mm/dd/yyyy):
ocument Title:								
ssuing Authority:	-							
Occument Number:								
xpiration Date (if any)(mm/dd/yyyy):								3-D Barcode
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suing Authority:								
ocument Number:								
expiration Date (if any)(mm/dd/yyyy):								
Certification	/d\   b							
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bove-listed document(s) appear to be mployee is authorized to work in the he employee's first day of employme	e genuine and United States ent (mm/dd/y)	d to relate to s. vyy):		oyee r	ee instruction	3) to th	e best o	of my knowledge the
bove-listed document(s) appear to be mployee is authorized to work in the 'he employee's first day of employme Signature of Employer or Authorized Represe	e genuine and United States ent (mm/dd/y) entative	d to relate to s. vyy):	the emplo	(S	ee instruction	3) to the ns for yer or A	exempti	of my knowledge the ons.) Representative
attest, under penalty of perjury, that in bove-listed document(s) appear to be imployee is authorized to work in the line employee's first day of employme Signature of Employer or Authorized Representation and the control of the signature of Employer or Authorized Representation (Family Name)  Employer's Business or Organization Address	e genuine and United States ent (mm/dd/y) entative First Name	Date (i	the emplo	(Some in the contract of the c	amed, and ( ee instruction Title of Emplo	3) to the ns for yer or A	exempti	of my knowledge the ons.) Representative
bove-listed document(s) appear to be mployee is authorized to work in the 'The employee's first day of employme signature of Employer or Authorized Representation and (Family Name)  Employer's Business or Organization Address or Organization Addr	e genuine and United States ent (mm/dd/y) intative  First Name is (Street Number Stehires (To I	Date (i  Cigiven Name  or and Name)  Decompleted  Name (Given	mm/dd/yyyy)  City or Tow  d and signer Name)	(SEmplo	mployer or aidde Initial B. i	3) to the sense for ever or Arian or Organ authorized Date of F	exempti uthorized unization N State	ons.) Representative  Zip Code  Zip Code  entative.)
bove-listed document(s) appear to be mployee is authorized to work in the he employee's first day of employme ignature of Employer or Authorized Represe ast Name (Family Name)  Employer's Business or Organization Address Dection 3. Reverification and R. New Name (if applicable) Last Name (Family Name)	e genuine and United State: ent (mm/dd/y) entative  First Name s (Street Number  Rehires (To it ally Name) First authorization ha	Date (i Date (	the employment/dd/yyyy)  City or Tow  d and signer Name)	(S) Emplo	mployer or aidde Initial B. i	3) to the sense for ever or Arian or Organ authorized Date of F	exempti uthorized unization N State	ons.) Representative  Zip Code  Zip Code  entative.)
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bove-listed document(s) appear to be mployee is authorized to work in the life employee's first day of employme signature of Employer or Authorized Representation and Representation an	e genuine and United State: ent (mm/dd/y) entative  First Name  Street Number  Schires (To I) authorization havent authorization the best of m	d to relate to s.  Date (is Given Name)  or and Name)  be completed.  Name (Given in the space   Document Ni  y knowledge	mm/dd/yyyy)  City or Tow  d and signer Name)  vide the inforprovided beloumber:	(S) Emplo	amed, and ( ee instruction Title of Employer's Business  mployer or aidde Initial B. It for the docume s authorized	ans for yer or Air or Organization of Final Late of Final	exempti uthorized inization N State State Addrepres Rehire (if 4	ors.) Representative  IZIP Code  ZIP Code  applicable) (mm/dd/yyyy)  st C the employee  Date (if any) (mm/dd/yyyy)

2. Complete the headers of the employee earnings register for each employee. Enter the YTD earnings for each employee.

EMPLO	OYEE INF	FORMA	ATION	FORM								
NAME												
Avery	Towle		Hire	Date 2/4	/2014							
ADDR	ESS		Date	of Birth		_						
4011 R	oute 100		7/14/	1991		_						
CITY/S	STATE/ZI	P	Posit	ion								
Plymou	ith/VT/05	102	Produ	uction W	orker							
TELEP	HONE											
802-96			No. o	of exemp	tions 1	<u>_</u> .						
	L SECUR	ITY										
NUMB												
089-74	-0974		Pay I	Rate \$12.	00/hour	<u>_</u> ,						
	1	1		1	1 ~			T	1	1	T	
Period	Hrs.	Dag	ОТ	Gross	Social Sec.		Fed	State		Total	Net	
Ended	Worked	Reg Pay	Pay	Pay	Tax	Medicare	Inc. Tax	Inc. Tax	401(k)	Deduc	pay	YTD
Lilucu	WOIKCU	1 ay	1 ay	0	Tax	Wiedicare	Тах	Tax	401(K)	0	0	110
				U						U	U	

# EMPLOYEE INFORMATION FORM

**NAME** 

Charlie Long Hire Date 2/7/2014

ADDRESS Date of Birth 242 Benedict Rd 3/16/1987

CITY/STATE/ZIP Position

S. Woodstock/VT/05002 Production Worker

TELEPHONE

802-429-3846 No. of exemptions 2

SOCIAL SECURITY

**NUMBER** 

056-23-4593 Pay Rate \$12.50/hour

Period Ended	Hrs. Worked	Reg Pay	OT Pay	Gross Pay	Social Sec. Tax	Medicare	Fed Inc. Tax	State Inc. Tax	401(k)	Total Deduc	Net pay	YTD
				0						0	0	

DIVII D	OYEE INF	ORMA	TION	FORM										
NAME	E													
Mary S	Shangraw		Hire	Date 2/5	5/2014									
ADDR	ESS		Date	of Birth		-								
1901 N	Iain St #2		8/20/	1994										
			Posit	ion										
CITY/S	STATE/ZII	P	Adm	inistrativ	ve .					Total Net Deduc pay 0 0				
Bridge	water/VT/0	)5520	Assis	stant		=					uc pay Y			
	PHONE													
	5-5423		No. o	of exemp	tions 1	=								
	L SECUR	ITY												
NUME					<b>-</b> 0.4									
075-28	75-28-8945			Pay Rate \$10.50/hour										
					Social		Fed	State						
Period	Hrs.	Reg	ОТ	Gross	Social Sec.		Fed Inc.	State Inc.		Total	Net			
Period Ended	Hrs. Worked	Reg Pay	OT Pay	Gross Pay		Medicare			401(k)			YTD		
					Sec.	Medicare	Inc.	Inc.	401(k)	Deduc	pay	YTD		
				Pay	Sec.	Medicare	Inc.	Inc.	401(k)	Deduc	pay	YTD		
				Pay	Sec.	Medicare	Inc.	Inc.	401(k)	Deduc	pay	YTD		
				Pay	Sec.	Medicare	Inc.	Inc.	401(k)	Deduc	pay	YTD		
				Pay	Sec.	Medicare	Inc.	Inc.	401(k)	Deduc	pay	YTD		
				Pay	Sec.	Medicare	Inc.	Inc.	401(k)	Deduc	pay	YTD		
				Pay	Sec.	Medicare	Inc.	Inc.	401(k)	Deduc	pay	YTD		

# EMPLOYEE INFORMATION FORM

**NAME** 

Kristen Lewis Hire Date 2/2/2014

ADDRESS Date of Birth

840 Daily Hollow Rd 4/6/1950 CITY/STATE/ZIP Position

Bridgewater/VT/05523 Office Manager

**TELEPHONE** 

802-390-5572 No. of exemptions 3

SOCIAL SECURITY

**NUMBER** 

076-39-5673 Pay Rate \$32,000/year

Period Ended	Hrs. Worked	Reg Pay	OT Pay	Gross Pay	Social Sec. Tax	Medicare	Fed Inc. Tax	State Inc. Tax	401(k)	Total Deduc	Net pay	YTD
				0						0	0	

EMPLO	OYEE INF	FORMA	ATION	FORM								
NAME												
Joel Sc	hwartz		Hire	Date 2/1	/2014							
ADDR	ESS		Date	of Birth		-						
55 Map	ole Farm V	Vy	5/23/	1985		_						
CITY/S	STATE/ZI	P	Position									
Woods	tock/VT/0	5534	Sales			_						
TELEP	HONE											
802-46	3-9985		No. o	of exemp	tions 2	_						
SOCIA	L SECUR	ITY										
NUMB					,000/year							
021-34	-9876		+ cor	nmissior	1	_						
				1		ı	1		1		1	-T
		_		_			Fed	State				
Period	Hrs.	Reg	OT	Gross	Social	M. 1	Inc.	Inc.	40171-)	Total	Net	VTD
Ended	Worked	Pay	Pay	Pay	Sec. Tax	Medicare	Tax	Tax	401(k)	Deduc	pay	YTD
				0						0	0	

NAME	
Toni Prevosti	Hire Date 2/1/2014
ADDRESS	Date of Birth
10520 Cox Hill Rd	9/18/1967
CITY/STATE/ZIP	Position
Bridgewater/VT/05521	Owner/President
TELEPHONE	
802-673-2636	No. of exemptions 5
SOCIAL SECURITY	
NUMBER	
055-22-0443	Pay Rate \$45,000/year

Period Ended	Hrs. Worked	Reg Pay	OT Pay	Gross Pay	Social Sec. Tax	Medicare	Fed Inc. Tax	State Inc. Tax	401(k)	Total Deduc	Net pay	YTD
				0						0	0	

EMPL	OYEE INI	FORMA	ATION	FORM								
NAME	<u>,</u>											
Studen	t F Succes	S	Hire	Date 2/1	0/2014							
ADDR	ESS											
1644 S	mittin Rd		Date	of Birth	1/1/1991							
CITY/S	STATE/ZI	P	Posit	ion		_						
Woods	tock/VT/0	5001	Acco	ounting C	Clerk							
TELEF	PHONE					=						
555-55	5-5555		No. o	of exemp	otions 2							
SOCIA	L SECUR	ITY				=						
NUMB	ER											
555-55	-5555		Pay l	Rate \$34	,000/year							
						=						
							Fed	State				
Period	Hrs.	Reg	OT	Gross	Social		Inc.	Inc.		Total	Net	
Ended	Worked	Pay	Pay	Pay	Sec. Tax	Medicare	Tax	Tax	401(k)	Deduc	pay	YTD
				-						-	-	
												1
												1



### Payroll Accounting, 2<sup>nd</sup> ed.

Jeanette Landin, Ed.D. Paulette Schirmer, D.B.A.

# Chapter 2 Payroll System Procedures

#### **Employer Payroll Concerns**

- Pay Frequency
- Pay Types
  - Direct Deposit, Paycards, or Paper Checks
- Employee Benefits
- Pay Advances
- Confidentiality
- Fraud protection



# LO 2-1: Identify Important Payroll Procedures and Pay Cycles

- Reporting requirements
- Deadlines
- Other compliance issues related to the firm's industry



#### **EIN Purposes – Company Related**

- Identifies companies who file tax returns
- Required for partnerships and corporations
- Required if a firm
  - Has employees
  - Acts as a fiduciary
  - Is in the alcohol, tobacco, or firearm industry

The EIN will be cancelled if the principal officer's name and SSN do not match IRS records

#### **More EIN Purposes – Tax Related**

 EIN is the permanent Federal identifier for the company

Must accompany

- Tax Deposits
- Payroll Tax Returns
  - Forms 940, 941, 944
  - Forms W-2 and W-3
  - Any 1099s (independent contractors)
- States may issue a different identifying number

#### **Non-Confidential Company Documents**

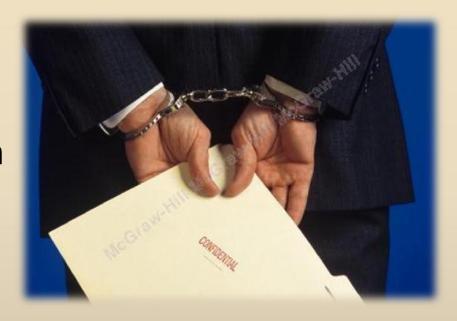
- Expense Receipts
- Vendor Invoices
- Check copies



#### **Confidential Company Documents**

Privacy Act of 1974

- Personnel information
- Payroll documents



Note: Fraud-related documents may be subpoenaed at any time and must be accessible to government authorities.

#### Payroll File Requirements- Employee

- Employee full name
- Social Security number
- Complete address
- Birth date (if younger than 19)
- Sex
- Occupation

#### Payroll File Requirements-Compensation

- Time/day when workweek begins
- Hours/pay and total hours/workweek
- Basis of wages
- Hourly rate
- Total straight-time earnings
- Total overtime earnings
- Additions/deductions
- Total Wages
- Date Paid

#### **Employee Earnings Record example**

	EMPLOYEE EARNINGS RECORD												
NAME Jonathan A. Doe Hire Date 1/1/2015  ADDRESS 100 Main Street Date of Birth 4/16/1983  CITY/STATE/ZIP Anytown, MD 21220 Position Sales  TELEPHONE 202-555-4009 No. of exemptions 4  SOCIAL SECURITY  NUMBER 987-65-4321 Pay Rate \$15.00 Hr/Wk/Mo													
Period Ended	Hrs. Worked	Reg Pay	OT Pay	Gross Pay	Social Sec. Tax	Medicare	Fed Inc. Tax	State Inc. Tax	401(k)	Taxable income	Total Deduc	Net pay	YTD
1/7/15	40	600.00	0.00	600.00	37.20	8.70	14.00	12.00	25.00		96.90	503.10	600.00

#### **Payroll Cycle Options**

#### Daily

- Usually used in a day-labor situation
- Often paid at end of day or next day

#### Weekly

- Usually paid Friday of following week
- 52 pay periods/year

#### Payroll Cycle Options (continued)

#### Biweekly

- Paid every other week
- 26 pay periods/year

#### Semimonthly

- Paid twice/month
- 24 pay periods/year

#### Monthly

- Paid once/month
- 12 pay periods/year



#### Payroll Frequency: Example

Payroll frequency	Pay periods/year	\$50,000/year gross salary per pay period
Daily	365	\$136.99
Weekly	52	\$961.54
Biweekly	26	\$1,923.08
Semimonthly	24	\$2,083.33
Monthly	12	\$4,166.67

# LO 2-2: Prepare Required Employee Documentation

- Form W-4
- |-9
  - Filed within 20 days of employee hire
  - \$25 fine for non-reporting per employee
  - \$500 fine for intentional non-reporting

#### W-4 Example

_ 1	<b>W_</b>	e's Withholding	Allowance Certifica	te	OMB No. 1545-0074			
Form	Whether you are enti	hholding is	ഗി 4 ⊑					
	Department of the Treasury Internal Revenue Service Subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.							
1	Your first name and middle initial	Last name	o required to come a copy or and room.	2 Your social security number				
					,			
Jonathan A. Doe				987-65-4321				
	Home address (number and street or rural route	)	3 ✓ Single ☐ Married ☐ Married, but withhold at higher Single rate.					
123 M	ain Street		Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.					
	City or town, state, and ZIP code		4 If your last name differs from that shown on your social security card,					
Anyto	wn, KS 54932		check here. You must call 1-800-772-1213 for a replacement card. ▶					
5	Total number of allowances you are claim	iming (from line H above	or from the applicable worksheet	on page 2)	5 2			
6	Additional amount, if any, you want with	held from each paychec	k		6 S			
7								
	Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and							
This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.								
If you meet both conditions, write "Exempt" here								
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.								
Employee's signature (This form is not valid unless you sign it.) ► Jonathan A. Doe  Date ► 1/1/2015								
8	Employer's name and address (Employer: Comp	plete lines 8 and 10 only if send	ding to the IRS.)  9 Office code (optional)	10 Employer ider	ntification number (EIN)			

#### **New Hire Reporting: Why?**

- Child support tracking
- Employment eligibility verification
- Permanent resident alien tracking
- Other garnishments
  - Credit card debt
  - Court judgments

#### **Child Support**

 As of the 2010 U.S. census, the estimated amount of child support transferred between parents in the United Stated exceeded \$41.7 billion.

 As of March 2015, outstanding unpaid child support:

\$14.3 Billion

#### **Statutory Employees**

- A driver who is a single company's agent or is paid on commission
- A full-time life insurance sales agent for one life insurance company
- A home-worker who works on a company's provided materials
- A full-time traveling or city salesperson who works on a single company's behalf

#### U.S. Workers in Foreign Subsidiaries

- Known as expatriate workers
- Foreign Account Tax Compliance Act (FATCA)
  - Report wages of earners in foreign locations
  - Ensures appropriate taxation
  - Workers may exclude first \$100,800 of wages (2015 figure)
- Enforcement can be difficult due to foreign banks compliance with U.S. law
  - 2015 is designated as a transition year for foreign banks

## LO 2-3: Explain Pay Records and Employee File Maintenance

#### Pay Records include:

- Pay period
- Pay date
- Pay rate
- All deductions

#### **Employer Retains:**

- Copy of time card
- Copy of pay stub
- Any other documentation included with pay check
- Time off documentation

#### **Pay Rate Determination**

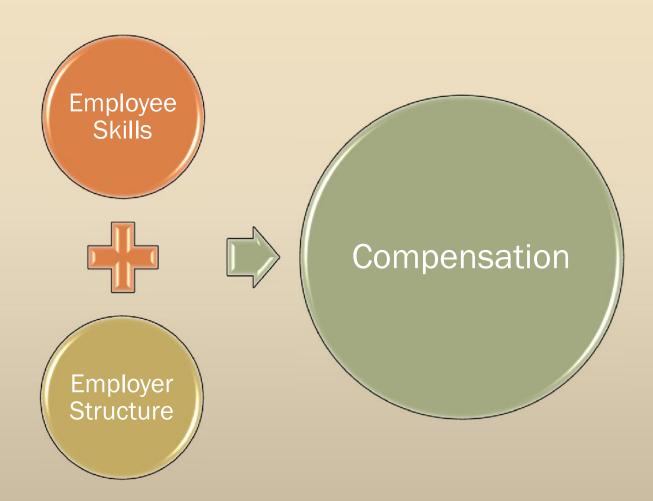
#### **Employee**

- Experience
- Education
- Certifications
- Governmental Regulations
- Hours Worked
- Job Performed

#### **Employer**

- Salary
- Hourly
- Commission
- Piece Rate
- Exempt
- Nonexempt

#### **Compensation considerations**



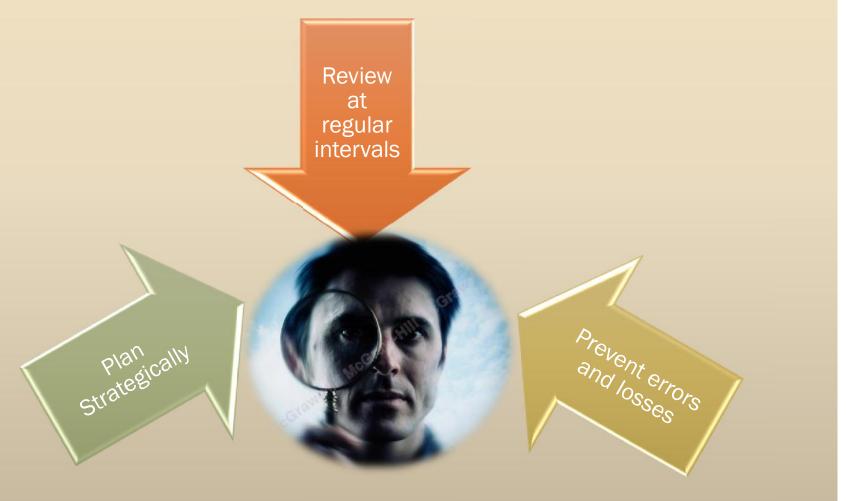
#### Calculations of Time: Exempt Employee

- Juan is a manager for a textiles firm. He earns \$52,000 per year and is classified as an exempt employee, and is paid biweekly.
- He normally works 40 hours per week.
- In June, he worked 85 hours during one pay period and 78 hours during the next.
- He would receive his salary of \$2,000 (52,000/26) for each pay period, no matter how many hours he worked because he is classified as an exempt employee.
- Total pay = \$2,000

#### Calculations of Time: Nonexempt Employee

- Monique works as an administrator at a busy hospital.
- She is paid \$52,000 on a weekly basis and is classified as nonexempt.
- During one week, she worked 50 hours.
- She would earn her regular weekly wage of \$1,000 (52,000/52) plus time and a half for the overtime hours.
- Based on a 40-hour workweek, her hourly wage is \$25 (\$52,000/(52X40)), so her overtime pay would be \$375 (10 hours x 1.5 x \$25).
- Total Pay = \$1,000 + \$375 = \$1,375

# LO 2-4: Describe Internal Controls and Record Retention for a Payroll System



#### **Review Process Elements**

- Managerial Verification of Time Cards
- Verification of Payroll Computations
- Approval of Pay Amounts
- Preparation of Pay Disbursement
- Approval of Pay Disbursement

#### File Security

- Important part of internal control
- Safeguards governmental obligations
- Involves
  - Multiple passwords
  - Personnel cross-training
  - Electronic encryption
  - Restricted access
  - Duty rotation



#### Payroll fraud occurrence example

A payroll specialist in Florida was HIV-positive, and was afraid to reveal his illness to employers. Instead, he took the money from his employer to pay for expensive medications.

- He would memorize his coworkers' usernames and passwords to create "ghost" employees.
- These ghosts' pay would go to the payroll specialist's bank account.
- He would falsify the payroll summaries he submitted for approval.
- The payroll specialist was found guilty of embezzling \$112,000 before his termination.

Source: Journal of Accountancy

#### **Best Practices: Employee File Maintenance**

- IRS Regulation 26 CFR 1.6001
  - Employer responsible for file maintenance
  - Recommends labeling and storage of backups
  - Employer must guarantee auditor access
- IRS Revenue Procedure 98-25
  - Record keeping duration for employers
  - Must include payroll transaction detail
  - Record derivation of executive pay
  - All pay must be benchmarked and justified

#### **Best Practices: Electronic Records**

- Closed system
  - Access granted only to specific employees
- Record identifiers and logging
  - Marks who accessed which record and when
- Employers must monitor records for hacker activity

#### **Best Practices: Non-Solo Effort**

 More than one person involved in the generation and maintenance of payroll records

Separation of duties

 No single person could generate paychecks

Documentation of employee duties

 Provides verification of completed tasks

Protects employer against fraud



## What a Non-Solo Payroll Department Prevents

- Terminated employees could continue to be paid via the payroll system or the funds could be subverted to someone else perpetrating the fraud.
- Sales commission plans, employee bonus plans, incentive programs are all subject to employees' and management's manipulation.
- The payroll checks distributed to employees could be stolen individually or en masse prior to their distribution.

#### **Best Practices: Document Retention**

- Regulation 26 CFR 1.6001
  - Pertains to manual and computerized records
  - Guideline is 7 years
  - Retention period begins upon final pay disbursement
     \*In the event of payroll fraud, all records must be accessible indefinitely\*
  - Records for terminated employees must be kept for 7 years following separation
- Employer is responsible for all records, even when payroll is outsourced

# Document retention and the U.S. Supreme Court

In 2012, the U.S. Supreme Court issued specific guidelines to the IRS about the statute of limitations for audits. In *U.S. v. Home Concrete Supply, LLC*, the Court directed the following guidelines about records audits:

- 3 years to assess a taxpayer's deficiency
- 6 years if the taxpayer's gross assets were understated by more than 25%
- Unlimited time if intent to commit fraud exists

# LO 2-5: Discuss Employee Termination and Document Destruction Procedures

- Paper records
  - Incineration
  - Shredding
  - Pulping



- Electronic records
  - Must be purged from company servers
  - All backup copies must be destroyed

## **Termination Pay Regulations**

- Termination type
  - Involuntary termination ("firing" or "layoff")
  - Voluntary resignation ("quitting")
- Final pay
  - Must contain all hours worked
  - Vacation and sick time owed
  - Any other compensation owed or due

# Final Pay Regulations: Selected States

AR	Within 7 days of	NV	Immediately upon
	discharge		discharge
CA	At time of discharge	NH	Within 72 hours
СО	Immediately upon	NJ	By the next regular
	discharge		payday
СТ	No later than the next	NM	Within 5 days when
	business day		wages are definite,
			otherwise within 10 days
			if wages are indefinite

# Final Pay Regulations: Selected States (continued)

GA	No termination pay guidelines	OK	Next regular payday for the pay period
ID	Within 10 days, excluding weekends and holidays	PA	Next regular payday
IL	No later than the next payday, immediately if possible	RI	Next regular payday

# **Summary of Payroll System Procedures**

- Payroll system requires careful planning
- Allow room for company growth
- Best practices promote accuracy and prevent fraud
- Records may be paper, computerized, or outsourced
- Records must be maintained securely and allow auditor access
- Final pay for terminated employees must reflect all amounts due

## **Instructor notes**

This chapter presents procedures for preparation of payroll, treatment and requirement for new hires, employee files, and internal controls procedures. As this chapter progresses, the student will understand the forms required and how to implement the process of placing a new employee into the payroll journals. New hire reporting requirements are discussed along with document destruction and retention periods. The student will gain an understanding of the different forms for new hires, pay period frequencies, and the different pay methods that can be employed by a business.

Some questions to stimulate discussion on this chapter would include:

How many different forms are required for newly hired employees?

What pay frequencies are they familiar with?

How should an employer pay their employees (direct deposit, check, paycards)?

Why are internal controls and review necessary for payroll processes?

	Vocabulary Definitions
Biweekly Payroll	A pay frequency in which employees are paid 26 times per year.
Commission	Employee compensation paid upon completion of a task, often pertaining to sales-based activities.
Daily Payroll	A pay frequency in which employees are paid each business day.
Document Destruction	The act of destroying documents that contain sensitive payroll and employee information.
Exempt	An employee who is not subject to the overtime provisions of the Fair Labor Standards Act.
File Maintenance	The application of all transactions, including any necessary modifications, to an employee's file.
File Security	The protection of sensitive payroll information by restricting access and securely storing files.
Foreign Account Tax Compliance Act	Federal law that regulates the income tax withholdings of foreign employees.
Hiring Packet	A package of forms that a firm issues to new employees; for example, Form W-4, Form I-9, health insurance enrollment, etc.
I-9	The Employment Eligibility Verification.
Internal Control	A firm's process of maintaining efficiency and effectiveness, work quality, accurate and reliable financial reports, and legal compliance.
Monthly Payroll	A pay frequency in which employees are paid 12 times per year.
New Hire	A process by which a firm notifies governmental authorities of any new
Reporting	hires shortly after the hire date.

Nonexempt	An employee who is subject to all overtime provisions of the Fair Labor				
rvonexempt	Standards Act; generally, an hourly employee.				
Outsourced	A party external to a firm that provides goods and/or services.				
Vendor	A party external to a firm that provides goods and/or services.				
Pay Period	The recurring period during which a firm collects employee labor data and				
ray renou	pays employees in accordance with wage and/or salary agreements.				
Paycards	A debit card issued to employees that contains electronically transmitted				
Faycalus	wages.				
Payroll Audit	An examination of a firm's payroll records to determine legal compliance.				
Payroll Review	Verification of payroll accuracy for a period.				
Publication 15	The Employer's Tax Guide published by the Internal Revenue Service.				
Resignation	Voluntary termination of employment.				
D: D	Examination and analysis of accounting records to ensure accuracy and				
Review Process	completeness.				
Semimonthly	The may well frequency in which appleaded are maid 24 times non year				
Payroll	The payroll frequency in which employees are paid 24 times per year.				
Separation of	An internal control method in which payroll duties are spread among two or				
Duties	more employees.				
Statutory	A special class of employees who run their own business but must be				
Employee	treated as employees for tax reasons.				
Tax Table	The percentage to be used when computing certain types of taxes.				
Termination	Ceasing employment with a firm.				
W-4	The Employee Withholding Allowance Certificate.				
Weekly Payroll	The payroll frequency in which employees are paid 52 times per year.				

## **Answers to Review Questions**

- 1. Payroll system design, authorized signers, documentation, and review of the process.
- 2. To ensure accuracy, to strengthen internal controls, and to avoid fraud or theft.
- 3. I-9 and W-4
- 4. The enforcement of child support and legal withholdings, ensuring immigrants are still eligible to work, verification of professional licensing/qualifications, administration of COBRA benefits.
- 5. This is a state specific regulation time ranging from the point of discharge to no time requirements.
- 6. Daily, weekly, biweekly, monthly, semimonthly.
- 7. Keep any requests for leave with the related paystubs, file retention schedule, have more than one person responsible for the duties/verification, and separation of duties.
- 8. Pay frequency, pay types, method of payment, benefits, manual/computerized/outsourced payroll processing, file security system.
- 9. Entering the employees, entering the hours, calculation of gross wages, determination of taxes, net pay, preparation of paychecks, payment of taxes, reporting requirements.
- 10. Disbursement of pay or the employee terminates employment

- 11. The Internal Revenue Service (IRS)
  Federal and State Departments of Labor
  Department of Homeland Security
  Other state and local agencies
  Labor unions
- 12. Seven years
- 13. It depends; some independent contractors are not included in the company's payroll, but are treated as vendors. Some independent contractors are considered statutory employees and would be included in the company's payroll.
- 14. An employee is terminated by the employer; when the employee initiates the separation it is a resignation.
- 15. A weekly pay period is for one week, biweekly pay period is two weeks long, semimonthly pay period is twice a month, and monthly pay period is once a month.

## **Additional Exercises for Class Discussion**

1. Nabeeha is an accountant for a small company. As she reviews time records prior to processing the weekly payroll, she notices that LeBron, a nonexempt employee, has worked 46.75 hours. Jason's standard workweek is 40 hours, and his pay rate is \$16.48 per hour. What is his gross pay for the week?

## Answer:

	Hours	Rat	te	Total
Regular	40	\$	16.48	\$ 659.20
Overtime	6.75	\$	24.72	\$ 166.86
	Total gro	ss p	ay	\$ 826.06

2. Padma earns \$45,000 per year. Compute his gross pay for each of the following pay frequencies: Weekly, Biweekly, Semimonthly, Monthly.

## Answer:

	# of pay periods	Gross pay
Weekly	52	\$ 865.38
Biweekly	26	\$ 1,730.77
Semimonthly	24	\$ 1,875.00
Monthly	12	\$ 3,750.00

3. Complete Form W-4 with your students for the following employee:

Victoria Maria Schneider 1537 Old Town Avenue Buffalo, NY 14201

SSN: 672-39-0487

She is married and her spouse works. She has four children. The total income for Victoria and her husband is \$85,000 per year. They will have \$3,600 in child care expenses this year. The blank W-4 follows Form W-4 (2015) The exceptions do not apply to supplemental wages greater than \$1,000,000. Norwage income. If you have a large amount of norwage income, such as interests or dividends, consider making estimated tax payments using F 1040-ES. Estimated Tax for Individuals. Otherwise may one additional tax. If you have persion or an interest of the control of the cont Purpose. Complete Form W-4 so that your emplo your winnecting on Form VM- or VV-eII. If you have is working appose or more than one job, figure the working appose or more than one job, figure the control of the properties of the propertie Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your assumption for 2015 expires February 10, 2016, See Pub. 505, Tax Withholding and Estimated Tax. Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages. Note. If another person can claim you as a dependen on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$1,050 and includes more than \$350 of unsamed income (for example, interest and cividends). processings of wages.

Head of household, Generally, you can claim heat of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependently or other qualifying includuals. See Pub. 501, Exemplians, Standard Deduction, and Filing Information, for information. Tax credits, You can lake populated as rettle into account of the control Exceptions. An employee may be able to claim exemption from withholding even if the employee is dependent, if the employee: • Is age 65 or older having withheld compares to your projected for 2015. See Pub. 505, especially if your as exceed \$130,000 (Single) or \$180,000 (Man • Is blind, or Will claim adjustments to income; tax credits; or itemized deductions, on his or her tax return. Personal Allowances Worksheet (Keep for your records.) 1" for yourself if no one else can claim you as a dependent . You are single and have only one job; or Enter "1" if: You are married, have only one job, and your spouse does not work; or В Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less.
 for your spouse. But, you may choose to enter "-0-" if you are married and have either a working spouse or more C than one job. (Entering "-0-" may help you avoid having too little tax withheld.) Enter number of dependents (other than your spouse or yourself) you will claim on your tax return.

Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above) Enter "1" if you have at least \$2,000 of child or dependent care expenses for which you plan to claim a credit (Note. Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.) Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. If your total income will be less than \$65,000 (\$100,000 if married), enter "2" for each eligible child; then less "1" if you have two to four eligible children or less "2" if you have five or more eligible children. If your total income will be between \$65,000 and \$84,000 (\$100,000 and \$119,000 if married), enter "1" for each eligible child Add lines A through G and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) > H If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the **Deductions** and **Adjustments Worksheet** on page 2. complete all worksheets that apply. and Aquameman worksneed in page 2.

If you are single and have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$50,000 (\$20,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to avoid having too little tax withheld. If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below. Separate here and give Form W-4 to your employer. Keep the top part for your records. **Employee's Withholding Allowance Certificate** 2015 ► Whether you are entitled to claim a certain number of allowances or exemption from withholding is view by the IRS. Your employer may be required to send a copy of this form to the IRS 3 Single Married Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box. City or town, state, and ZIP code 4. If your last name differs from that shown on your social security card. check here. You must call 1-800-772-1213 for a replacement card. ▶ □ 5 6 \$ Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2) Additional amount, if any, you want withheld from each paycheck I claim exemption from withholding for 2015, and I certify that I meet both of the following conditions for exemption.

4

Cat. No. 10220Q

10 Employer identification number (EIN)

Form W-4 (2015)

Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and
 This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.

If you meet both conditions, write "Exempt" here.
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my kn

Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

(This form is not valid unless you sign it.) >

	4 (2015)	The exceptions do not apply to supplemental wages greater than \$1,000,000.	Norwage income. If you have norwage income, such as into	e a large amount of	
urpose, Complete Form on withhold the correctly. Consider completed and when your persons	orm W-4 so that your employer of federal income tax from your ing a new Form W-4 each year at or financial situation changes.	Basic instructions. If you are not exempt, complete the Personal Allowances Worksheet below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income,	norwage income, such as intensit or dividends, consider making estimated tax payments using Form 1040-ES. Estimated Tax for Individuals. Otherwise, we may over additional fax. If you have pension or annual income, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or W-4P. Two earners or multiple jobs. If you have a		
Exemption from withholding, If you are exempt, complete only fines 1, 2, 4, 8 and 7 and sign the form or willdate. If your exemption for 2016 expires retirusny 18, 2018. See Pub. 505, Tan Withholding and Estimated Tax. Who will be seen to the complete to his or her tax return, you cannot claim exemption from withholding your income executed \$1,505 and noticutes more than \$500 of unearmed income for patients and civildencia. Choopifors. An employee may be able to claim scenplain from withholding even if the employee is a leperation. If the employee.		of two-earners/multiple jobs situations.  Complete all worksheets it stat goby. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.  Head of household, Generally, you can claim head of household lifing status on your lax return only if you are unmarried and pay more than 50% of the costs of keeping up a horier for yourself and your dependently or other qualifying individuals. See	Two earners or multiple jou working spouse or more tha total number of allowances; on all jobs using worksheets W-4. Your withholding usual when all allowances are said for the highest paying job as claimed on the others. See F Nonresident alien. If you ar see Notice 1392, Supplement Instructions for Nonresident	is jobs. If you have a than one job, figure the est you are entitled to claim rets from only one Form sually will be most accurate claimed on the Form W-4 and zero allowances are se Pub, 505 for details, a are a nonresident allien, mental Form W-4	
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Enter "1" if:	You are single and ha     You are married, have	ive only one job; or e only one job, and your spouse does not work; or	}	В	
Enter "1" for	<ul> <li>Your wages from a sec your spouse. But, you may</li> </ul>	cond job or your spouse's wages (or the total of both choose to enter "-0-" if you are married and have ou avoid having too little tax withheld.)	h) are \$1,500 or less. J e either a working spouse o	or more	
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Karl Erik Hoffamann SSN: 374-02-4005 Date of birth: 9-23-1978 3234 Church Street Natchitoches, LA 71457

Louisiana Driver's license number 005738295, expires 9-23-2016

He is in possession of his social security card.

Email address: Karlh@me.com Phone number: (318) 555-2323

The blank Form I-9 follows:



## **Employment Eligibility Verification**

USCIS Form I-9 OMB No. 1615-0047 Expires 03/31/2016

Department of Homeland Security U.S. Citizenship and Immigration Services

▶ START HERE. Read instructions carefully before completing this form. The instructions must be available during completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documentation presented has a future explation date may also constitute illegal discrimination.

ection 1. Employee Inform an the first day of employment,				and sign Sect	ion 1 d	of Form I-9 no later	
ast Name (Family Name)	First Na	me (Given Name	e) Middle Initial	Other Names I	Names Used (if any)		
ddress (Street Number and Name)		Apt. Number	City or Town	Sta	te	Zip Code	
Date of Birth (mm/dd/yyyy) U.S. Socia	Security Numbe	E-mail Addres	is s		Telepi	none Number	
am aware that federal law provid onnection with the completion o		nment and/or	fines for false statements	s or use of fal	se do	cuments in	
attest, under penalty of perjury, to A citizen of the United States	hat I am (chec	k one of the fo	ollowing):				
A noncitizen national of the Unit	ed States (See	instructions)					
A lawful permanent resident (Ali	en Registration	Number/USCI	S Number):				
An alien authorized to work until (ex (See instructions)	piration date, if a	pplicable, mm/do	i/yyyy)	. Some aliens n	nay wri	te "N/A" in this field.	
For aliens authorized to work, p	rovide your Alie	n Registration	Number/USCIS Number O	R Form I-94 A	dmiss	ion Number:	
1. Alien Registration Number/US	CIS Number:_	85.0		1		Section 2	
OR					Do N	3-D Barcode ot Write in This Spac	
2. Form I-94 Admission Number					50.11	ot vinto in Tras Spac	
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Foreign Passport Number.							
Country of Issuance:							
Some aliens may write "N/A"	on the Foreign	Passport Numb	per and Country of Issuanc	e fields. (See	instruc	tions)	
ignature of Employee:				Date (mm/do	Vyyyy):	8	
reparer and/or Translator Ce	rtification (To	be completed	and signed if Section 1 is ;	prepared by a	perso	n other than the	
attest, under penalty of perjury, t	hat I have ass	isted in the co	mpletion of this form and	d that to the b	est of	my knowledge the	
formation is true and correct.					D 4	****	
gnature of Preparer or Translator:					Date (	mm/dd/yyyy):	
ast Name (Family Name)			First Name (Giv	en Name)			
ddress (Street Number and Name)			City or Town	s	tate	Zip Code	
	STOP	Employer Co	mpletes Next Page	STOP			

the "Lists of Acceptable Documents" on the rissuing authority, document number, and exp	List A OR ex-	amine a combination of or is form. For each docum	ne document from	List B a	employee's first day of empl and one document from List ( following information: docum	C as listed or
Employee Last Name, First Name and Mid	dle Initial fro	m Section 1:				
List A Identity and Employment Authorization	OR	List B	AN	D	List C Employment Authorizat	tion
Document Title:	Docume	ent Title:		Docum	ent Title:	
ssuing Authority:	Issuing	Authority:		Issuing	Authority:	
Document Number:	Docume	ent Number:		Docum	ent Number:	
Expiration Date (if any)(mm/dd/yyyy):	Expirati	on Date (if any)(mm/dd/y	yyy):	Expirat	ion Date (if any)(mm/dd/yyyy	y):
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## LISTS OF ACCEPTABLE DOCUMENTS All documents must be UNEXPIRED

 $\label{eq:employees} Employees may present one selection from List A or a combination of one selection from List B and one selection from List C.$ 

	LIST A  Documents that Establish  Both Identity and  Employment Authorization	LIST B  Documents that Establish Identity  A	LIST C Documents that Establish Employment Authorization
2.	U.S. Passport or U.S. Passport Card Permanent Resident Card or Alien Registration Receipt Card (Form I-551) Foreign passport that contains a temporary I-551 stamp or temporary	Driver's license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address	A Social Security Account Number card, unless the card includes one of the following restrictions:     (1) NOT VALID FOR EMPLOYMENT     (2) VALID FOR WORK ONLY WITH INS AUTHORIZATION
	I-551 printed notation on a machine- readable immigrant visa	ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or	(3) VALID FOR WORK ONLY WITH DHS AUTHORIZATION
4.	Employment Authorization Document that contains a photograph (Form I-766)	information such as name, date of birth, gender, height, eye color, and address	Certification of Birth Abroad issued by the Department of State (Form FS-545)
5	For a nonimmigrant alien authorized	3. School ID card with a photograph	3. Certification of Report of Birth
٥.	to work for a specific employer	4. Voter's registration card	issued by the Department of State (Form DS-1350)
	because of his or her status:  a. Foreign passport, and	5. U.S. Military card or draft record	Original or certified copy of birth
	b. Form I-94 or Form I-94A that has	6. Military dependent's ID card	certificate issued by a State,
	the following: (1) The same name as the passport;	7. U.S. Coast Guard Merchant Mariner Card	county, municipal authority, or territory of the United States bearing an official seal
	and (2) An endorsement of the alien's	Native American tribal document	Native American tribal document
	nonimmigrant status as long as that period of endorsement has	Driver's license issued by a Canadian government authority	6. U.S. Citizen ID Card (Form I-197)
	not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form.	For persons under age 18 who are unable to present a document listed above:	Identification Card for Use of Resident Citizen in the United States (Form I-179)
6.	Passport from the Federated States of		Employment authorization document issued by the
	Micronesia (FSM) or the Republic of	10. School record or report card	Department of Homeland Security
	the Marshall Islands (RMI) with Form I-94 or Form I-94A indicating	11. Clinic, doctor, or hospital record	1 (C) 1 (4) 10 (4) (4) (C) (A) (4) (4) (A) (A) (A) (A) (A) (A) (A) (A) (A) (A
	nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI	12. Day-care or nursery school record	

Illustrations of many of these documents appear in Part 8 of the Handbook for Employers (M-274).

Refer to Section 2 of the instructions, titled "Employer or Authorized Representative Review and Verification," for more information about acceptable receipts.

Form I-9 03/08/13 N Page 9 of 9

Answer:



## **Employment Eligibility Verification**

USCIS Form I-9 OMB No. 1615-0047 Expires 03/31/2016

Department of Homeland Security

U.S. Citizenship and Immigration Services

START HERE. Read instructions carefully before completing this form. The instructions must be available during completion of this form ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documentation presented has a future expiration date may also constitute illegal discrimination. Section 1. Employee Information and Attestation (Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.) Last Name (Family Name) First Name (Given Name) Middle Initial Other Names Used (if any) Hoffamann Karl Address (Street Number and Name) Apt. Number City or Town Zip Code 3234 Church Street Natchitoches LA 🔻 71457 Telephone Number Date of Birth (mm/dd/yyyy) U.S. Social Security Number E-mail Address 9-23-1978 374-02-4005 Karlh@me.com 3185552323 I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form. I attest, under penalty of perjury, that I am (check one of the following): X A citizen of the United States A noncitizen national of the United States (See instructions) A lawful permanent resident (Alien Registration Number/USCIS Number): \_ An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy) \_ \_ . Some aliens may write "N/A" in this field. (See instructions) For aliens authorized to work, provide your Alien Registration Number/USCIS Number OR Form I-94 Admission Number 1. Alien Registration Number/USCIS Number:\_\_\_\_ 3-D Barcode OR Do Not Write in This Space 2. Form I-94 Admission Number: \_ If you obtained your admission number from CBP in connection with your arrival in the United States, include the following: Foreign Passport Number. Country of Issuance: Some aliens may write "N/A" on the Foreign Passport Number and Country of Issuance fields. (See instructions) Preparer and/or Translator Certification (To be completed and signed if Section 1 is prepared by a person other than the employee.) l attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct. Signature of Preparer or Translator: Date (mm/dd/yyyy): Last Name (Family Name) First Name (Given Name) Address (Street Number and Name) City or Town State Zip Code • Employer Completes Next Page Form I-9 03/08/13 N Page 7 of 9

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(Employers or their authorized representative in must physically examine one document from L the "Lists of Acceptable Documents" on the ne issuing authority, document number, and expin	nust complete an ist A OR examine xt page of this for	a combination of o	thin 3 busin	ness days of the e ent from List B an	
Employee Last Name, First Name and Midd	le Initial from Se	ction 1:			
List A Identity and Employment Authorization	OR	List B Identity		AND	List C Employment Authorization
Document Title:	Document Til		00000	Docume	
Issuing Authority:	Issuing Autho		Cense	Issuing /	Authority: 1 Security Administration
Document Number:	Document Nu	ımber:		Docume	ent Number:
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## **Critical Thinking Answers**

- 2-1. Key points that need to be included: ease of update for changes in tax laws, tax tables, and payroll regulations; ease of reporting; whether the employee self-service option would be eligible; confidentiality.
- 2-2. When the abnormalities are discovered, the management of the company should be made aware of the situation. Since the IRS audit is imminent, documenting the date of the find and attempts to rectify the error would be advisable. Depending upon the nature of the anomalies, the company or payroll employees may have made some serious errors. With the audit pending, the procedures and internal controls fixes should be addressed and noted.

## In the Real World—Guidelines for Discussion

Some questions that students should consider include Ms. Ledbetter's original access to confidential paperwork and the firm's internal controls.

Should she have been able to gain access to such confidential records?

What if the records had already been destroyed since the original statute of limitations had been exceeded?

What are implications for employers' document retention policies in the aftermath of this case? Should the employer have followed up on discrimination charges when they were originally raised?

Once a case of pay discrimination has been investigated, what should the employer do (if anything) about the other employees' pay?

Should all employees receive the same raise to avoid charges of discrimination? Should records be retained longer than the current guidelines to avoid challenges like Ms.

## Activities

Assign students to work individually or in small groups to explore the following websites:

Using a search engine to find examples of what would be included in a "New hire packet" for at least three different companies, preferable in different industries.

Go to www.irs.gov and search for IRS e-file security. List the facts the IRS shows for why e-file is a secure service.

Assign students to work individually or in small groups to explore the following websites:

www.uscis.gov

Ledbetter's case? If so, how long?

http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed www.archives.gov/federal-register/cfr/subject-title-26.html

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www.proshred.com www.ironmountain.com

What did the students find for payroll support? What internal controls are mentioned? Is there a payroll destruction company in their area?

## Other classroom activities:

- Determine what new hire information should be shared between payroll and human resources?
- ) Should these two departments be used (in larger or midsized companies) to facilitate payroll internal controls and cross-verification?
- Using internet search engines, compare the options for a small business to outsource their payroll requirements
- Split class into teams, some are managers, payroll accountants, outsourcing agencies, or external regulators. Determine the needs and if those needs are met by the payroll department.

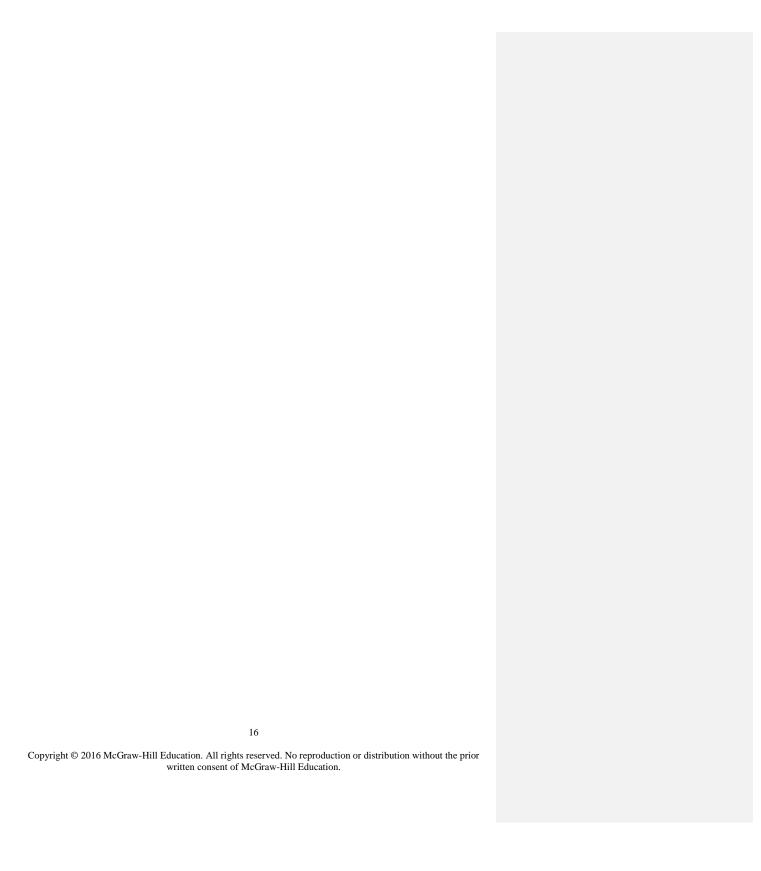
## **Continuing Payroll Project**

The continuing project starts with the development of timecards and the payroll records for the company. Following this activity, the students should have their payroll files ready for the first actual payroll with annotated information on each employee's key facts.

Prevosti Farms and Sugarhouse pays its employees according to their job classification. The following employees make up Sugarhouse's staff:

Employee Number	Name and Address	Payroll information
A-Mille	Thomas Millen 1022 Forest School Rd Woodstock, VT 05001 802-478-5055 SSN: 031-11-3456 401(k) deduction: 3%	Hire Date: 2-1-2015 DOB: 12-16-1982 Position: Production Manager PT/FT: FT, nonexempt No. of Exemptions: 4 M/S: M Pay Rate: \$35,000/year
A-Towle	Avery Towle 4011 Route 100 Plymouth, VT 05102 802-967-5873	Hire Date: 2-4-2015 DOB: 7-14-1991 Position: Production Worker PT/FT: FT, nonexempt

	SSN: 089-74-0974 401(k) deduction: 5%	No. of Exemptions: 1 M/S: S Pay Rate: \$12.00/hour
A-Long	Charlie Long 242 Benedict Road S. Woodstock, VT 05002 802-429-3846 SSN: 056-23-4593 401(k) deduction: 2%	Hire Date: 2-7-2015 DOB: 3-16-1987 Position: Production Worker PT/FT: FT, nonexempt No. of Exemptions: 2 M/S: M Pay Rate: \$12.50/hour
<b>B-Shang</b>	Mary Shangraw 1901 Main Street #2 Bridgewater, VT 05520 802-575-5423 SSN: 075-28-8945 401(k) deduction: 3%	Hire Date: 2-5-2015 DOB: 8-20-1994 Position: Administrative Assistant PT/FT: PT, nonexempt No. of Exemptions: 1 M/S: S Pay Rate: \$10.50/hour
<b>B-Lewis</b>	Kristen Lewis 840 Daily Hollow Road Bridgewater, VT 05523 802-390-5572 SSN: 076-39-5673 401(k) deduction: 4%	Hire Date: 2-2-2015 DOB: 4-6-1950 Position: Office Manager PT/FT: FT, exempt No. of Exemptions: 3 M/S: M Pay Rate: \$32,000/year
B-Schwa	Joel Schwartz 55 Maple Farm Way Woodstock, VT 05534 802-463-9985 SSN: 021-34-9876 401(k) deduction: 5%	Hire Date: 2-1-2015 DOB: 5-23-1985 Position: Sales PT/FT: FT, exempt No. of Exemptions: 2 M/S: M Pay Rate: \$24,000/year base plus 3% commission per case sold
B-Prevo	Toni Prevosti 10520 Cox Hill Road Bridgewater, VT 05521 802-673-2636 SSN: 055-22-0443 401(k) deduction: 6%	Hire Date: 2-1-2015 DOB: 9-18-1967 Position: Owner/President PT/FT: FT, exempt No. of Exemptions: 5 M/S: M Pay Rate: \$45,000/year



The departments are as follows:

Department A: Agricultural Workers Department B: Office Workers

1. You have been hired to start on February 9, 2015, as the new accounting clerk. Your employee number is B-XXXXX, where "B" denotes that you are an office worker and "XXXXX" is the first five letters of your last name. If your last name is fewer than five letters, use the first few letters of your first name to complete the employee number. Your Social Security number is 555-55-5555, and you are full-time, nonexempt, and paid at a rate of \$34,000 per year. You have elected to contribute 2% of your gross pay to your 401(k). Complete the W-4 and the I-9 to start your own employee file. You are single with only one job (claiming two exemptions). You live at 1644 Smitten Road, Woodstock, VT 05001. Your date of birth is 01/01/1991. You are a citizen of the United States and provide a Vermont driver's license #88110009 expiring 1/1/2017 in addition to your Social Security card for verification of your identity.

Fo	rm W-4 (2015)	The exceptions do not apply to supplemental wages greater than \$1,000,000.	Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form.
ean with say. Count with exemple complete o valid	ce. Complete Form W-4 so that your employer thhold the correct federal income tax from your consider completing a new Form W-4 each year ten your personal or financial situation changes, titon from withholding. If you me exempt, lete only lines 1, 2, 3, 4, and 7 and sign the form table. If your exemption for 2015 expures 19, 18, 2016. See Pub. 505. Tax Withholding dimetal Tax.	Basic instructions. If you are not exempt, complete the Personal Allowances Worksheet below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-exempt-windliple jobs Setutions.  Complete all worksheets that apply. However, you may claim fewer to zero allowances. For regular wages, withholding must be based on allowances you cleave and may not be a felt amount or allowances.	1040-ES, Estimates Tax for Individuals, Otherwise, sy may owe additional tax. I you have persion or annut; income, see Pub. 565 to find out it you should adjust; your withholding on Tom W-4 or W-4P. Two earmers or multiple jobs. If you have a working spouse or more than one job, figure the working spouse or more than one job, figure the on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurated W-4. Your withholding usually will be most accurated when the property of the second section of the property of the work of the second section of the property of the W-4. Your withholding usually will be most accurated when the second section of the second section of the work of the second section of the work of the section of the work of the second section of the work of the section of the work of work of wo
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exemp depend	tion from withholding even if the employee is a dent, if the employee:	Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.  Tax credits, You can take projected tax credits into account.	Check your withholding. After your Form W-4 take effect, use Pub. 505 to see how the amount you are
ls blir Will c	e 65 or older, nd, or Islaim adjustments to income; tax credits; or id deductions, on his or her tax return,	in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the <b>Personal Allowances</b> <b>Worksheet</b> below. See Pub. 505 for information on	having withheld compares to your projected total ta- for 2015. See Pub. 505, especially if your earnings exceed \$130.000 (Single) or \$180.000 (Married). Future developments. Information about any tuture
Letritze		converting your other credits into withholding allowances.	developments affecting Form W-4 (such as législation enacted after we release it) will be posted at www.ira.gov/w-
		al Allowances Worksheet (Keep for you	
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	Enter "1" if:   You are single and have You are married, have		
•		only one job, and your spouse does not work;	
£3 £		cond job or your spouse's wages (or the total of b	
	than one job. (Entering "-0-" may help yo	choose to enter "-0-" if you are married and ha	ive errier a working spouse or more
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Form I-9 03/08/13 N

## **Employment Eligibility Verification**

USCIS Form I-9 OMB No. 1615-0047 Expires 03/31/2016

Page 7 of 9

Department of Homeland Security U.S. Citizenship and Immigration Services

► START HERE. Read instructions carefully before completing this form. The instructions must be available during completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 4. Exercised. Section 1. Employee Information and Attestation (Employees must complete and sign Section 1 of Form I-9 no later

Last Name (Family Name) Success	First Nan Stude	ne (Given Name en t	Middle Initial	Other Names	fany)			
Address (Street Number an		Apt. Number	City or Town	St	ate	Zip Code		
1644 Smitten Roa	10000000		Woodstock	v		05001		
Date of Birth (mm/dd/yyyy)	U.S. Social Security Number	S. Social Security Number E-mail Address						
01/01/1991	5 5 5 5 5 5 5 5 5		(60)		]			
am aware that federal I	aw provides for Imprison	ment and/or	fines for false statements	or use of fa	ilse do	cuments in		
attest, under penalty o	f perjury, that I am (check States	one of the fo	ollowing):					
A noncitizen national	of the United States (See A	nstructions)						
A lawful permanent re	esident (Alien Registration I	Number/USCI	S Number):					
An alien authorized to w	ork until (expiration date, if ap	plicable, mm/do	1/yyyy)	. Some aliens	may wri	te "N/A" in this field.		
For aliens authorized	to work, provide your Allen	Registration I	Number/USCIS Number O	R Form I-94	Admiss	ion Number:		
1. Alien Registration I	Number/USCIS Number:					No. alliano di mina si		
						3-D Barcode		
	OR				Do N	ot Write in This Spa		
2. Form I-94 Admission					Do N	ot Write in This Spa		
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Section 2. Employer or Authori (Employers or their authorized representative must physically examine one document from the "Lists of Acceptable Documents" on the r issuing authority, document number, and exp	must complete a List A OR examin text page of this fo	nd sign Sec ne a combin orm. For eac	tion 2 within ation of one	3 busin	ess days of the nt from List B ar	nd one docume.	nt from List C as listed on
Employee Last Name, First Name and Mid	dle Initial from S	ection 1: 9	uccess,	Stude	ent F		
List A Identity and Employment Authorization	OR	List B	5/2		AND	List	C Authorization
Document Title:	Document 1	litte:		99	Dodain	ent Title:	
Issuing Authority:	Issuing Auth		s Licens t	e	Issuing	al Security Authority: al Security	Administration
Document Number:	Document N 8811000					ent Number: 55-5555	
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Issuing Authority:							
Document Number:	1						
Expiration Date (if any)(mm/dd/yyyy):							
attest, under penalty of perjury, that ( above-listed document(s) appear to be employee is authorized to work in the The employee's first day of employme	genuine and t United States. ent (mm/dd/yyy	y):	the empl	oyee n	amed, and (3)	) to the best o	of my knowledge the
Signature of Employer or Authorized Represe	ntative	Date (	mm/dd/yyyy)	' I	itle of Employe	r or Authorized	Representative
Last Name (Family Name)	First Name (	Given Name	9)	Employ	rer's Business o	r Organization I	Vame
Employer's Business or Organization Address	(Street Number	and Name)	City or Tow	'n		State	Zip Code
Section 3. Reverification and R A. New Name (if applicable) Last Name (Fam							entative.) applicable) (mm/dd/yyyy):
C. If employee's previous grant of employment presented that establishes current employm					or the document	from List A or Li	st C the employee
Document Title:		Document N				Expiration (	Date (if any)(mm/dd/yyyy).
attest, under penalty of perjury, that to the employee presented document(s), the							
Signature of Employer or Authorized Represe	entative: C	Date (mm/do	Vyyyy):	Print	Name of Emplo	yer or Authorize	d Representative:
Form I-9 03/08/13 N	-			-			Page 8 of 9

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2. Complete the headers of the employee earnings register for each employee. Enter the YTD earnings for each employee.

EMPLOY	EE INFORM	IATION F	FORM									
NAME												
Thomas N	Millen		Hire D	ate 2/1/2015								
ADDRES	SS					-						
	est School Rd			f Birth 12/16	/1982							
CITY/ST			Positio			PTFT						
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4011 Rou				f Birth 7/14/	1991	=						
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Kristen L				ite 2/2/2014	ļ.							
ADDRES			Date of									
	y Hollow Rd ATE/ZIP		4/6/195 Position			PTFT						
	ater/VT/05523			Manager		PIEI						
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## Appendix A

There are two versions of a full quarter, from start to finish, payroll project located within Appendix A. Starting in chapter 2, instructors may assign coinciding portions from the appendix to supplement the materials in the textbook. This project may be altered to run from November 15 through the end of the year to provide three pay periods, year-end filings, accruals and reversals. Beginning balances (balances from the solutions manual prior to the November 15<sup>th</sup> payroll) should be provided to the students for accurate year end processing should this project be altered to three payroll cycles.

The company, Wayland Woodworking, is a semimonthly payroll processor with six employees. There are two versions of this assignment. In one, the company is set in Wyoming with state personal income tax at 5% and in the second it is set in Utah with no state personal income tax. Additionally students will gain experience with pre-tax deductions, commission, exempt, and non-exempt workers.

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