

# ACC 140 Payroll Accounting

## COURSE DESCRIPTION:

Prerequisites: ACC 120 and CIS 110

Corequisites: None

This course covers federal and state laws pertaining to wages, payroll taxes, payroll tax forms, and journal and general ledger transactions. Emphasis is on computing wages; calculating social security, income, and unemployment taxes; preparing appropriate payroll tax forms; and journalizing/posting transactions. Upon completion, students should be able to analyze data, make appropriate computations, complete forms, and prepare accounting entries using appropriate technology. Course Hours Per Week: Class 1, Lab 2, Semester Hour Credit 2.

## LEARNING OUTCOMES:

Upon completion of this course, the student will be able to:

1. Prepare payroll data and compute all liabilities associated with payroll. Identify the various laws that affect employers in their payroll operations. Understand the major provisions of the Fair Labor Standards Act. Perform various arithmetic operations associated with calculating payroll. Apply the current legal regulations of the Federal Insurance Contributions Act and the Self-Employment Contributions Act.
2. Prepare necessary tax and information returns, including unemployment tax returns, Form 941, Form W-3, and Form W-2. Complete forms necessary for depositing payroll taxes and taxes withheld from employee's wages. Calculate federal income tax withholdings and prepare wage and tax statements. Calculate federal and state unemployment taxes and complete reports required by federal and state unemployment tax laws. Prepare various quarter-end and year-end payroll tax forms.
3. Reconcile payroll forms to the general ledger. Prepare payroll registers and journalize and post entries to record payroll transactions. Utilize a computerized system in completing a comprehensive payroll project.

## OUTLINE OF INSTRUCTION:

- I. Laws governing payroll and personnel records
  - A. Fair Labor Standards Act
  - B. State minimum wage and maximum hours law
  - C. Fair employment laws
    1. Civil Rights Act of 1964
    2. Executive orders
    3. Age Discrimination in Employment Act
    4. Americans with Disabilities Act
  - D. Federal Insurance Contributions Act
  - E. Income tax withholding laws
    1. Federal income tax withholding law
    2. State and local income tax withholding laws
  - F. Unemployment tax acts
    1. Federal Unemployment Tax Act

- 2. State Unemployment Tax Act
- G. Other federal laws affecting payroll and personnel records
  - 1. Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996
  - 2. Employee Retirement Income Security Act of 1974
  - 3. Immigration Reform and Control Act of 1986
  - 4. Family and Medical Leave Act of 1993
- H. Other state laws affecting payroll and personnel records
  - 1. Workers' compensation laws
  - 2. State disability benefit laws
- I. Human Resources System
  - 1. Requisition for personnel
  - 2. Application for employment
  - 3. Reference inquiry
- J. Payroll accounting system
  - 1. Payroll register
  - 2. Employee's earnings record
- K. Outsourcing Payroll
- II. Computing and paying wages and salaries
  - A. Application of the Fair Labor Standards Act
    - 1. Provisions of coverage
      - a. Enterprise coverage
      - b. Individual employee coverage
    - 2. Employee defined
    - 3. Wages
    - 4. Tips
    - 5. Workweek
    - 6. Overtime hours and overtime pay
    - 7. Compensatory time off
    - 8. Equal Pay Act
    - 9. Exemptions from the FLSA
    - 10. Child labor restrictions
  - B. Determining the employee's working time
  - C. Record keeping for time worked
  - D. Methods of computing wages and salaries
    - 1. Time rate
    - 2. Piece rate
    - 3. Special incentive plans
    - 4. Commissions
    - 5. Profit-sharing plans
- III. Social security taxes
  - A. Coverage under FICA
    - 1. Employees covered
    - 2. Employers affected
    - 3. Taxable wages
    - 4. Taxable wage bases

- a. Tax rates
    - b. Employees' FICA (OASDHI) taxes and withholdings
    - c. Employer's FICA (OASDHI) taxes
  - B. Income and taxes for self-employed persons
  - C. Application of Employer Identification Number (Form SS-4)
  - D. Employee's Application for a Social Security Card (Form SS-5)
  - E. Returns required for Social Security purposes
  - F. Deposit requirements
  - G. Employer's Quarterly Federal Tax Return (Form 941)
  - H. Failure-to-comply penalties
- IV. Withholding for income taxes
  - A. Coverage under federal income tax withholding law
  - B. Withholding allowances and withholding certificates
  - C. Methods of withholding
    - 1. Percentage method
    - 2. Wage-bracket method
    - 3. Quarterly averaging wages
    - 4. Annualizing wages
  - D. Withholding tax on supplemental wage payments
  - E. Advance payment of earned income credit
  - F. Tax-Deferred retirement accounts
  - G. Wage and tax statements
  - H. Major returns completed by employers
  - I. Information returns
  - J. Withholding state income taxes
  - K. Withholding local income taxes
- V. Unemployment compensation taxes
  - A. Coverage under FUTA and SUTA
  - B. Unemployment compensation taxes and credits
    - 1. Tax Rate – FUTA
    - 2. Tax Rate – SUTA
    - 3. Late payment penalty
    - 4. Voluntary contributions
  - C. Unemployment compensation reports required of the employer
  - D. Unemployment compensation benefits
- VI. Analyzing and journalizing payroll transactions
  - A. Payroll register
  - B. Employee's earnings record
  - C. Recording gross payroll and withholdings
  - D. Methods of paying wages and salaries
  - E. Unclaimed wages
  - F. Recording payroll taxes
  - G. Recording the deposit or payment of payroll taxes
  - H. Recording the adjustment for end of year wages
- VII. Payroll Project

**REQUIRED TEXTBOOK AND MATERIAL:**

The textbook and other instructional material will be determined by the instructor.