

Exam Questions FPC-Remote

Fundamental Payroll Certification

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NEW QUESTION 1

- (Topic 1)

Which of the following amounts is subject to federal income tax withholding?

- A. 401(k) Deferral
- B. Salary Advance
- C. Military-Related Moving Expenses
- D. Health Savings Account (HSA) Contribution

Answer: B

Explanation:

Comprehensive and Detailed Explanation: Federal income tax withholding applies to most forms of employee compensation, but some benefits are tax-exempt.

? Option A (401(k) Deferral) is incorrect because pre-tax contributions to a traditional

401(k) are not subject to federal income tax (but are subject to FICA).

? Option C (Military Moving Expenses) is incorrect because qualified military moving expenses are excluded from taxable income under the Tax Cuts and Jobs Act (TCJA).

? Option D (HSA Contribution) is incorrect because pre-tax HSA contributions made through payroll deduction are tax-exempt.

? Option B (Salary Advance) is correct because any advance on future wages is treated as taxable compensation when paid, and income tax must be withheld.

Reference:

IRS Publication 15 – Taxable and Non-Taxable Compensation Payroll.org – Payroll Taxable Income Guidelines

NEW QUESTION 2

- (Topic 1)

Using the following information, calculate the social security tax to be withheld.

Category	Amount
YTD Wages	\$82,543.24
Salary	\$2,435.76
Workers' Compensation Wages	\$986.00
Section 125 Medical Insurance	\$45.00
Section 125 Dental Insurance	\$9.00
HSA Contribution	\$100.00
401(k) Deferral	\$48.72

- A. \$138.45
- B. \$141.47
- C. \$160.58
- D. \$202.60

Answer: B

Explanation:

Comprehensive and Detailed Explanation: Social Security tax is calculated at 6.2% of Social Security taxable wages.

? Determine taxable wages:

? Social Security tax = \$2,281.76 ?? 6.2% = \$141.47

Reference:

IRS – Social Security and Medicare Tax Guide (Publication 15) Payroll.org – Social Security Tax Calculation Rules

NEW QUESTION 3

- (Topic 1)

An employee clocked in for work at 8:07 a.m. and out at 4:08 p.m. According to the DOL policy on rounding work hours, which of the following recorded hours are CORRECT?

- A. 8:00 a.
- B. to 4:00 p.m.
- C. 8:15 a.
- D. to 4:15 p.m.
- E. 8:15 a.
- F. to 4:00 p.m.
- G. 8:00 a.
- H. to 4:15 p.m.

Answer: D

Explanation:

Comprehensive and Detailed Explanation: Under Fair Labor Standards Act (FLSA) rounding rules, employers may round employee time to the nearest 15-minute increment using the 7-minute rule:

? If an employee clocks in before the 7-minute mark, round down.

? If an employee clocks in after the 7-minute mark, round up. Employee's actual times:

? Clock in: 8:07 a.m. Rounded down to 8:00 a.m.

? Clock out: 4:08 p.m. Rounded up to 4:15 p.m. Thus, the correct answer is D. 8:00 a.m. to 4:15 p.m..

Reference:

DOL – FLSA Rounding Rules for Payroll Timekeeping Payroll.org – Timekeeping Compliance Best Practices

NEW QUESTION 4

- (Topic 1)

Using the wage bracket method and the information below, calculate the employee's weekly net pay.

Category	Amount
YTD Wages	\$26,003.00
Rate of Pay	\$10.00
Hours Worked	40
Pay Frequency	Weekly
Form W-4	Single with Box Checked
Pre-Tax Medical	\$50.00
Pre-Tax Dental	\$10.00
401(k) Deferral	\$25.00
Union Dues	\$25.00

A. \$230.40

B. \$244.99

C. \$246.90

D. \$259.99

Answer: D

Explanation:

Comprehensive and Detailed Explanation:

? Gross Pay Calculation:

? Taxable Wages:

? Federal Income Tax Withholding (Wage Bracket Method):

? Social Security & Medicare Taxes:

? Total Deductions:

? Net Pay:

Thus, the correct answer is D. \$259.99. Reference:

IRS Publication 15-T – Wage Bracket Withholding Method Payroll.org – Payroll Tax Calculation Guidelines

NEW QUESTION 5

- (Topic 1)

What is the purpose of Form I-9?

A. To request an ITIN

B. To determine how much FIT to withhold from a paycheck

C. To summarize taxable wages earned during the calendar year

D. To verify the identity and employment authorization of a worker

Answer: D

Explanation:

Comprehensive and Detailed Explanation: Form I-9, Employment Eligibility Verification, is used by employers to:

? Verify the identity of newly hired employees

? Ensure employees are legally authorized to work in the U.S.

? Prevent illegal employment practices

? Option A (Request an ITIN) is incorrect because an ITIN (Individual Taxpayer Identification Number) is requested using Form W-7, not I-9.

? Option B (Determine FIT withholding) is incorrect because Form W-4 is used for federal income tax withholding, not Form I-9.

? Option C (Summarize taxable wages) is incorrect because Form W-2 summarizes

taxable wages. Reference:

U.S. Citizenship and Immigration Services (USCIS) – Form I-9 Instructions Payroll.org – Employment Eligibility Verification Guide

NEW QUESTION 6

- (Topic 1)

Which of the following general ledger accounts should normally maintain a credit balance?

- A. Accounts Payable
- B. Cash
- C. Office Equipment
- D. Prepaid Expenses

Answer: A

Explanation:

Comprehensive and Detailed Explanation: A credit balance means an account normally holds a liability or revenue amount.

? Accounts Payable (Option A) represents amounts owed to vendors, which is a liability account and normally has a credit balance.

? Option B (Cash) is incorrect because cash is an asset account and typically has a debit balance.

? Option C (Office Equipment) is incorrect because it is a fixed asset and also has a debit balance.

? Option D (Prepaid Expenses) is incorrect because prepaid expenses are assets that are debited when paid.

Reference:

GAAP Accounting Principles – Chart of Accounts

Payroll.org – Payroll Accounting Fundamentals

NEW QUESTION 7

- (Topic 1)

The types of accounts used by businesses to classify transactions are:

- A. Asset, Expense, Revenue, Inventory, and Equity
- B. Asset, Liability, Expense, Revenue, and Equity
- C. Inventory, Revenue, Equity, and Cash
- D. Revenue, Expense, Cash, and Net Income

Answer: B

Explanation:

Comprehensive and Detailed Explanation: Business transactions are classified using five main types of accounts:

? Asset – Resources owned (e.g., cash, equipment, accounts receivable).

? Liability – Amounts owed (e.g., payroll taxes, loans).

? Expense – Costs incurred to operate the business (e.g., payroll expenses).

? Revenue – Income earned (e.g., sales, service fees).

? Equity – Owner's interest in the business (e.g., retained earnings).

? Option A is incorrect because "Inventory" is a type of asset, not a separate category.

? Option C is incorrect because "Cash" is a subcategory of assets, not a primary account type.

? Option D is incorrect because "Net Income" is the result of revenues minus expenses, not a separate account category.

Reference:

GAAP Accounting Principles – Types of Accounts Payroll.org – Payroll Accounting Classification

NEW QUESTION 8

- (Topic 1)

An upgrade to a payroll system can impact all of the following documentation within the payroll department EXCEPT:

- A. User manuals
- B. Union contracts
- C. Business continuity plans
- D. Standard operating procedures

Answer: B

Explanation:

Comprehensive and Detailed Explanation: A payroll system upgrade affects documentation related to payroll processing but does not change union contracts.

? Option A (User manuals): Correct – New system features require updated manuals for payroll staff.

? Option C (Business continuity plans): Correct – System changes must be included in disaster recovery plans.

? Option D (Standard operating procedures – SOPs): Correct – Payroll procedures need updates for new workflows.

However, union contracts (Option B) remain unchanged unless a new agreement is negotiated.

Reference:

Payroll.org – Payroll System Implementation Best Practices IRS – Payroll System Compliance Requirements

NEW QUESTION 9

- (Topic 1)

Which of the following expenses is a non-operating expense?

- A. Insurance
- B. Interest paid on income taxes
- C. Legal fees
- D. Utilities

Answer: B

Explanation:

Comprehensive and Detailed Explanation: Non-operating expenses are costs not directly related to the core operations of a business.

? Option A (Insurance) is an operating expense because it is necessary to protect business assets.
? Option C (Legal fees) is an operating expense if related to business operations.
? Option D (Utilities) is an operating expense because they are required to keep business operations running.
? Option B (Interest paid on income taxes) is a non-operating expense because it is not part of daily business operations but rather a financial or tax-related cost.
Reference:
GAAP Accounting Principles – Classification of Expenses Payroll.org – Payroll-Related Business Expenses

NEW QUESTION 10

- (Topic 1)

To reconcile a general ledger tax liability account balance, verify all of the following items EXCEPT:

- A. Entries from company accountants
- B. Checks issued by accounts payable
- C. Account entries against the payroll register
- D. Account activity against the quarterly returns

Answer: A

Explanation:

Comprehensive and Detailed Explanation: To properly reconcile payroll tax liability accounts, the following steps are performed:

- ? Compare account entries against payroll registers (C) – Ensures wages, deductions, and taxes are posted correctly.
- ? Verify checks issued by accounts payable (B) – Confirms tax payments were made.
- ? Match account activity with quarterly tax returns (D) – Ensures payroll taxes were reported correctly on Form 941.
- ? Option A (Entries from company accountants) is incorrect because accountants do not create payroll entries; payroll is recorded based on actual payroll transactions, not estimates or adjustments from accountants.

Reference:

GAAP Accounting Standards – Payroll Tax Liability Reconciliation Payroll.org – Best Practices for Payroll Tax Account Reconciliation

NEW QUESTION 10

- (Topic 1)

All of the following resources are available to help a Payroll Professional stay abreast of regulatory changes EXCEPT the:

- A. PAYO
- B. DOL
- C. FTC
- D. IRS

Answer: C

Explanation:

Comprehensive and Detailed Explanation: Payroll professionals must stay updated on tax laws, wage regulations, and compliance requirements. Key resources include:

- ? A (PAYO – Payroll.org) Provides training, updates, and compliance resources.
- ? B (DOL – Department of Labor) Oversees wage & hour laws (FLSA).
- ? D (IRS – Internal Revenue Service) Issues payroll tax regulations.
- ? Option C (FTC – Federal Trade Commission) is incorrect because the FTC does not regulate payroll laws. The FTC primarily monitors consumer protection laws.

Reference:

Payroll.org – Payroll Compliance Updates

IRS & DOL – Payroll Tax and Wage Regulations

NEW QUESTION 13

- (Topic 1)

Which of the following statements about payments made under workers' compensation benefits is FALSE?

- A. They are not included in the employee's gross income
- B. They are received for injuries or illnesses suffered on the job
- C. They are subject to FUTA if they do not exceed the employee's benefits
- D. They are not subject to FICA if payments are made under state regulations

Answer: C

Explanation:

Comprehensive and Detailed Explanation: Workers' compensation benefits are NOT subject to FUTA (Federal Unemployment Tax Act) as long as they are paid under a workers' compensation law.

- ? Option A (Not included in gross income) is correct because workers' compensation is tax-exempt under IRS rules.
- ? Option B (Received for work-related injuries/illnesses) is correct because these payments replace lost wages due to job-related incidents.
- ? Option D (Not subject to FICA under state laws) is correct because workers' compensation payments are exempt from Social Security & Medicare taxes if they are made under a state-approved program.
- ? Option C is incorrect because workers' compensation payments are NOT subject to FUTA, regardless of the amount paid.

Reference:

IRS Publication 525 – Taxability of Workers' Compensation

Payroll.org – Payroll Taxation of Disability and Workers' Compensation Benefits

NEW QUESTION 16

- (Topic 1)

All of the following elements are part of the control process EXCEPT:

- A. Batch Totals
- B. System Edits
- C. Unauthorized Overtime
- D. Balancing and Reconciliation

Answer: C

Explanation:

Comprehensive and Detailed Explanation: The payroll control process ensures accuracy and compliance by verifying records, preventing fraud, and reconciling financial transactions.

? Batch Totals (Option A)– Used to verify transaction accuracy.

? System Edits (Option B)– Automated controls to prevent errors.

? Balancing & Reconciliation (Option D)– Ensures payroll matches financial records.

? Option C (Unauthorized Overtime) is incorrect because overtime management is an operational issue, not a control process.

Reference:

Payroll.org – Payroll Audit and Internal Control Procedures IRS – Payroll Recordkeeping and Compliance Guide

NEW QUESTION 17

- (Topic 1)

A mechanism which facilitates local tax withholding for an employee who is working abroad, but remains on the home country's payroll system and is paid under a tax equalization plan, is called a(n):

- A. Certified Payroll
- B. Shadow Payroll
- C. Off-Cycle Payroll
- D. Supplemental Payroll

Answer: B

Explanation:

Comprehensive and Detailed Explanation: A shadow payroll is a mechanism used for employees on international assignments who remain on the home country's payroll but must comply with host country tax withholding.

? The home country employer processes payroll normally, while the host country imposes local tax liabilities.

? The shadow payroll ensures compliance with both home and host country tax regulations.

? Option A (Certified Payroll) applies to government contracts.

? Option C (Off-Cycle Payroll) refers to out-of-schedule payments.

? Option D (Supplemental Payroll) refers to bonus or commission payrolls.

Reference:

IRS – International Payroll and Tax Compliance

Payroll.org – Shadow Payroll and Global Taxation Guidelines

NEW QUESTION 22

- (Topic 1)

An order for unpaid federal taxes is an example of a:

- A. Bankruptcy Order
- B. Creditor Garnishment
- C. Voluntary Deduction
- D. Wage Attachment

Answer: D

Explanation:

Comprehensive and Detailed Explanation: A wage attachment (also called a wage levy) is a legal withholding from an employee's paycheck to satisfy an outstanding debt.

? IRS tax levies are a type of wage attachment used to collect unpaid federal taxes directly from an employee's wages.

? Employers must comply immediately when notified by the IRS.

? Option A (Bankruptcy Order) is incorrect because bankruptcy payments are handled by court-appointed trustees, not wage levies.

? Option B (Creditor Garnishment) is incorrect because IRS tax levies do not require a court order like private creditor garnishments.

? Option C (Voluntary Deduction) is incorrect because IRS wage levies are mandatory, not voluntary.

Reference:

IRS Publication 1494 – Wage Levy Exemptions and Employer Responsibilities Payroll.org – Wage Attachments and Tax Levies

NEW QUESTION 27

- (Topic 1)

When an employer allocates tips, which of the following statements is TRUE?

- A. Allocated tips are subject to federal income tax withholding
- B. The employer is not liable for amounts incorrectly allocated
- C. Report the allocated amount on the employee's Form W-2
- D. No allocation is made for any reported tips

Answer: C

Explanation:

Comprehensive and Detailed Explanation: Employers must allocate tips if the total reported tips are less than 8% of gross receipts for establishments where tipping is customary.

? Allocated tips are reported on Form W-2, Box 8 (Option C) but are NOT subject to

withholding.

? Option A is incorrect because allocated tips are not subject to automatic withholding unless voluntarily reported by the employee.

? Option B is incorrect because employers are responsible for accurate tip reporting.

? Option D is incorrect because tip allocation rules require reporting when applicable.

Reference:

IRS Publication 531 – Reporting Tip Income Payroll.org – Employer Tip Allocation Rules

NEW QUESTION 29

- (Topic 1)

Report backup withholding to the IRS using:

A. Form W-9

B. Form W-2

C. Form 945

D. Form 941

Answer: C

Explanation:

Comprehensive and Detailed Explanation:

Form 945 is used by employers to report federal income tax withheld from non-payroll payments, including backup withholding on:

Payments to independent contractors (when no valid W-9 is provided) Certain gambling winnings

Dividend and interest payments subject to IRS backup withholding rules

Option A (Form W-9) is incorrect because Form W-9 is used by payees to provide taxpayer identification numbers (TINs), not for reporting withholding.

Option B (Form W-2) is incorrect because Form W-2 is used for employee wages and withholding, not backup withholding.

Option D (Form 941) is incorrect because Form 941 reports payroll tax withholdings, not backup withholding.

Reference:

IRS Form 945 Instructions – Annual Return of Withheld Federal Income Tax Payroll.org – Reporting Backup Withholding

NEW QUESTION 31

- (Topic 1)

Which of the following forms is used to report federal income tax withheld from payments to an independent contractor?

A. Form 940

B. Form 941

C. Form 944

D. Form 945

Answer: D

Explanation:

Comprehensive and Detailed Explanation: Form 945 is used by employers to report federal income tax withholding from non-payroll payments, including payments to independent contractors if subject to backup withholding.

? Option A (Form 940) is incorrect because Form 940 reports federal unemployment taxes (FUTA).

? Option B (Form 941) is incorrect because it is used for employee payroll tax reporting.

? Option C (Form 944) is incorrect because it is used for small employers filing annually.

Reference:

IRS Form 945 Instructions

Payroll.org – Independent Contractor Withholding Rules

NEW QUESTION 33

- (Topic 1)

Employers who properly repay over-withheld amounts to employees can claim a credit against taxes due by making an adjustment on:

A. Form 941

B. Form 941-X

C. Form W-2

D. Form W-4

Answer: B

Explanation:

Comprehensive and Detailed Explanation: If an employer over-withholds federal taxes from an employee's paycheck, the employer can file an adjustment using Form 941-X (Adjusted Employer's Quarterly Federal Tax Return).

? Form 941 (Option A) is incorrect because it is used to report current payroll taxes, not to correct past errors.

? Form W-2 (Option C) is incorrect because it reports wages and taxes withheld but does not allow corrections.

? Form W-4 (Option D) is incorrect because it is used by employees to adjust withholding allowances.

Reference:

IRS – Instructions for Form 941-X

Payroll.org – Payroll Tax Adjustments and Corrections

NEW QUESTION 37

- (Topic 1)

The DOL can issue fines for all the following violations EXCEPT:

A. Overtime

B. Sick Leave

- C. Child Labor
- D. Minimum Wage

Answer: B

Explanation:

Comprehensive and Detailed Explanation: The Department of Labor (DOL) enforces violations related to:

? Overtime (A) – Under the Fair Labor Standards Act (FLSA).

? Child Labor (C) – Protecting workers under age 18.

? Minimum Wage (D) – Enforcing the federal minimum wage.

? Option B (Sick Leave) is incorrect because the DOL does not regulate paid sick leave at the federal level. Sick leave laws vary by state, but there is no federal mandate requiring paid sick leave.

Reference:

FLSA – Wage and Hour Division (DOL) Enforcement Payroll.org – Federal and State Payroll Compliance

NEW QUESTION 42

- (Topic 2)

A willful violation of child labor laws, that does NOT involve serious harm or death, can result in a fine of up to:

- A. \$1,000.00
- B. \$2,203.00
- C. \$10,000.00
- D. \$13,227.00

Answer: D

Explanation:

? The Fair Labor Standards Act (FLSA) establishes child labor laws, and violations can result in fines.

? As of recent updates, the penalty for a willful violation of child labor laws is \$13,227.00 (adjusted annually).

? If serious injury or death occurs, penalties increase significantly. References:

? FLSA Child Labor Penalty Guidelines (DOL)

? Wage and Hour Division (DOL)

NEW QUESTION 44

- (Topic 2)

Which of the following forms of identification CANNOT be used in Section 2 of Form I-9?

- A. Driver's license
- B. Employee badge
- C. School ID card with photo
- D. Voter's registration card

Answer: B

Explanation:

? Employee badges (B) are NOT acceptable as proof of identity for Form I-9.

? Acceptable IDs include passports, driver's licenses, and other government-issued documents.

References:

? USCIS Form I-9 Acceptable Documents List

NEW QUESTION 47

- (Topic 2)

Using the percentage method for automated payroll systems, calculate the federal income tax withholding based on the following information:

Pay Type	Amount
Weekly salary	\$384.62
Holiday pay	\$76.92
Production bonus	\$38.46
2019 Form W-4	Single, 0 allowances

- A. \$18.65
- B. \$26.92
- C. \$39.04
- D. \$41.69

Answer: C

Explanation:

? Total taxable wages: $\$384.62 + \$76.92 + \$38.46 = \500.00

? Using IRS percentage method tables, withholding = \$39.04 References:

? IRS Publication 15-T (Tax Withholding Tables)

NEW QUESTION 50

- (Topic 2)

The monthly account reconciliation should include all of the following procedures EXCEPT:

- A. Balance the payroll tax liabilities
- B. Reconciling the payroll bank account
- C. Balance the payroll deduction liabilities
- D. Reconcile the payroll register to source documents

Answer: D

Explanation:

? Payroll account reconciliation ensures all financial data is accurate and balanced.

? Payroll register reconciliation (D) is a separate process used for payroll audits, not monthly account reconciliation.

References:

? Payroll Reconciliation Procedures (Payroll.org)

? IRS Payroll Recordkeeping Guidelines

NEW QUESTION 55

- (Topic 2)

Based on the following information, calculate the employee's gross wages for the workweek under the FLSA.

Pay Type	Amount
Hourly Rate	\$10.00
Rate per unit	\$5.00
Hours Worked	50
Units Produced	35

- A. \$692.50
- B. \$742.50
- C. \$810.00
- D. \$825.00

Answer: B

Explanation:

Step 1: Calculate regular wages

? 40 hours ?? \$10.00 = \$400.00 Step 2: Calculate overtime wages

? 10 hours ?? (\$10.00 ?? 1.5) = \$150.00

Step 3: Calculate piece-rate earnings

? 35 units ?? \$5.00 = \$175.00

Step 4: Total gross pay \$400.00 + \$150.00 + \$175.00 = \$742.50 References:

? FLSA Overtime Calculation Guide (DOL)

NEW QUESTION 57

- (Topic 2)

The employer's unpaid portion of payroll taxes is posted as a credit to a(n):

- A. Asset account
- B. Current liability account
- C. Long-term liability account
- D. Expense account

Answer: B

Explanation:

? Payroll taxes owed by the employer (such as FICA and FUTA) are recorded as a current liability because they must be paid within a short period.

? Long-term liability (C) applies to debts due over time, not payroll taxes.

? Expense accounts (D) track costs but do not reflect unpaid obligations. References:

? Payroll Accounting Guidelines (Payroll.org)

? IRS Employer Tax Guide (Publication 15)

NEW QUESTION 58

- (Topic 2)

On June 1st, the Payroll Department received an SUI rate change notice indicating a new rate effective January 1st of the current year. The system was not updated with the new rate until October 1st. SUI contribution recalculation will need to be done for:

- A. 2nd quarter only.
- B. 3rd quarter only.
- C. 2nd and 3rd quarters only.

D. 1st, 2nd, and 3rd quarters only.

Answer: D

Explanation:

? SUI (State Unemployment Insurance) rate changes are often retroactive to January 1st.
? Since the system was not updated until October, payroll must recalculate all affected quarters (1st, 2nd, and 3rd). References:
? SUI Tax Compliance Guide (Payroll.org)
? IRS Publication 15 (Employer's Tax Guide)

NEW QUESTION 59

- (Topic 2)

Workers' compensation payments are excluded from gross income and employment taxes EXCEPT when the amounts received:

- A. Are related to injuries suffered on the job.
- B. Are not related to illnesses suffered on the job.
- C. Do not exceed the benefits provided under the state workers' compensation law.
- D. Do not exceed the benefits provided under the federal workers' compensation law.

Answer: B

Explanation:

? Workers' compensation benefits are tax-exempt if they are paid for work-related injuries or illnesses.
? If payments are received for non-work-related illnesses (B), they become taxable.
? Amounts that do not exceed federal or state limits (C & D) remain tax-exempt. References:
? IRS Publication 525 (Taxable and Nontaxable Income)

NEW QUESTION 60

- (Topic 2)

IRS regulations require employers to take all of the following actions for taxable noncash awards EXCEPT:

- A. Gross up the value of the award
- B. Tax the value of the award when received
- C. Recognize the value of the award as a business expense
- D. Include the value of the award on Form W-2 in Boxes 1, 3, and 5

Answer: A

Explanation:

? Employers are not required to "gross up" (A) taxable awards unless they choose to cover the employee's tax liability.
? The IRS mandates taxation and W-2 reporting (B, C, D).
References:
? IRS Publication 15-B

NEW QUESTION 62

- (Topic 2)

To stop payment on an employee's check, the employer must work with the:

- A. IRS
- B. Payroll provider
- C. Employer's bank
- D. Employee's bank

Answer: C

Explanation:

? Only the employer's bank (C) can place a stop payment request.
? Payroll providers (B) may facilitate, but do not issue bank stops. References:
? Payroll Banking & Direct Deposit Standards (Payroll.org)

NEW QUESTION 65

- (Topic 2)

A semiweekly depositor accumulates a payroll tax liability of \$49,000.00 on Thursday. The next day, the company has bonus payroll with a tax liability of \$120,200.00. Calculate the amount of tax deposit and its due date.

- A. \$120,200.00 on the following Friday; \$49,000.00 on the following Wednesday
- B. \$120,200.00 on the following Monday; \$49,000.00 on the following Wednesday
- C. \$169,200.00 on the following Monday
- D. \$169,200.00 on the following Wednesday

Answer: C

Explanation:

? As a semiweekly depositor, if the tax liability exceeds \$100,000 in a single day, the employer must deposit the full amount by the next business day.
? The combined liability of \$169,200 must be deposited on Monday.
References:
? IRS Publication 15 (Federal Deposit Rules)

NEW QUESTION 70

- (Topic 2)

Which of the following taxes are NOT withheld from allocated tips?

- A. Medicare and FIT only
- B. FIT and Social Security only
- C. Social Security and Medicare only
- D. FIT, Social Security, and Medicare only

Answer: D

Explanation:

- ? Allocated tips are NOT subject to withholding unless reported by the employee.
- ? If not reported, FIT, Social Security, and Medicare (D) are not withheld but are still taxable.
- References:
- ? IRS Publication 531 (Reporting Tip Income)

NEW QUESTION 75

- (Topic 2)

Which of the following situations does NOT reflect constructive receipt of wages?

- A. Check is in the employee's possession.
- B. Direct deposit funds are made available to the employee.
- C. Employer mails paycheck through the United States Postal Service.
- D. Payment has been set aside in the Payroll Department for employee pickup.

Answer: C

Explanation:

- ? Constructive receipt means income is available to the employee even if not physically received.
- ? Option C is correct because when a paycheck is mailed, it is not immediately available, delaying constructive receipt. References:
- ? IRS Publication 15 (Employer's Tax Guide)
- ? Payroll Tax Compliance Guide (Payroll.org)

NEW QUESTION 76

- (Topic 2)

Based on the following Section 125 Cafeteria Plan contributions, calculate the employee's biweekly deductions.

Pay Type	Amount
Annual Salary	\$125,000.00
Annual Health Insurance	\$1,500.00
Monthly Life Insurance	\$15.00
Biweekly Dental	\$5.00

- A. \$69.61
- B. \$75.42
- C. \$77.69
- D. \$82.92

Answer: A

Explanation:

- ? Health Insurance (Biweekly) = $(\$1,500 \div 26) = \57.69
- ? Life Insurance (Biweekly) = $(\$15 \div 12 \div 26) = \6.92
- ? Dental Insurance = \$5.00
- ? Total Biweekly Deduction = $\$57.69 + \$6.92 + \$5.00 = \69.61 References:
- ? IRS Section 125 Cafeteria Plan Rules

NEW QUESTION 79

- (Topic 2)

An out-of-balance condition in the general ledger could be caused by:

- A. A direct deposit error
- B. Increased overtime
- C. Vacation payout
- D. High turnover

Answer: A

Explanation:

? Direct deposit errors (A) may result in payroll mismatches and unrecorded transactions, causing the general ledger to be out of balance.
 ? Other options (B, C, D) impact payroll costs but do not directly affect ledger balancing. References:
 ? Payroll Accounting Reconciliation Standards

NEW QUESTION 83

- (Topic 2)

Using the wage bracket method, calculate the employee's net pay. The employee's W-4 was completed in 2019 or earlier.

Pay Type	Amount
Rate of pay	\$15.00
Pay frequency	Weekly
Hours worked	40
401(k) deferral	\$50.00

- A. \$589.70
- B. \$651.45
- C. \$685.45
- D. \$686.45

Answer: B

Explanation:

? Step 1: Calculate gross pay
 ? Step 2: Deduct 401(k) deferral
 ? Step 3: Apply IRS wage bracket tax method (for a single employee, 2019 W-4)
 ? Step 4: Net Pay Calculation References:
 ? IRS Publication 15-T (Federal Income Tax Withholding Tables)

NEW QUESTION 85

- (Topic 2)

An example of an interface into a payroll system is a(n):

- A. Check print file.
- B. ACH payment file.
- C. Time and attendance system file.
- D. Transmission of general ledger transactions.

Answer: C

Explanation:

A time and attendance system file is an example of an interface into a payroll system because:
 ? It captures employee work hours and sends data to payroll for accurate calculations.
 ? Payroll interfaces ensure automated and accurate payment processing. Other options explained:
 ? Check print file (A) is an output, not an interface.
 ? ACH payment file (B) is used to process payments, not interface data.
 ? General ledger transactions (D) are accounting-related, not payroll input.
 References:
 ? Payroll System Integration Guide (Payroll.org)

NEW QUESTION 90

- (Topic 2)

An employee receives \$1,600.00 biweekly from their employer. Using the following information, calculate the total amount of voluntary deductions.

Deduction Type	Amount
Federal income tax	\$116.00
Social Security tax	\$93.00
Medicare tax	\$21.75
401(k)	\$160.00
Medical insurance	\$85.00
Dental insurance	\$15.00
Tax levy	\$35.00
Partial direct deposit	\$500.00

- A. \$760.00
- B. \$660.00
- C. \$205.00
- D. \$260.00

Answer: B

Explanation:

Voluntary deductions include:
? 401(k):\$160.00
? Medical insurance:\$85.00
? Dental insurance:\$15.00
Total voluntary deductions:\$160 + \$85 + \$15 =\$260.00
Federal income tax, Social Security, Medicare, and tax levies are mandatory deductions, so they are NOT included in voluntary deductions.
References:
? IRS Publication 15 (Circular E)
? Payroll Source®, Payroll.org

NEW QUESTION 95

- (Topic 2)
The FLSA is enforced by which of the following entities?

- A. DOL
- B. ICE
- C. IRS
- D. SSA

Answer: A

Explanation:

? TheFair Labor Standards Act (FLSA)isenforced by the Department of Labor (DOL)through itsWage and Hour Division (WHD).
? ICE (Immigration and Customs Enforcement)handles immigration-related work issues, not wage enforcement.
? IRS (Internal Revenue Service)enforces tax laws, not labor standards.
? SSA (Social Security Administration)manages Social Security benefits, not wage laws.
References:
? FLSA Compliance and Enforcement (DOL)
? Payroll Compliance Guidelines (Payroll.org)

NEW QUESTION 97

- (Topic 2)
Using the following information, calculate the imputed income that MUST be included in the employee??s monthly gross pay.

Pay Type	Amount
Annual Salary	\$78,000.00
GTL Plan Maximum	\$150,000.00
GTL Coverage	2 times the annual salary
Employee Age on Dec 31	53

- A. \$6.44
- B. \$23.00
- C. \$24.38
- D. \$34.50

Answer: C

Explanation:

- ? Step 1: Calculate excess GTL coverage
 - ? Step 2: Use IRS Table for GTL Taxable Rates (for age 53: \$0.23 per \$1,000 of coverage)
- References:
- ? IRS Publication 15-B (Taxable Group Term Life Insurance)

NEW QUESTION 101

- (Topic 2)

The withholding of federal income tax is regulated by the:

- A. ACA
- B. IRC
- C. FICA
- D. FUTA

Answer: B

Explanation:

- ? The Internal Revenue Code (IRC) regulates the withholding of federal income tax (FIT).
- ? FICA (C) governs Social Security & Medicare taxes.
- ? FUTA (D) applies to unemployment tax but does not regulate withholding. References:
- ? Internal Revenue Code (IRC) Section 3402
- ? IRS Publication 15 (Employer's Tax Guide)

NEW QUESTION 105

- (Topic 2)

All of the following statements about the implementation of department processes are true EXCEPT:

- A. Each team member has a clear and concise assignment.
- B. A backup manager is identified and participating in the project.
- C. The standards for measuring success must be clear and specific.
- D. Managers who delegate properly have less time to focus on work.

Answer: D

Explanation:

- ? Managers who delegate properly actually have MORE time to focus on work, not less.
 - ? Delegation improves efficiency and productivity by allowing managers to focus on strategic tasks.
 - ? Options A, B, and C are correct as they are key to successful implementation of processes.
- References:
- ? Payroll Process Best Practices (Payroll.org)

NEW QUESTION 109

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