

# Study Guide 13

Name	Perfect Score	Your Score
Analyzing Payroll Records	15 Pts.	
Analyzing Transactions Affecting Payroll	5 Pts.	
Analyzing Form W-2	10 Pts.	
<b>Total</b>	<b>30 Pts.</b>	

## Part One—Analyzing Payroll Records

**Directions:** For each of the following items, select the choice that best completes the statement. Print the letter identifying your choice in the Answers column.

- |  | <b>Answers</b> |
|--|----------------|
| 1. All the payroll information needed to prepare payroll and tax reports is found on (A) Form W-4 and the employee earnings record (B) Form W-4 and the payroll register (C) the payroll register and the employee earnings record (D) Form W-4. (p. 378)  | 1. _____       |
| 2. The payroll journal entry is based on the totals of the payroll register (A) Total Earnings column, each deduction column, and the Net Pay column (B) Total Earnings, Earnings Regular, Earnings Overtime, and Deductions Total columns (C) Earnings Regular, Earnings Overtime, and Deductions Total columns (D) Total Earnings, Earnings Regular, and Earnings Overtime Total columns. (p. 379) | 2. _____       |
| 3. The Total Earnings column total of a payroll register is journalized as a debit to (A) Cash (B) Salary Expense (C) Employee Income Tax Payable (D) Social Security Tax Payable. (p. 380)  | 3. _____       |
| 4. The total of the Federal Income Tax column of a payroll register is credited to (A) a revenue account (B) an expense account (C) a liability account (D) an asset account. (p. 380)   | 4. _____       |
| 5. The total of the Net Pay column of the payroll register is credited to (A) a revenue account (B) an expense account (C) an asset account (D) a liability account. (p. 380)  | 5. _____       |
| 6. When a semimonthly payroll is paid, the credit to Cash is equal to the (A) total earnings of all employees (B) total deductions for income tax and social security tax (C) total deductions (D) net pay of all employees. (p. 380)  | 6. _____       |
| 7. Employer payroll taxes are (A) assets (B) expenses (C) revenues (D) none of these. (p. 382)   | 7. _____       |
| 8. Payroll taxes that are paid by both the employer and the employee are (A) federal unemployment tax and social security tax (B) federal unemployment tax and Medicare tax (C) social security tax and Medicare tax (D) federal income tax, social security tax, and Medicare tax. (p. 382)   | 8. _____       |
| 9. A tax paid to administer the unemployment program is the (A) social security tax (B) Medicare tax (C) federal unemployment tax (D) state unemployment tax. (p. 382)   | 9. _____       |
| 10. A state tax used to pay benefits to unemployed workers is the (A) social security tax (B) Medicare tax (C) unemployment tax (D) state unemployment tax. (p. 382)   | 10. _____      |
| 11. An employee's earnings subject to unemployment taxes are referred to as (A) gross earnings (B) net earnings (C) FUTA earnings (D) accumulated earnings. (p. 383)   | 11. _____      |
| 12. Each employer who withholds income tax, social security tax, and Medicare tax from employee earnings must furnish each employee an (A) IRS Form W-4 (B) IRS Form W-2 (C) IRS Form W-3 (D) IRS Form 941. (p. 387)   | 12. _____      |
| 13. Each employer is required by law to report payroll taxes on an (A) IRS Form W-4 (B) IRS Form 941 (C) IRS Form W-2 (D) IRS Form W-3. (p. 389)   | 13. _____      |
| 14. The form used to report annual earnings and payroll taxes for all employees to the Social Security Administration is the (A) W-2 (B) Form 941 (C) W-3 (D) W-4. (p. 390)  | 14. _____      |
| 15. To record the payment of federal unemployment tax, the account debited is (A) a revenue account (B) an expense account (C) a liability account (D) an asset account. (p. 396)  | 15. _____      |

## Part Two—Analyzing Transactions Affecting Payroll

**Directions:** Analyze each of the following transactions into debit and credit parts. Print the letters identifying your choices in the proper Answers column.

<b>Account Titles</b>	<b>Transactions</b>	<b>Answers</b>	
		<b>Debit</b>	<b>Credit</b>
A. Cash	1. Paid cash for semimonthly payroll. (p. 380)	_____	_____
B. Employee Income Tax Payable	2. Recorded employer payroll taxes expense. (p. 384)	_____	_____
C. Health Insurance Premiums Payable	3. Paid cash for liability for employee income tax, social security tax, and Medicare tax. (p. 394)	_____	_____
D. Medicare Tax Payable	4. Paid cash for federal unemployment tax liability. (p. 396)	_____	_____
E. Payroll Taxes Expense	5. Paid cash for state unemployment tax liability. (p. 396)	_____	_____
F. Retirement Contributions Payable			
G. Salary Expense			
H. Social Security Tax Payable			
I. Unemployment Tax Payable—Federal			
J. Unemployment Tax Payable—State			

### Part Three—Analyzing Form W-2

**Directions:** Analyze the following statements about a Form W-2, Wage and Tax Statement. Use the Form W-2 below to answer the specific questions about John Butler. Place a T for True or an F for False in the Answers column to show whether each of the following statements is true or false. (p. 387)

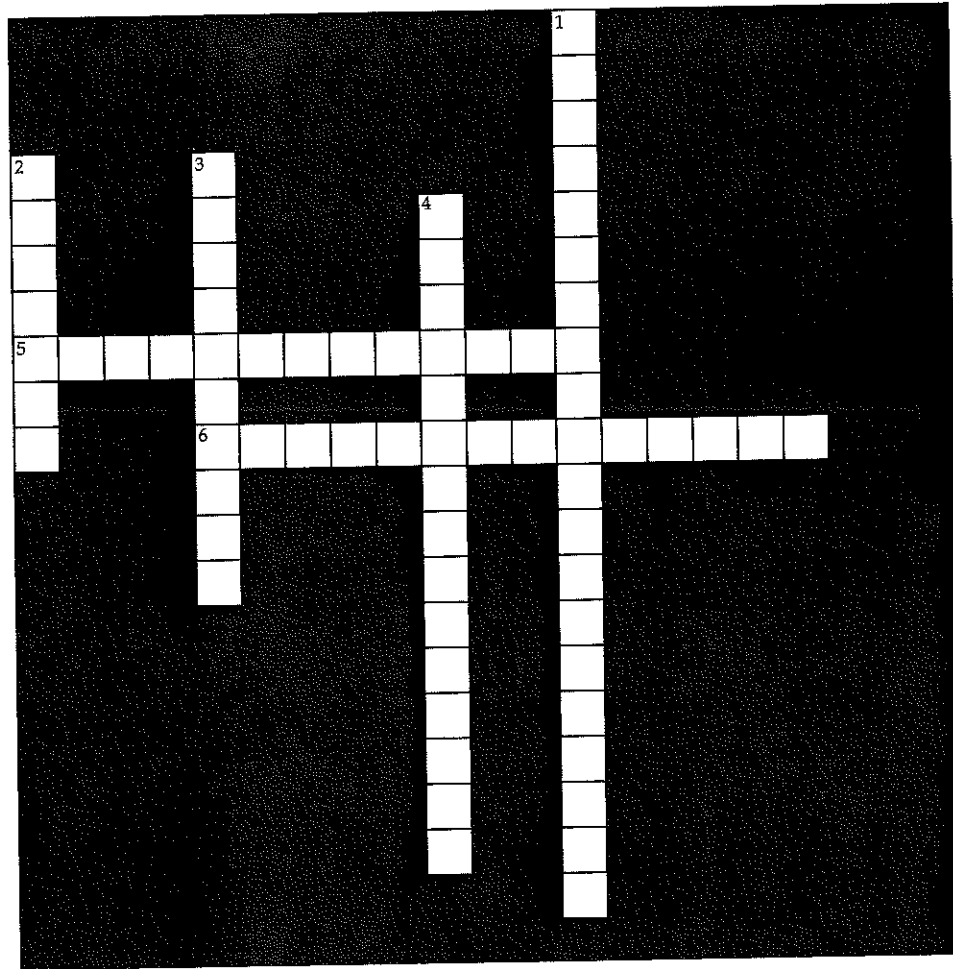
22222		Employee's social security number 194-81-5823		OMB No. 1545-0008			
b. Employer identification number (EIN) 31-0429632			1. Wages, tips, other compensation 30,273.75		2. Federal income tax withheld 620.00		
c. Employer's name, address, and ZIP code ThreeGreen Products, Inc. 1501 Commerce Street Carlisle, PA 17013			3. Social security wages 30,273.75		4. Social security tax withheld 1,876.97		
			5. Medicare wages and tips 30,273.75		6. Medicare tax withheld 438.97		
			7. Social security tips		8. Allocated tips		
d. Control number			9.		10. Dependent care benefits		
e. Employee's first name and initial John P.		Last name Butler		Suffix	11. Nonqualified plans		
f. Employee's address and ZIP code 1014 Bosler Ave. Carlisle, PA 17013			13. Statutory employee <input type="checkbox"/>	Retirement plan <input type="checkbox"/>	Third-party sick pay <input type="checkbox"/>		
			14. Other			12a	12b
						12c	12d
						12e	12f
15. State Employer's state ID number		16. State wages, tips, etc.	17. State income tax	18. Local wages, tips, etc.	19. Local income tax		
					20. Locality name		

**W-2** Wage and Tax Statement  
Form Copy 1—For State, City, or Local Tax Department

20 - -

Department of the Treasury—Internal Revenue Service

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. John Butler's total salary is more than his total social security salary.</li> <li>2. This Form W-2 shows John Butler's net pay for the entire year.</li> <li>3. The amount withheld for Mr. Butler's social security tax was more than the amount withheld for his federal income tax.</li> <li>4. State income tax was withheld from Mr. Butler's salary.</li> <li>5. All deductions from Mr. Butler's salary for taxes and retirement plan contributions are shown on his Form W-2.</li> <li>6. This Form W-2 would indicate whether Mr. Butler had more than one employer during the year.</li> <li>7. If an employee works for several employers during the year, that employee must receive a Form W-2 from each employer.</li> <li>8. An employer is required to provide employees with a Form W-2 no later than January 31 of the year following the one for which the report has been completed.</li> <li>9. When John Butler files his federal income tax return, he must attach Copy A of Form W-2 to his return.</li> <li>10. Businesses in states with state income tax must prepare additional copies of Form W-2.</li> </ol> | <p><b>Answers</b></p> <ol style="list-style-type: none"> <li>1. _____</li> <li>2. _____</li> <li>3. _____</li> <li>4. _____</li> <li>5. _____</li> <li>6. _____</li> <li>7. _____</li> <li>8. _____</li> <li>9. _____</li> <li>10. _____</li> </ol> |
|---|---|



**Across**

- 5. The total of gross earnings for all employees earning hourly wages, salaries, and commissions.
- 6. The 12-month period that ends on June 30th of the prior year that is used to determine how frequently a business must deposit payroll taxes.

**Down**

- 1. A state tax paid by employers that is used to pay benefits to unemployed workers.
- 2. The payment of payroll taxes to the government.
- 3. The chief accountant in an organization, having responsibility for both financial and managerial accounting activities. Sometimes called comptroller.
- 4. A process that requires an employer to withhold a portion of an employee's paycheck to pay a court-ordered debt settlement.
- 16. Earnings paid to an employee after payroll taxes and other deductions.