

**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 Hours Credit, 2.

**LEARNING OUTCOMES:**

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

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

**REQUIRED TEXTBOOKS AND MATERIALS:**

To be selected by Instructor/Discipline Chair.