

Las Positas College
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Course Outline for BUSN 63

PAYROLL ACCOUNTING

Effective: Fall 2011

I. CATALOG DESCRIPTION:

BUSN 63 — PAYROLL ACCOUNTING — 2.00 units

Learn about Payroll Accounting System based on state and federal payroll tax laws. Concepts covered include: Fair Labor Standards Act, employee and employer payroll tax deductions, payroll recordkeeping requirements, personnel records, unemployment tax acts, computing gross and net salaries, reading time cards, computing regular and overtime wage rates for hourly and salaried employees. Filing payroll tax returns and computing various payroll taxes including: Social Security tax, federal income tax, state income tax, federal unemployment tax, state unemployment tax and voluntary withholdings.

2.00 Units Lecture

Grading Methods:

Discipline:

	MIN
Lecture Hours:	36.00
Total Hours:	36.00

II. NUMBER OF TIMES COURSE MAY BE TAKEN FOR CREDIT: 1

III. PREREQUISITE AND/OR ADVISORY SKILLS:

IV. MEASURABLE OBJECTIVES:

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

- A. Identify the various laws that affect employers in their payroll operations;
- B. Examine the recordkeeping requirements of these laws;
- C. Describe the employment procedures generally followed in a Human Resources Department;
- D. Recognize the various personnel records used by businesses and list the type of information shown on each form;
- E. Demonstrate understanding of state employment laws like Worker's Compensation Act;
- F. Identify various components of payroll register and employee's earnings record;
- G. Explain major provisions of the Fair Labor Standard Act;
- H. Define hours, overtime rules and identify distinctive compensation plans;
 - I. Identify and calculate the types of compensation that are defined as wages;
- J. Describe FICA rules for Exempt Employees, Voluntary Coverage and Independent Contractors;
- K. Apply current tax rates and wages base for FICA and SECA purposes;
- L. Explain types of withholding allowances that may be claimed by employees;
- M. Describe rules for the advance earned income credit, and how the employer computes the amount of the advance;
- N. Demonstrate understanding of how to file quarterly and annual payroll tax returns;
- O. Describe the basic requirements for an individual to be classified as an employer or an employee under the Federal Unemployment Tax Act;
- P. Compute federal unemployment tax and credit against the tax;
- Q. Complete reports required by the Federal Unemployment Tax Act;
- R. Journalize entries to record the payroll and payroll taxes;
- S. Post to various general ledger accounts that are used to accumulate information from the payroll entries;
- T. Prepare documents for recording of the payroll tax deposits;

V. CONTENT:

- A. The need for Payroll and Personnel Records
 1. Need for Payroll Profession
 2. Fair Labor Standards Act
 3. Federal Insurance Contribution Act
 4. Income tax withholding laws
 5. Unemployment tax acts
 6. Recordkeeping requirements
 7. Worker's Compensation Laws
 8. Human resource system
- B. Computing Wages and Salaries
 1. Individual Employee Coverage
 2. Employees of a Corporation
 3. Statutory Employees and Nonemployees
 4. The minimum Wage

5. Paying less than the Minimum Wage and paying a Living Wage
6. Overtime hours and Overtime Pay
7. Exemptions from FLSA Requirements
8. Equal Pay Act and Child-Labor Restrictions
9. Records Used for Timekeeping
- C. Social Security Taxes
 1. Occupations Specifically Covered by FICA
 2. Government Employees and FICA
 3. Exempt Employees, Voluntary Coverage and Independent Contractor
 4. Contribution to Deferred Compensation Plans
 5. Returns required for Social Security Purposes
- D. Income Tax Withholdings
 1. Coverage under Federal Income Tax Withholding Laws
 2. Tax-Deferred Retirement Accounts
 3. Withholding Allowances
 4. Supplemental Wage Payments
 5. Wage and Tax Statements
 6. Backup Withholdings
 7. Independent Contractor Payments
- E. Unemployment Compensation Taxes
 1. Coverage Under FUTA and SUTA
 2. Unemployment Compensation and Credits
 3. Unemployment Reports Required of the Employer
 4. Workmen's Compensation Laws
- F. Analyze and Journalize Payroll Transactions
 1. The Payroll Register
 2. Recording the Gross Payroll and Withholdings
 3. Methods of Paying Wages and Salaries
 4. Recording Payroll Taxes
 5. Recording the Deposits or Payment of Payroll Taxes
 6. Recording End of the Period Adjustment
- G. Circular "E" Employer's Tax Guide
 1. Employer Identification number
 2. Who are employees?
 3. Supplement period and wages
 4. Reporting correction to form 941
 5. Percentage method for Advance EIC
 6. Additional withholding for Pensions

VI. METHODS OF INSTRUCTION:

- A. Lecture and demonstration of payroll tax laws and principles
- B. PowerPoint and compute-images when appropriate
- C. Discussion of student questions and class exercises

VII. TYPICAL ASSIGNMENTS:

- A. Homework-completing exercises and problems
 1. Compute regular and overtime wages and salaries for semimonthly and monthly payroll period
 2. Prepare Payroll tax returns for Federal and State filing including form 941 and form 8109
 3. Calculate maximum contribution an employer can make to an employee's SIMPLE account
 4. Read Chapter 3 and complete problems 3-14 A, 3-2B, 3-6B and 3-10B
 5. Read special rules for various services and payments in Circular E and answer questions from the text on pages 6-26 and 6-27
- B. Class exercises
 1. Compute the amount of FICA taxes that the employer should withhold from Gilmore's wages during July
 2. Compute total FICA taxes for 2009 and complete form 941 for federal filing
- C. Comprehensive Problems
 1. Analyze and journalize the transactions described in the following narrative.
 2. Use two column journal paper provided on pages 6-47 to 6-51 to record the journal entries.
 3. Post the journal entries on the general ledger accounts on pages 6-52 to 6-57.

VIII. EVALUATION:

Methods/Frequency

- A. Exams/Tests
- B. Quizzes
- C. Class Work
- D. Home Work
- E. Other
 1. Methods:
 - a. Tests
 - b. Quizzes
 - c. Homework
 - d. Class exercises and problems

IX. TYPICAL TEXTS:

1. Bieg, Bernard J. & Judith A. Toland *Payroll Accounting*, South-Western Cengage Learning, 2010.
2. Haddock, M. David & Sherry Cohen *Payroll records and procedures*. 5th ed., McGraw Hill, 2005.

X. OTHER MATERIALS REQUIRED OF STUDENTS:

- A. An inexpensive calculator is suggested.
- B. Free Download of Circular "E" from IRS website for latest updates and reference