

Accountant

APA-CPP
Certified Payroll Professional

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Question: 1

Which type of worker is considered a statutory employee?

- A.Accountant
- B.Real estate agent
- C.Full-time life insurance salesperson
- D.A worker from a temporary agency

Answer: C

Explanation:

Full-time life insurance salesperson. A statutory employee is a self-employed person, considered an employee for tax purposes. Other types of statutory employees include:

- Delivery drivers that are agents of a company, or paid on commission
- Individuals that work at home with materials supplied by a company
- Full-time traveling salespersons that sells products for resale to other businesses

An accountant may be considered an independent contractor if services are provided to several clients. A real estate agent would be considered a statutory non-employee if compensation is based on sales and not on hours worked. A worker that is hired from a temporary agency is considered a leased employee.

Question: 2

Under the Fair Labor Standards Act (FLSA), an employer is bound to all but which of the following requirements?

- A.A minimum hourly wage
- B.Premium pay for work performed on a holiday
- C.Deductions for uniforms or tools of the trade
- D.Overtime pay

Answer: B

Explanation:

Premium pay for work performed on a holiday. The Fair Labor Standards Act (FLSA) pertains to covered, non-exempt workers and entitles these workers to:

- A minimum wage, currently at \$7.25 per hour
- Overtime pay after 40 hours work, paid at 1.5 times the worker's regular pay
- A regular payday

Deductions for uniforms and tools are allowed as long as wages are not reduced below minimum wage. The FLSA does not require employers to pay employees the following:

- Paid vacations, holidays, meal times and rest periods
- Severance pay, sick pay, pay raises and fringe benefits
- Premium pay for work performed on the weekend or holidays
- A notice or reason for discharge

Question: 3

What is the minimum wage for an employee that receives tips for services provided?

- A.\$7.25
- B.\$5.12
- C.\$2.13
- D.\$1.75

Answer: C

Explanation:

\$2.13. The federal minimum wage for covered, non-exempt employees is \$7.25 per hour. However, an employer may pay a tipped employee a minimum wage of \$2.13 per hour if:

- The hourly rate plus tips received by the employee equal the federal minimum wage
- The tips are retained by the employee
- The employee receives more than \$30 a month in tips

If the \$2.13 per hour plus tips does not equal the federal minimum wage, the employer must pay the employee the difference.

Question: 4

Which employment tax is not required to be withheld from employee paychecks?

- A.Federal income tax
- B.Social Security
- C.Medicare
- D.Federal unemployment tax

Answer: D

Explanation:

Federal unemployment tax. Federal unemployment taxes are not deducted from employee paychecks. They, along with state unemployment taxes, are paid by the employer only. Federal income taxes are paid by the employee, but withheld from the employee's paycheck by the employer. Social Security and Medicare are paid by both the employer and the employee.

Question: 5

What is the maximum amount of earnings that are subject to Social Security tax in 2023?

-
- A.\$125,000
 - B.\$142,800
 - C.\$150,000
 - D.\$160,200

Answer: D

Explanation:

\$160,200. Employees are only required to pay Social Security taxes on the first \$160,200 of income earned in 2023. This is referred to as the contribution and benefit base, or taxable maximum. Wages above this amount are not subject to Social Security Tax. There is no limitation on taxable earnings for Medicare's Hospital Insurance program. Any employee who pays more than the maximum tax required is eligible for a refund of the excess contribution.

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