

# Certified Payroll Professional

1. The form used to report wages paid to nonresident aliens that are exempt from federal income tax under a treaty is:

A. W-8BEN

B. W-2

C. 1042-S

D. 5500

**Answer(s): C**

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2. An environment in which the back office transaction-intensive processes and customer care functions are consolidated is known as:

A. Outsourcing

B. Shared services

C. Pre-processing

D. Open systems

**Answer(s): B**

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3. Which of the following benefits is allowable in an 125 plan?

A. 403(b)

B. Transportation fringe benefits

C. Educational assistance

D. Disability insurance

**Answer(s): D**

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4. Josh, a nonexempt accounting specialist, is assigned to a normal work schedule of 40 hours a week, 8:00 a.m.

A. 8.5 hours

B. 0.5 hours

C. 2.0 hours

D. None

**Answer(s): B**

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5. Which of the following would most likely be a key step in reconciling a payroll withholding account?

A. Identify which payees (tax agencies) have unpaid or overpaid tax amounts and how much for each

B. Set a schedule for paying taxes withheld

C. Perform a "reasonable test" to confirm liability is within an acceptable range compared to same time last month

D. Periodically reviewing the deposit look back period

**Answer(s): A**

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6. Use of which of the following contributes to the security of the payroll system?

A. Quality program

B. Reversal entry

C. Field level access restriction

D. Aggregate withholding

**Answer(s): C**

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7. Which of the following items determines the disposition of unclaimed wages?

A. state law only

B. federal and state law

C. no recognized procedures exist

D. federal law only

**Answer(s): A**

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8. The Fair Labor Standards Act permits compensatory time off in lieu of overtime pay to which of the following employees?

A. Retirees who return for part-time work

B. Salespeople who work out of their homes

C. Municipal firefighters

D. High school students who work over 8 hours in a day

**Answer(s): C**

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9. How many hours prior to payday is it recommended that a direct deposit of wages be initiated with the ODFI?

A. 72 hours

B. 24 hours

C. 48 hours

D. 8 hours

**Answer(s): C**

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**10.** Brenda receives a prize as a winner of a sales contest. The prize, which is paid from her sales manager's petty cash account, is \$25. Which of the following best represents the impact on her taxable wages?

A. The prize is a de minimis gift and excluded from taxable wages

B. The prize represents a non-accountable business expense reimbursement and is subject to FIT, FITW, FICA, and FUTA

C. The prize represents a "gift of detached generosity" and is excluded from taxable income

D. The prize is subject to FIT, FITW, FICA, and FUTA

**Answer(s): D**

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**11.** A service company sends employees overseas on assignments that last no more than 4 months at a time.

A. They are subject to U.S. Taxation on their pay only while in the United States

B. They qualify for an income tax exemption under the "physical presence test"

C. They qualify for income tax exclusion under the "bona fide residence test"

D. They are subject to U.S. taxation on their pay for the time in and out of the country

**Answer(s): D**

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**12.** Jane voluntarily separated from employment. She is allowed to continue paying for her medical insurance at cost plus 2% under what legislation?

A. Tax Reform Act of 1986

B. Fair Labor Standards Act of 1948

C. Consolidated Omnibus Budget Reconciliation Act of 1985

D. Family and Medical Leave Act of 1993

**Answer(s): C**

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**13.** Assuming that the moving expense was incurred in 2009, which of the following expense reimbursements is excludable from gross income?

A. Mileage while moving from the old residence to the new

B. Mileage for a pre-move house hunting trip

C. Travel expenses of spouse to search for new residence at new job location

D. Lodging expenses while waiting for the new home to be built

**Answer(s): A**

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**14.** Under IRS suggested guidelines, an employee should be allowed a maximum of how many days after receiving an expense advance to provide substantiation for the amount to the employer?

A. 45 days

B. 90 days

C. 30 days

D. 60 days

**Answer(s): D**

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**15.** All of the following steps are required when initiating direct deposit for an employee EXCEPT:

A. pre-notification

B. getting authorization from the employee

C. receiving financial institution routing number

D. receiving employee's bank account number

**Answer(s): A**

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**16.** An employer may accept a child support order directly served from another state without risk of liability under which of the following laws?

A. OCSE

B. UIFSA

C. ERISA

D. URESA

**Answer(s): B**

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**17.** Assume that an independent contractor is a foreign person. What form is he most likely to complete?

A. Form W-4

B. Form W-9

C. Form W-8BEN

D. Form W-7

**Answer(s): C**

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**18.** Which of the following would not be included in the planning stage of a system implementation?

A. Defining the project's goals and objective

B. Documenting the new software

C. Creating a task list

D. Determining resources needed for the project

**Answer(s): B**

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**19.** "Mapping" in the context of a systems conversion refers to:

A. Developing a flow chart of the conversion process

B. Defining resources needed for the project

C. Downloads from the mainframe to a PC application

D. Matching data from one system to the data of another

**Answer(s): D**

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**20.** An example of procedure is:

A. Time cards are filed by the cost center in the records room

B. Employees receive their hourly rate of pay for hours spent in jury service

C. Overtime is paid at double time for work performed on Sundays

D. Employees may take unused vacation from the current year in the first quarter of the subsequent year

**Answer(s):** A

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