

SOLUTIONS MANUAL: CHAPTER 2 END OF CHAPTER ANSWERS**ANSWERS TO STOP AND CHECK EXERCISES****What's in the File?**

1. A, B, D, E
2. B
3. D
4. A
5. C

Who Are You?

1. Student answers will vary. One possible way to prove both identity and employment is a current U.S. passport. Alternatively, a current state-issued driver's license and a Social Security card will work for the purposes of the I-9.
2. Student answers will vary. Many students may underestimate their estimated exemptions.
3. Student answers will vary. Examples of statutory employees include: A driver who distributes beverages (other than milk) or meat, vegetable, fruit, or bakery products or who picks up and delivers laundry or dry cleaning, if the driver is a single company's agent or is paid on commission. A full-time life insurance sales agent whose principal business activity is selling life insurance or annuity contracts, or both, primarily for one life insurance company. An individual who works at home on materials or goods that a company supplies and that must be returned to that company or a designated agent in accordance with furnished specifications for the work to be done. A full-time traveling or city salesperson who works on a single company's behalf and turns in orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments. The goods sold must be merchandise for resale or supplies for use in the buyer's business operation. The work performed for that single company must be the salesperson's principal business activity.

Exempt vs. Nonexempt

1. Exempt workers are exempt from the overtime provisions of FLSA. Exempt workers tend to be employees in a company's managerial or other leadership functions, in which they may need to work more than 40 hours per week to complete their tasks. Exempt workers usually receive a fixed salary per period that is not based on the number of hours worked. Nonexempt workers tend to be compensated on an hourly basis and often do not have

managerial or leadership responsibilities. It should be noted that some nonexempt workers do have managerial or leadership responsibilities and may receive a fixed salary; however, these employees are covered by the overtime provisions of FLSA.

2. C (40 hours)
3. Nonexempt. When workers are employed on a nonexempt basis, they are paid to perform a specific job regardless of the number of hours worked to accomplish that job. A 2017 Gallup Work and Education poll found that more than half of the nonexempt salaried workers surveyed worked in excess of 40 hours per week.

Worker Facts

1. Hourly workers and nonexempt are protected by the FLSA
2. Exempt workers receive a fixed amount of money and generally direct the actions of other employees; nonexempt workers are eligible for overtime and generally have their work directed by a manager.
3. Commission workers are typically tied to sales completed by the individual; piece rate pay is determined by the number of pieces the employee completes during a shift or period.

Who Does Which Job?

Student answers will vary. The answer should reflect a clear separation of duties, cross-training, rotation of tasks, and security protocols.

Internal Controls and Audits

1. B
2. C

Destroy and Terminate

1. Paper payroll records should be shredded or burned. Computer records should be purged from the server and all other storage devices.

2. Charlie should receive his final pay on October 11, and not later than October 12. His employer is not required to provide him with a severance package, although he may be eligible for his accrued vacation pay.

ANSWERS TO END-OF-CHAPTER MATERIALS

REVIEW QUESTIONS

1. What constitutes internal controls for a payroll department?
 - a. Payroll system design, authorized signers, documentation, and review of the process
2. Why should more than one person prepare/verify payroll processing?
 - a. Internal controls and verification to avoid fraud or theft
3. What documents should be included in all new hire packets?
 - a. I-9 and W-4
4. Why are new hires required to be reported to the state's employment department?
 - a. The enforcement of child support and legal withholdings, ensuring immigrants are still eligible to work, verification of professional licensing/qualifications, administration of COBRA benefits
5. For the state in which you live, when must a terminated employee be paid his or her final paycheck?
 - a. Student answers will vary. This is a state specific regulation time ranging from the point of discharge to no time requirements.
6. What are the five main payroll frequencies?
 - a. Daily, weekly, biweekly, monthly, semi-monthly
7. What are some of the best practices in establishing a payroll system?
 - a. Keep any requests for leave with the related paystubs, file retention schedule, have more than one person responsible for the duties/verification, and separation of duties
8. What are the important considerations in setting up a payroll system?

- a. Pay frequency, pay types, method of payment, benefits, manual/computerized/outsourced payroll processing, file security system
9. What are the different tasks involved in payroll accounting?
- a. Entering the employees, entering the hours, calculation of gross wages, preparation of paychecks, payment of taxes, reporting requirements
10. What agencies or organizations can audit a company's payroll records?
1. The Internal Revenue Service (IRS)
 2. Federal and State Departments of Labor
 3. Department of Homeland Security
 4. Other state and local agencies
 5. Labor unions
11. How long should employee records be retained?
- a. For a three-year period
12. Are independent contractors included in company payroll? Why or why not?
- a. It depends; some independent contractors are not included in the company's payroll, but are treated as vendors. Some independent contractors are considered statutory employees and would be included in the company's payroll.
13. What is the difference between termination and resignation?
- a. An employee is terminated by the employer; when the employee initiates the separation it is a resignation. Employees who resign will receive their final paycheck in the normal payroll cycle, whereas terminated employees may be required to receive theirs sooner.
14. What is the difference between weekly, biweekly, semi-monthly, and monthly pay periods?
- a. A weekly pay period is for one-week, biweekly pay period is two weeks long, semi-monthly pay period is twice a month, and monthly pay period is once a month.
15. What differentiates exempt and nonexempt employees?

- a. Nonexempt employees are covered under the Fair Labor Standards Act (FLSA) and are in non-supervisory positions. Exempt employees are typically in managerial positions, are exempt from overtime pay requirements and the FLSA.

16. What categories exist for the purposes of document retention?

1. Payroll Records (time sheets, electronic records, etc.)
2. Employee federal, state, and local income tax records
3. Form I-9 and accompanying employee eligibility documents
4. Employee benefits and contributions
5. Health plan documentation

EXERCISES SET A

E2-1A. Krystal Valdez, a nonexempt employee at Misor Investments, works a standard 8:00–5:00 schedule with an hour for lunch. Krystal received overtime pay for hours in excess of 40 per week. During the week, she worked the following schedule:

4. 2.25

Monday	8:00–11:00	12:00–4:30	7.50
Tuesday	8:00–11:00	12:00–5:15	8.25
Wednesday	8:00–11:00	12:00–5:00	8.00
Thursday	8:30–5:00	(no lunch)	8.50
Friday	8:00–6:00	(no lunch)	10.00

Total 42.25

$42.25 - 40.00 = 2.25$

E2-2A. Roger Ortega receives her pay twice per month working for Megaveo Enterprises. Which of the following choices describes his pay frequency?

b. Semimonthly

E2-3A. Lila Rivera is a new employee for Divera Glass. Which Federal forms must he complete as part of the hiring process?

1. W-4

4. I-9

E2-4A. Wilbur Matthews, a resident of Wisconsin, ended his employment with Bovill Farms on December 7, 2018. The next pay date for the company is December, 20. By what date should he receive his final pay?

3. December 20

E2-5A. Charlene Kelley is a new nonexempt sales clerk for Oyondo Retail Stores. She completes her time card for the pay period. To ensure proper internal control, what is the next step in the payroll review process?

3. Submit the time card to her manager for review.

E2-6A. Alfonso Silva needs additional filing space at the end of the year in the company's offsite, secured storage. He sees several boxes marked for the current year's destruction. What methods can Alfonso use to dispose of the payroll records? (Select all that apply.)

1. Contact an offsite record destruction service.
3. Shred the records, then dispose of the shredded paper.
4. Incinerate the payroll records marked for destruction.

E2-7A. Ed Myers is verifying the accuracy and amount of information contained in the employee records for his employer, Genible Industries. Which of the following items should be present in the employee information? (Select all that apply)

1. Job title
2. Social Security number
4. Employee address

E2-8A. Ginger Klein is the payroll clerk for Neolane Transportation. A colleague who is classified as an independent contractor requests to be classified as an employee. What factors should Ginger consider? (Select all that apply.)

1. Relationship of the Parties

2. Behavioral Control
4. Financial Control

E2-9A. What are the forms of identification that establish identity for the I-9? (Select all that apply.)

1. Driver's License.
2. Native American Tribal document.
3. Voter's Registration card.

E2-10A. What are the forms of identification that establish *employment authorization* for the I-9? (Select all that apply.)

1. U.S. Citizen I.D. Card.
2. U.S. Passport.
4. Certified copy of the birth certificate.

E2-11A. Jamie Patil is a candidate for the position of sales manager with Retrozz Furniture. She is going to be required to supervise several employees and can determine the direction in which she will complete the assignments given to her. What guidelines should she follow when classifying workers as exempt or nonexempt?

2. FLSA
3. Department of Labor

E2-12A. Susana Robledo is the office manager for Wardley and Sons Auto Detailing. Because it is a small office she is required to keep track of all employee records and pay both employees and contractors. Which of the following are legal factors that will differentiate between exempt and nonexempt employees? (Select all that apply.)

- b. Type of work performed
- d. Amount of supervisor-given direction

PROBLEM SET A

P2-1A. Henrietta Morales is a salaried employee earning \$75,000 per year. Calculate the standard gross salary per pay period under each of the following payroll frequencies:

- a. Biweekly $\$75,000/26 = \$2,884.62$
- b. Semimonthly $\$75,000/24 = \$3,125.00$
- c. Weekly $\$75,000/52 = \$1,442.31$
- d. Monthly $\$75,000/12 = \$6,250.00$

P2-2A. Beth Caldwell is in the payroll accounting department of Acerill Films. An independent contractor of the company requests that Social Security and Medicare taxes be withheld from future compensation. What advice should Beth offer?

- a. As an independent contractor they would be responsible for their own payments and these would not be withheld by the company

P2-3A. You are the new payroll supervisor for your company. Which payroll documentation control procedures are now your responsibility?

- a. Payroll system security, Maintenance of paid time off (i.e., vacation, sick, etc.), Access to payroll data, Separation of duties, Training of payroll staff

P2-4A. Leona Figueroa is a new employee in the payroll department of Octolium Computers. After working at the company for one week, she asks you why it is so important to submit new hire documentation. What guidance will you offer her?

- a. Reporting creates a registry to monitor child support obligations, tracks immigration to ensure individuals are legal to work in the United States, ensures that individuals in professions that can have sanctions are legally able to continue to work, finally to enable the tracking of COBRA benefits.

P2-5A. You are the payroll accounting clerk for your company, Conose Advertising, which has 50 employees. The controller has recently switched the firm from an in-house payroll system to an outsourced payroll provider. What are your responsibilities within the company for payroll records and employee file issues?

- a. Even with outsourced payroll the company is responsible for maintaining records, responsible retention periods, and document destruction.

P2-6A. Aaron Tallchief is a citizen of the Northern Pomo Indian Nation. In completing his I-9, he provides an official Northern Pomo Nation birth certificate to establish identification and employment eligibility. Is this sufficient documentation? Why or why not?

- a. Yes, these are acceptable since this would fulfill the requirements of items from type B and type C of the acceptable documents.

P2-7A. Ian Burns is the new payroll accountant for ECG Marketing. Certain employees have been requesting changes in classification from nonexempt to exempt. How do the U.S. Department of Labor guidelines help him answer the employees' questions?

- a. The U.S. Department of Labor requires that employees meet all three tests to achieve exempt status: executive exemption, administrative exemption, and professional exemption.

P2-8A. Twinte Cars, a California corporation, has internal corporate requirements that stipulate a three-year payroll document retention period. They enter into a contract with an international company that mandates a six-year payroll document retention requirement. How should Twinte Cars balance these requirements?

- a. The longer retention period would be appropriate to satisfy the record retention requirements under the contract.

P2-9A. Ted McCormick is a full-time life insurance agent with Centixo Insurance, a small insurance company. The company has classified him as an employee, and he feels that he should be classified as an independent contractor because he receives no company benefits and sets his own office hours. Should he be reclassified as an independent contractor? Why or why not?

- a. Of the three tests, Ted does not meet the relationship of the parties and should be treated as an employee.

P2-10A. Evelyn Hardy is an employee of Polyent Plastics, a company with headquarters in Rock Island, Illinois. She lives and works in Doha Qatar, and earns an annual salary of \$97,300. The company has been withholding U.S. federal income taxes from her pay, but Evelyn believes that she should be exempt because she is an expatriate. What course of action should Evelyn take?

- a. Evelyn would need to file IRS Foreign Earned Income Exclusion

P2-11A. Complete the W-4 for employment at Superore Wheels starting 3/16/2018.

Erma Jane Grant
441 West Hill Road

Montrose, Colorado 81401

SSN: 432-55-6792

Single with no withholding allowances

Does not require any additional amount to be withheld

Form W-4 (2018)

Future developments: For the latest information about any future developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/FormW4.

Purpose: Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. You may claim exemption from withholding for 2018 if both of the following apply:

- For 2017 you had a right to a refund of all federal income tax withheld because you had no tax liability, and

- For 2018 you expect a refund of all federal income tax withheld because you expect to have no tax liability.

If you're exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to indicate that you're exempt for 2018 except February 15, 2018. See Pub. 1506, Tax Withholding and Estimated Tax, to learn more about whether you qualify for exemption from withholding.

General Instructions

If you aren't exempt, follow the rest of these instructions to determine the number of withholding allowances you should claim for withholding for 2018 and any additional amount of tax to have withheld. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

You can also use the calculator at www.irs.gov/1040app to determine your tax withholding more accurately. Consider

using the calculator if you have a more complicated tax situation, such as if you have a working spouse more than one job, or a large amount of nonwage income outside of your job. After your Form W-4 takes effect, you can also use the calculator to see how the amount of tax you're having withheld compares to your projected total tax for 2018. If you use the calculator, you don't need to complete any of the worksheets for Form W-4.

Make sure that if you have too much tax withheld, you will receive a refund when you file your tax return. If you have too little tax withheld, you will owe tax when you file your tax return, and you might owe a penalty.

Filing with multiple jobs or working spouses. If you have more than one job at a time, or if you're married and your spouse is also working, read all of the instructions including the instructions for the Two Jobs/Multiple Jobs Worksheet below beginning.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you might owe additional tax. Or, you can use the Deductions, Adjustments, and Other Income Worksheet on page 3 or the calculator at www.irs.gov/W4App to make sure you have enough tax withheld from your paycheck. If you have pension or annuity income, see Pub. 1506 or use the calculator at www.irs.gov/W4App to find out if you should adjust your withholding on Form W-4 or W-4P.

Nonresident alien. If you are a nonresident alien, see Notice 1088, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Personal Allowances Worksheet

Complete this worksheet on page 3 first to determine the number of withholding allowances to claim.

Line C. Head of household please note: Generally, you can claim head of household filing status on your tax return only if you're unmarried and pay more than 50% of the costs of keeping up a home for yourself and a qualifying individual. See Pub. 970 for more information about filing status.

Line E. Child tax credit. When you file your tax return, you might be eligible to claim a credit for each of your qualifying children. To qualify, the child must be under age 17 as of December 31 and must be your dependent who lives with you for more than half the year. To learn more about this credit, see Pub. 970, Child Tax Credit. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line E of this worksheet. On the worksheet you will be asked about your total income. For this purpose, total income includes all of your wages and other income, including income earned by a spouse during the year.

Line F. Credit for other dependents. When you file your tax return, you might be eligible to claim a credit for each of your dependents that don't qualify for the child tax credit, such as any dependent children age 17 and older. To learn more about this credit, see Pub. 1506. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line F of the worksheet. On the worksheet, you will be asked about your other income. For this purpose, other income includes all of

Separate here and give Form W-4 to your employer. Keep the worksheet(s) for your records.

W-4 Employee's Withholding Allowance Certificate		Effective 1/1/2018 2018
* Whether you're exempt to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.		
1. Your first name and middle initial Emma J	Last name Grant	2. Your social security number 432-55-1234
3. Microfilm identification number (if any)	4. <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married but without a right to claim a refund (married filing separately, check "Married but without a right to claim a refund")	
411 West Hill Road City or town, state and ZIP code Baltimore, MD 21201	5. If your last name differs from the above on your Social Security card, check here. You must call 800-775-5474 for a replacement card. <input type="checkbox"/>	
6. Total number of allowances you're claiming from the applicable worksheet on the following pages: a. Additional amount, if any, you want withheld from each paycheck	7. I claim exemption from withholding for 2018, and I certify that I meet both of the following conditions for exemption: * Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and * This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here: <input type="checkbox"/>	
Under penalty of perjury, I declare that I have reviewed this certificate, and, to the best of my knowledge and belief, it is true, correct, and complete.		
Employer's signature (The form is not valid unless you sign it.) 8. Employer name and address (Employer: Complete boxes 8 and 9 and enter in a safe. Do not give to your files.)	<i>John J. Grant</i> Date: 03/16/2018	9. Employer identification number (EIN)

Re: Privacy Act and Paperwork Reduction Act Notice, see page 4

P2-12A. Complete the I-9 for employment at Superore Wheels starting 3/16/2018. Be sure to complete Section 2.

Erma Jane Grant

441 West Hill Road

Montrose, Colorado 81401

SSN: 432-55-6792

Maiden Name: Grant

Date of Birth: June 12, 1986

U.S. Citizen

Erma presented her passport for her employer to review. Passport number 3890493, issued by the United States State Department, expires April 1, 2020.

Administrative assistant Samantha Cook verified the information for the company.



Employment Eligibility Verification
 Department of Homeland Security
 U.S. Citizenship and Immigration Services

USCIS
Form I-9
 (Rev. 08-14-10)
 53 pages (08-1-2019)

► **START HERE:** Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers **CANNOT** specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Attestation (Employee must complete and sign Section 1 of Form I-9 on file prior to first day of employment; Employer must accept on job offer.)

Last Name (Family Name) <i>Olson</i>	First Name (Given Name) <i>Sarah</i>	Middle Initial <i>J</i>	Other Last Names Used (if any)
Address (Street Number and Name) <i>141 West 66th Street</i>		Apt. Number	City or Town <i>Manhasset</i>
		State <i>NY</i>	ZIP Code <i>11030</i>
Date of Birth (mm/dd/yyyy) <i>03/16/1988</i>	U.S. Social Security Number <i>45-55-6012</i>	Employee's E-mail Address	
		Employee's Telephone Number	

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following boxes):

<input checked="" type="checkbox"/> 1. A citizen of the United States
<input type="checkbox"/> 2. A non-citizen national of the United States (See instructions)
<input type="checkbox"/> 3. A lawful permanent resident (Alien Registration Number/USCIS Number: _____)
<input type="checkbox"/> 4. An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy): _____ <small>Some aliens may write "N/A" in the expiration date field. (See instructions)</small>
<p><small>Aliens authorized to work must provide only one of the following document numbers to complete Form I-9: An Alien Registration Number/USCIS Number OR Form I-94 Admission Number OR Foreign Passport Number.</small></p> <p>1. Alien Registration Number/USCIS Number: _____</p> <p align="center">OR</p> <p>2. Form I-94 Admission Number: _____</p> <p align="center">OR</p> <p>3. Foreign Passport Number: _____</p> <p>Country of Issuance: _____</p>



Signature of Employee <i>Sarah J. Grant</i>	Today's Date (mm/dd/yyyy) <i>03/16/2018</i>
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Preparer and/or Translator Certification (check one):
 I do not use a preparer or translator. A preparer and/or translator assisted the employee in completing Section 1.
(Fields below must be completed and signed when preparers and/or translators assist an employee in completing Section 1.)

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Today's Date (mm/dd/yyyy)	
Last Name (Family Name)		First Name (Given Name)	
Address (Street Number and Name)		City or Town	State
			ZIP Code





Employment Eligibility Verification
 Department of Homeland Security
 U.S. Citizenship and Immigration Services

I-9
 Form I-9
 DHS Form I-9 (Rev. 08-14-13)
 Expires 08-14-2018

Section 2. Employer or Authorized Representative Review and Verification

(Employer or their authorized representative must complete and sign Section 2 within 90 days of the employee's first day of employment). You must physically examine one document from List A OR a combination of one document from List B and/or document from List C and/or listed paper, card, or acceptable documents.)

Employee Info from Section 1	Last Name (Family Name) Grant	First Name (Given Name) Ernie	M.I. J	Citizenship/Immigration Status J
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List A Identify and Employment Authorization	OR	List B Identify	AND	List C Employment Authorization
Document Title N/A		Document Title N/A		Document Title N/A
Issuing Authority N/A		Issuing Authority N/A		Issuing Authority N/A
Document Number N/A		Document Number N/A		Document Number N/A
Expiration Date (if any) (mm/dd/yyyy) N/A		Expiration Date (if any) (mm/dd/yyyy) N/A		Expiration Date (if any) (mm/dd/yyyy) N/A
Document Title N/A		Additional information		
Issuing Authority N/A				
Document Number N/A				
Expiration Date (if any) (mm/dd/yyyy) N/A				
Document Title N/A				
Issuing Authority N/A				
Document Number N/A				
Expiration Date (if any) (mm/dd/yyyy) N/A				

Certification: I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.

The employee's first day of employment (mm/dd/yyyy): 03/16/2018 (See instructions for exemptions)

Signature of Employer or Authorized Representative <i>Samantha Cook</i>	Today's Date (mm/dd/yyyy) 03/16/2018	Title of Employer or Authorized Representative Assistant Manager
Last Name of Employer or Authorized Representative COOK	First Name of Employer or Authorized Representative SAMANTHA	Employer's Business or Organization Name Spartan
Employer's Business or Organization Address (Street Number and Name) 5441 Westchester Road	City or Town Westchester	State CA
		ZIP Code 94588

Section 3. Reverification and Renewal (To be completed and signed by employer or authorized representative)

A. New Name (if applicable)			B. Date of Renewal (if applicable)
Last Name (Family Name)	First Name (Given Name)	Middle Initial	Date (mm/dd/yyyy)

C. If the employer's previous grant of employment authorization has expired, provide the information for the document or receipt that establishes continuing employment authorization in the space provided below.

Document Title	Document Number	Expiration Date (if any) (mm/dd/yyyy)
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I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)	Name of Employer or Authorized Representative
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EXERCISE SET B

E2-1B. Stacy Romero, a nonexempt employee of Prosaria Publishers, works a standard 6:00–3:00 p.m. schedule with an hour for lunch. Stacy works in a state requiring overtime for hours over 8 per day and for those over 40 in a week. During the week, she worked the following schedule:

Monday	6:00–10:30	11:15–3:00	8.25
Tuesday	6:15–10:45	11:45–3:15	8.00
Wednesday	5:45–10:00	11:00–3:30	8.75
Thursday	7:00–12:00	1:00–3:00	7.00
Friday	6:00–3:00	(no lunch)	9.00

Based on the requirements above, how much overtime has Stacy worked during the period?

1. 2 hours

E2-2B. Grant Saunders is a salaried employee earning \$84,000 per year who receives pay every two weeks. Which of the following best describes the pay frequency?

- a. Biweekly

E2-3B. On October 31, 2018, Dolores Goodman quit her job after ten years with Omnivue Optics in Utah. Omnivue Optics pays employees weekly on Fridays. Upon quitting, Dolores had 38.5 hours of vacation accrued that she had not used, and she had worked 45 hours, 5 hours of which was subject to overtime. When must she receive her final paycheck?

1. On the next pay date.

E2-4B. Adrienne Norman terminated her employment with Univee Inc. on December 15, 2018. When is the earliest that Univee Inc. may destroy her payroll records?

3. December 15, 2021

E2-5B. Elijah Brown is a new payroll clerk at ZataImports, a company with 250 employees. He has completed entering all time card data for the pay period. What should Elijah's next step in the payroll review process be?

3. Ask his supervisor to verify the accuracy of the payroll data.

E2-6B. Elaine Wheeler needs additional filing space at the end of the year in the company's office and chooses to use offsite, secured storage. Upon arriving at the storage facility, she discovers that the unit is nearly full and sees several boxes marked for destruction at the end of the calendar year. What are Elaine's obligations regarding the destruction of the payroll records marked for destruction? (Select all that apply.)

2. She should make arrangements to pulp or burn the payroll records marked for destruction.
3. She should arrange to have a document destruction service pick up the boxes marked for destruction.
4. She should bring a shredding machine to the storage facility and prepare to shred the records marked for destruction.

E2-7B. Gerardo Rogers is conducting a review of the payroll files for each employee at Meejo Games. Which of the following items must be present in the file? (Select all that apply.)

1. Basis upon which compensation is paid.
2. Overtime pay earned during each pay period.
3. Hours worked during each pay period.

E2-8B. Jane McCarthy is preparing to compute employee pay and needs to determine the amount of employee federal income taxes to be withheld. Which of the following should she consult?

2. IRS Publication 15

E2-9B. John Franklin is a new employee of the Camidel Clothiers. Which of the following will provide proof of identity for the completion of the I-9? (Select all that apply.)

1. U.S. Passport – a U.S. Passport will establish both identity and employment authorization.

2. U.S. Military Identification Card.
4. New York driver's license.

E2-10B. Sheri Jennings is completing the I-9 for her new employment at Insulend Tours. Which of the following provides proof of her employment authorization? (Select all that apply.)

1. Social Security Card.
2. Certificate of birth abroad, issued by the U.S. Department of State.
4. U.S. Passport – aU.S. Passport will establish both identity and employment authorization.

E2-11B. Laverne Watkins is a candidate for the position of marketing clerk with the promotions department of Paramba Productions, earning \$10.25 per hour. She will work occasional overtime in her new position and will not have managerial or supervisory duties as a regular part of her job description. Why should Laverne be classified as a nonexempt employee? (Select all that apply.)

2. She has no supervisory or managerial duties
3. She has the term *clerk* in her job title

E2-12B. Rex Marshall manages a ski resort with year-round and seasonal employees. Assuming that the ski resort engages in interstate commerce, which are the FLSA requirement(s) that Rex should consider?

1. Hourly wages paid to employees
3. Number of hours worked per week
4. Employee age and weekly work schedule

PROBLEM SET B

P2-1B. Tasha Webb is an independent contractor for Antimbu Exports, where you are the payroll accountant. She feels that she should receive employee benefits because of the number of hours that she dedicates to the company. What guidance can you offer Tasha?

- a. Independent contractors are most frequently treated as a vendor and would not be included in employee benefits. There are specific tests that determine the relationship between employer and employee; however, the number of hours committed is not one of the defining traits.

P2-2B. Joseph Lyons was terminated for cause from Telecry Industries in Hawaii, on August 21, 2018. As of the date of his termination, he had worked 22 hours of regular time. Employees at Telecry are paid semimonthly on the 15th and last day of the month. Joseph would like to know when he will be paid for the accrued hours. What will you tell him?

- a. Hawaii requires that when an employee is terminated their final pay is given at the time of termination or on the next business day if financially unable to issue the check.

P2-3B. Sara Northman, a member of the Algonquin Indian Nation, is a new employee at Predeo Game Design. During the process of completing her I-9, she claims that the only way to prove her identity is the Algonquin Indian National official birth certificate. Is this document sufficient to verify his employment eligibility? Explain.

- a. Algonquin Indian National official birth certificate would be adequate as it can fulfill both requirements for establishing identity and employment verification.

P2-4B. Abraham Manning is a new employee of Symity Batteries. He is curious about the purpose of the requirements for new hire documentation to be forwarded to government agencies. What should you tell him?

- a. Reporting creates a registry to monitor child support obligations, tracks immigration to ensure individuals are legal to work in the United States, ensures that individuals in professions that can have sanctions are legally able to continue to work, finally to enable the tracking of COBRA benefits.

P2-5B. Frances Perez wants to start her own company. As a seasoned payroll professional, she approaches you for guidance about the differences between weekly, biweekly, and semimonthly pay periods. What would you tell her?

- a. Weekly payroll is where individuals will receive 52 paychecks per year and are suited for companies that are small – construction or professional entities. Biweekly payroll is where individuals will receive 26 paychecks per year processed every two weeks and is

one of the more common pay periods, occasionally this method may result in 27 pay periods. Semimonthly is where employees will receive 24 paychecks per year

P2-6B. Katrina Wilkins is a new payroll clerk for Remm Plumbing. She is curious about the purpose of the different steps in the payroll review process and asks you, her supervisor, for guidance. What would you tell her?

- a. The payroll review process is designed to verify the information so that employees are paid correctly and the data is correct. Starting with the employee completing their time card, the information is then verified by the manager. After the manager has agreed that the employee has accurately portrayed the hours worked, the payroll clerk will prepare the information for the manager to review and approve. Once the information has been approved, the payroll checks can be issued to the employees.

P2-7B. George Andrews started as a payroll accountant at Portose Herbals, a company with 70 employees. He soon notices that the former payroll accountant had been processing payroll manually, and suggests that the company immediately switch to cloud-based payroll. Although the company is switching to an electronic payroll processing system, what types of paper documentation must be maintained in employee records?

- a. Employers retain physical copies of employees' time records, pay advice, and any other documentation processed with the paycheck. Some other types of documentation include: Request for a day off; reports of tardiness or absenteeism; detailed records of work completed during that day's shift.

P2-8B. Tara Morris, a payroll clerk, has received a promotion and is now the payroll supervisor for Fligen Enterprises. What document control items could now become her responsibility?

- a. Payroll system security, Maintenance of paid time off (i.e., vacation, sick, etc.), Access to payroll data, Separation of duties, Training of payroll staff

P2-9B. Herman Watkins is in the payroll department of Neombee Plastics, a multistate company. The company has historically been filing employee information with each state. What alternative exists for multistate employers?

- a. Multistate Employer Notification Form allows centralized reporting from the Office of Management and Budget

P2-10B. Derek Allen is the payroll supervisor for Caposis Freight. His company is preparing to merge with another distribution company that has a different pay cycle. The president of the company wants to know the difference between biweekly and semimonthly pay cycles as far as pay dates and pay amounts. What should Derek tell him?

- a. Moving between biweekly (26 pay periods per year with the possibility of 27) to a semimonthly system (24 pay periods per year) would cause individual to see increases per pay period since there are more days being covered on the pay period under semimonthly than on biweekly. This would also result in higher taxes per pay period.

P2-11B. Complete the W-4 for employment at Equtri Farms effective 6/17/2018:

Linda Ellen Marshall

8924 County Line Road

Taylorville, Illinois 62555

SSN: 129-53-2309

Married filing jointly

Three dependents and does not wish to withhold additional amounts.

Linda earns \$32,000 at her primary job. She has a second job as a delivery driver for Tazio Labs, where she earns \$12,000/year.

Form W-4 (2018)

Future developments. For the latest information about any future developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/Form944.

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. You may claim exemption from withholding for 2018 if both of the following apply:

• For 2017, you had a right to a refund of all federal income tax withheld because you had no tax liability, and

• For 2018 you expect a refund of all federal income tax withheld because you expect to have no tax liability.

If you're exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2018 expires February 15, 2019. See Pub. 505, Tax Withholding and Estimated Tax, to learn more about whether you qualify for exemption from withholding.

General Instructions

If you aren't exempt, follow the rest of these instructions to determine the number of withholding allowances you should claim for withholding for 2018 and any additional amount of tax to have withheld. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

You can also use the calculator at www.irs.gov/W4App to determine your tax withholding more accurately. Consider

using this calculator if you have a more complicated tax situation, such as if you have a working spouse, more than one job, or a large amount of nonwage income outside of your job. After your Form W-4 takes effect, you can also use this calculator to see how the amount of tax you're having withheld compares to your projected total tax for 2018. If you use the calculator, you don't need to complete any of the worksheets for Form W-4.

Note that if you have too much tax withheld, you will receive a refund when you file your tax return. If you have too little tax withheld, you will owe tax when you file your tax return, and you might owe a penalty.

File with multiple jobs or working spouses. If you have more than one job or a spouse, or if you're married and your spouse is also working, read all of the instructions including the instructions for the Two-Earners/Multiple-Job Worksheet before beginning.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals.

Otherwise, you might owe additional tax. Or you can use the Deductions, Adjustments, and Other Income Worksheet on page 3 or the calculator at www.irs.gov/W4App to make sure you have enough tax withheld from your paycheck. If you have pension or annuity income, see Pub. 505 or use the calculator at www.irs.gov/W4App to find out if you should adjust your withholding on Form W-4 or W-4P.

Nonresident alien. If you're a nonresident alien, see Notice 1036, Supplemental Form W-4 instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Personal Allowances Worksheet

Complete this worksheet on page 2 first to determine the number of withholding allowances to claim.

Line C. Head of household please note:

Generally, you can claim head of household filing status on your tax return only if you're unmarried and pay more than 50% of the costs of keeping up a home for yourself and a qualifying individual. See Pub. 501 for more information about filing status.

Line E. Child tax credit.

When you file your tax return, you might be eligible to claim a credit for each of your qualifying children. To qualify, the child must be under age 17 as of December 31 and must be your dependent who lives with you for more than half the year. To learn more about this credit, see Pub. 972, Child Tax Credit. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line E of the worksheet. On the worksheet you will be asked about your total income. For this purpose, total income includes all of your wage and other income, including income earned by a spouse, during the year.

Line F. Credit for other dependents.

When you file your tax return, you might be eligible to claim a credit for each of your dependents that don't qualify for the child tax credit, such as any dependent children age 17 and older. To learn more about this credit, see Pub. 505. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line F of the worksheet. On the worksheet, you will be asked about your total income. For this purpose, total income includes all of

Separate here and give Form W-4 to your employer. Keep the worksheet for your records.

Form W-4 Department of the Treasury Internal Revenue Service		Employee's Withholding Allowance Certificate • Whether you're entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.		OMB No. 1545-0045 2018
1 Your first name and middle initial Linda E		2 Last name Marshall		3 Your social security number 123-45 6789
Home address (number and street or rural route) 6924 County Line Road		4 <input type="checkbox"/> Single <input checked="" type="checkbox"/> Married <input type="checkbox"/> Married (or divorced after 2018) see wife (marrying easily) and/or Marry out with a single step- or		
City or town, state, and ZIP code Taylorsville, IL 62556		5 If your last name differs from the last name on your social security card, check here. You must call 800-772-6243 for a replacement card. <input type="checkbox"/>		
6 Total number of allowances you're claiming from the applicable worksheet on the following page(s)		E		3
7 Additional amount, if any, you want withheld from each paycheck		D		\$
8 I claim exemption from withholding for 2018, and I certify that I meet both of the following conditions for exemption: • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here.		7		
Under penalty of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.				
Employee's signature <i>Linda Ellen Marshall</i>		Date		
9 Employer's return address (Employer. Complete cover sheet with employer's name and address and send to State Director of New Hire.)		10 Total date of employment		11 Employee identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Get It! 10320C

Form W-4 (2018)

P2-12B. Complete the I-9 for employment effective 7/23/2018 at Ecovee Energy located at 244 Winston Drive, Gretna, Virginia 24557. Be sure to complete Section 2.

Lloyd Gregory Flowers

SSN: 382-10-0392

Date of Birth: 11-20-1993

1298 Chantham Road

Gretna, Virginia 24557

U.S. Citizen

Lloyd presented his driver's license and Social Security card to the Human Resources Manager, Amanda Weeble, to review.

Virginia Driver's License #293034293, Expires 11/20/2020



Employment Eligibility Verification
 Department of Homeland Security
 U.S. Citizenship and Immigration Services

USCIS
 Form I-9
 OMB No. 1515-0047
 Expires 08-31-2019

▶ START HERE: Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers **CANNOT** specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Attestation (Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment. Fill out before accepting a job offer.)

Last Name (Family Name) Flowers		First Name (Given Name) Lloyd		Middle Initial G	Other Last Names Used (if any)	
Address (Street Number and Name) 1258 Chestnut Road			Apt. Number	City or Town Essexville		State IN
Date of Birth (mm/dd/yyyy) 11/07/1988		U.S. Social Security Number 2 8 2 - 1 1 - 0 4 8 2		Employee's E-mail Address		Employee's Telephone Number

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following boxes):

<input checked="" type="checkbox"/> 1 A citizen of the United States	OR Code - Section 1 DO NOT WRITE IN THIS SPACE
<input type="checkbox"/> 2 A noncitizen national of the United States (See instructions)	
<input type="checkbox"/> 3 A lawful permanent resident (Alien Registration Number/USCIS Number) <u>S/A</u>	
<input type="checkbox"/> 4 An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy) <u>S/A</u> (Some aliens may write "N/A" in the expiration date field. (See instructions))	

Aliens authorized to work must provide only one of the following document numbers to complete Form I-9: An Alien Registration Number/USCIS Number OR Form I-94 Admission Number OR Foreign Passport Number

1. Alien Registration Number/USCIS Number: S/A
 OR
 2. Form I-94 Admission Number: S/A
 OR
 3. Foreign Passport Number: S/A
 Country of Issuance: S/A

Signature of Employee Lloyd Flowers	Today's Date (mm/dd/yyyy) 7/23/2018
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Preparer and/or Translator Certification (check one):
 I do not use a preparer or translator. A preparer and/or translator assisted the employee in completing Section 1.
 (Fields below must be completed and signed when preparer and/or translator assist an employee in completing Section 1.)

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Today's Date (mm/dd/yyyy)	
Last Name (Family Name)		First Name (Given Name)	
Address (Street Number and Name)		City or Town	State
			ZIP Code





Employment Eligibility Verification
 Department of Homeland Security
 U.S. Citizenship and Immigration Services

USCIS
Form I-9
 (03/09 to 08/10/14)
 Special Edition

Section 2. Employer or Authorized Representative Review and Verification
 (Employer or authorized representative must complete and sign Section 2 within 3 business days of the employee's first day of employment. You must physically examine the document from List A OR a combination of one document from List B and one document from List C as listed in the Table of Acceptable Documents.)

Employee Info from Section 1	Last Name (Family Name) Flowers	First Name (Given Name) Lloyd	M.I. G	Citizenship/Immigration Status L
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List A Identity and Employment Authorization	OR	List B Identity	AND	List C Employment Authorization
Document Title N/A		Document Title Social Security Card (Paper Edition)		Document Title Form I-9 (Employer Use Only)
Issuing Authority N/A		Issuing Authority DHS/SSA		Issuing Authority Self or Employer (American Citizen)
Document Number N/A		Document Number 201004250		Document Number 930200390
Expiration Date (if any) (mm/dd/yyyy) N/A		Expiration Date (if any) (mm/dd/yyyy) 11/03/2020		Expiration Date (if any) (mm/dd/yyyy) N/A
Document Title N/A		Additional Information		QR Code - Section 2 Do Not Write in This Space 
Issuing Authority N/A				
Document Number N/A				
Expiration Date (if any) (mm/dd/yyyy) N/A				
Document Title N/A				
Issuing Authority N/A				
Document Number N/A				
Expiration Date (if any) (mm/dd/yyyy) N/A				

Certification: I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.

The employee's first day of employment (mm/dd/yyyy): 07/23/2018 (See instructions for exemptions)

Signature of Employer or Authorized Representative <i>Amanda Weble</i>		Today's Date (mm/dd/yyyy) 7/23/2018	Title of Employer or Authorized Representative Human Resources Manager	
Last Name of Employer or Authorized Representative Weble	First Name of Employer or Authorized Representative Amanda	Employer's Business or Organization Name EcoVee Energy		
Employer's Business or Organization Address (Street Number and Name) 444 Winston Drive		City or Town Greenville	State SC	ZIP Code 29607

Section 3. Reverification and Retires (To be completed and signed by employer or authorized representative.)

A. New Hire (if applicable)			B. Date of Rehire (if applicable)	
Last Name (Family Name)	First Name (Given Name)	Middle Initial	Date (mm/dd/yyyy)	

C. From employee's previous grant of employment authorization has expired, provide the information for the document or record of establishment continuing employment authorization in the space provided below.

Document Title	Document Number	Expiration Date (if any) (mm/dd/yyyy)
----------------	-----------------	---------------------------------------

I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)	Name of Employer or Authorized Representative
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CRITICAL THINKING

- 2-1. When Omnimia Graphics was looking to implement a payroll accounting system, the manufacturing firm had several options. With only 40 employees, the manual preparation of payroll through spreadsheets and handwritten time cards was a comfortable option for the firm. Another option is to convince the senior management of Omnimia Graphics to implement a software program for payroll processing. What are the key points to consider? If the company has more than one department, how can this transition be accomplished? Should this be moved to Chapter 1 since it is related to Small Businesses?
- a. Key points that need to be included: ease of update for changes in tax laws, tax tables, and payroll regulations; ease of reporting; whether the employee self-service option would be eligible; confidentiality
- 2-2. You have been hired as a consultant for Semiva Productions, a company facing an IRS audit of their accounting records. During your review, you notice anomalies in the payroll system involving overpayments of labor and payments to terminated employees. What would you do?
- a. When the abnormalities are discovered, the management of the company should be made aware of the situation. Since the IRS audit is imminent, documenting the date of the find and attempts to rectify the error would be advisable. Depending upon the nature of the anomalies, the company or payroll employees may have made some serious errors.

IN THE REAL WORLD: CASE FOR DISCUSSION

Student response will vary.

CONTINUING PAYROLL PROJECT: PREVOSTI FARMS AND SUGARHOUSE

Prevosti Farms and Sugarhouse pays its employees according to their job classification. The following employees make up Sugarhouse's staff:

Employee Number	Name and Address	Payroll information
A-Mille	Thomas Millen 1022 Forest School Rd Woodstock, VT 05001 802-478-5055 SSN:031-11-3456 401(k) deduction: 3%	Hire Date: 2-1-2018 DOB: 12-16-1982 Position: Production Manager PT/FT: FT, exempt No. of Exemptions: 4 M/S: M Pay Rate: \$35,000/year
A-Towle	Avery Towle 4011 Route 100 Plymouth, VT 05102 802-967-5873 SSN:089-74-0974	Hire Date: 2-1-2018 DOB: 7-14-1991 Position: Production Worker PT/FT: FT, nonexempt No. of Exemptions: 1 M/S: S Pay Rate: \$12.00/hour
A-Long	Charlie Long 242 Benedict Road S. Woodstock, VT 05002 802-429-3846 SSN: 056-23-4593	Hire Date: 2-1-2018 DOB: 3-16-1987 Position: Production Worker PT/FT: FT, nonexempt No. of Exemptions: 2

		M/S: M Pay Rate: \$12.50/hour
B-Shang	Mary Shangraw 1901 Main Street #2 Bridgewater, VT 05520 802-575-5423 SSN: 075-28-8945	Hire Date: 2-1-2018 DOB: 8-20-1994 Position: Administrative Assistant PT/FT: PT, nonexempt No. of Exemptions: 1 M/S: S Pay Rate: \$10.50/hour
B-Lewis	Kristen Lewis 840 Daily Hollow Road Bridgewater, VT 05523 802-390-5572 SSN: 076-39-5673	Hire Date: 2-1-2018 DOB: 4-6-1960 Position: Office Manager PT/FT: FT, exempt No. of Exemptions: 3 M/S: M Pay Rate: \$32,000/year
B-Schwa	Joel Schwartz 55 Maple Farm Way Woodstock, VT 05534 802-463-9985 SSN: 021-34-9876	Hire Date: 2-1-2018 DOB: 5-23-1985 Position: Sales PT/FT: FT, exempt No. of Exemptions: 2 M/S: M Pay Rate: \$24,000/year base plus 3% commission per case sold
B-Prevo	Toni Prevosti	Hire Date: 2-1-2018

	10520 Cox Hill Road Bridgewater, VT 05521 802-673-2636 SSN: 055-22-0443	DOB: 9-18-1967 Position: Owner/President PT/FT: FT, exempt No. of Exemptions: 5 M/S: M Pay Rate: \$45,000/year
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The Departments are as follows:

Department A: Agricultural Workers

Department B: Office Workers

1. You have been hired as of February 1, 2018, as the new accounting clerk. Your employee number is B-XXXXX, where “B” denotes that you are an office worker and “XXXXX” is the first five letters of your last name. If your last name is fewer than five letters, use the first few letters of your first name to complete the employee number. Your social security number is 555-55-5555, and you are full-time, nonexempt, and paid at a rate of \$34,000 per year. You are single with only one job (claiming 2 exemptions). You live at 1644 Smittin Road, Woodstock, VT 05001. Your date of birth is 1/1/1991 and your Social Security number is 555-55-5555 for the project. You are a citizen of the United States and provide a Vermont driver’s license #88110009 expiring 1/1/2020 in addition to your Social Security card for verification of your identity. Complete the W-4 and the I-9 to start your own employee file.

Form W-4 (2018)

Future developments. For the latest information about any future developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/FormW4.

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. You may claim exemption from withholding for 2018 if both of the following apply:

- For 2017 you had a right to a refund of all federal income tax withheld because you had no tax liability, and
- For 2018 you expect a refund of all federal income tax withheld because you expect to have no tax liability.

If you're exempt, complete only lines 7, 8, 9, 10, and 11 and sign the form to validate it. Your exemption for 2018 expires February 15, 2019. See Pub. 505, Tax Withholding and Estimated Tax, to learn more about whether you qualify for exemption from withholding.

General Instructions

If you aren't exempt, follow the rest of these instructions to determine the number of withholding allowances you should claim for withholding for 2018 and any additional amount of tax to have withheld. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

You can also use the [2018 W-4 App](http://www.irs.gov/W4App) at www.irs.gov/W4App to determine your tax withholding more accurately. Consider

using this calculator if you have a more complicated tax situation, such as if you have a working spouse, more than one job, or a large amount of nonwage income outside of your job. Also, your Form W-4 takes effect, you can and use one calculator to see how the amount of tax you're having withheld compares to your projected total tax for 2018, if you use the calculator, you don't need to complete any of the worksheets for Form W-4.

Note that if you have no recent tax withheld, you will receive a refund when you file your tax return. If you have too little tax withheld, you will owe tax when you file your tax return. And you might owe a penalty.

Files with multiple jobs or working spouses. If you have more than one job or a file, or if you're married and your spouse is also working, read all of the instructions including the instructions for the **Two-Employer/Multiple Jobs Worksheet** before beginning.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments (using Form 1040-ES, Estimated Tax for Individuals). Otherwise, you might owe additional tax. Or, you can use the **Deductions, Adjustments, and Other Income Worksheet** on page 3 of the calculator at www.irs.gov/W4App to measure you have enough tax withheld from your paycheck. If you have pension or annuity income, see Pub. 505 or use the calculator at www.irs.gov/W4App to find out if you should adjust your withholding on Form W-4 or W-4R.

Nonresident alien. If you're a nonresident alien, see Notice 1990, Supplemental Form W-4 instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Personal Allowances Worksheet

Complete this worksheet on page 2 first to determine the number of withholding allowances to claim.

Line C. Head of household (husan rule). Generally, you can claim head of household filing status on your tax return only if you're unmarried and pay more than 50% of the costs of keeping up a home for yourself and a qualifying individual. See Pub. 501 for more information about filing status.

Line E. Child tax credit. When you file your tax return, you might be eligible to claim a credit for each of your qualifying children. To qualify, the child must be under age 17 as of December 31 and must be your dependent who lives with you for more than half the year. To learn more about this credit, see Pub. 972, Child Tax Credit, to reduce the tax withheld from your pay by taking this credit into account. Follow the instructions on the **Child Tax Worksheet**. On the worksheet you will be asked about your final income. For this purpose, total income includes all of your wages and other income, including income earned by a spouse, during the year.

Line F. Credit for other dependents. When you file your tax return, you might be eligible to claim a credit for each of your dependents that don't qualify for the child tax credit, such as any dependent child (under age 17 and older). To learn more about this credit, see Pub. 505. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on the **F** of the worksheet. On the worksheet, you will be asked about your total income. For this purpose, total income includes a self-

Separate here and give Form W-4 to your employer. Keep the worksheet(s) for your records.

Form W-4 <small>Department of the Treasury Internal Revenue Service</small>		Employee's Withholding Allowance Certificate		FORM 945 (2018) 2018
<small>* Whether you're entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</small>				
1 Your first name and middle initial Student		2 Continue Successor		3 Your social security number 565-65-5455
4 Home address (zip codes and international codes) 1644 Saffron Road Woodstock, VT 08001		5 <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorced, but still in a legal separation <small>Note: If you're filing separately, use a (divorced) tax status if that's your case.</small>		
6 Total number of allowances you're claiming from the applicable worksheet on the following pages 5		7 5 2		
8 Additional amount, if any, you want withheld from each paycheck 0		9 0 0		
9 I claim exemption from withholding for 2018, and I certify that I meet both of the following conditions for exemption: • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here.		10 7		
Under penalty of perjury, I certify that I have certified this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.				
Employee's signature (This line is not valid unless you sign it.) Student Successor		Date 2/1/2018		
11 I authorize a third party (employer) to contact me if needed to get information to process my return.		12 First name of employer		13 Employer's identification number (EIN)



Employment Eligibility Verification
 Department of Homeland Security
 U.S. Citizenship and Immigration Services

USCIS
Form I-9
 OMB No. 1545-0047
 Expires 08/31/2019

▶ **START HERE:** Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers **CANNOT** specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Attestation (Employee must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.)

Last Name (Family Name) Success		First Name (Given Name) Student		Middle Initial	Other Last Names Used (if any)	
Address (Street Number and Name) 1644 Shattuck Road			Apt. Number	City or Town Woodstock		State VT
Date of Birth (mm/dd/yyyy) 01/01/1992		U.S. Social Security Number [][][] - [][][] - [][][][]		Employee's E-mail Address		Employee's Telephone Number

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following boxes):

<input checked="" type="checkbox"/> 1. A citizen of the United States
<input type="checkbox"/> 2. A noncitizen national of the United States (See instructions)
<input type="checkbox"/> 3. A lawful permanent resident (Alien Registration Number/USCIS Number) <u> N/A </u>
<input type="checkbox"/> 4. An alien authorized to work until (expiration date, if applicable; mm/dd/yyyy) <u> N/A </u> <small>Some aliens may write "N/A" in the expiration date field. (See instructions)</small>

Aliens authorized to work must provide only one of the following document numbers to complete Form I-9: An Alien Registration Number/USCIS Number OR Form I-94 Admission Number OR Foreign Passport Number.

1. Alien Registration Number/USCIS Number <u> N/A </u> OR:
2. Form I-94 Admission Number: <u> N/A </u> OR:
3. Foreign Passport Number: <u> N/A </u> Country of Issuance: <u> N/A </u>

QR Code - Section 1
Doc. No. (Print This Space)

Signature of Employee <i>Student Success</i>	Today's Date (mm/dd/yyyy) 2/1/2018
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Preparer and/or Translator Certification (check one):
 I do not use a preparer or translator. A preparer(s) and/or translator(s) assisted the employee in completing Section 1.
(Field below must be completed and signed when preparer and/or translator assist an employee in completing Section 1.)

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Today's Date (mm/dd/yyyy)	
Last Name (Family Name)		First Name (Given Name)	
Address (Street Number and Name)		City or Town	State
			ZIP Code





Employment Eligibility Verification
Department of Homeland Security
U.S. Citizenship and Immigration Services

USCIS
Form I-9
OMB No. 1625-0045
 Expires 08-31-2013

Section 2. Employer or Authorized Representative Review and Verification
(Employer or their authorized representative must complete and sign Section 2 within 3 business days of the employee's first day of employment. You must physically examine one document from List A, OR a combination of one document from List B and one document from List C as listed on the "List of Acceptable Documents.")

Employee Info from Section 1	Last Name (Family Name) <small>Surname</small>	First Name (Given Name) <small>Student</small>	M.I.	Citizenship/Immigration Status
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List A Identity and Employment Authorization	OR	List B Identity	AND	List C Employment Authorization
Document Title <small>N/A</small>		Document Title <small>Employment Authorization Document (EAD)</small>		Document Title <small>Small Business 2010 Authorization</small>
Issuing Authority <small>N/A</small>		Issuing Authority <small>Department</small>		Issuing Authority <small>Social Security Administration</small>
Document Number <small>N/A</small>		Document Number <small>88110008</small>		Document Number <small>88888888</small>
Expiration Date (if any) (mm/dd/yyyy) <small>N/A</small>		Expiration Date (if any) (mm/dd/yyyy) <small>06/01/2016</small>		Expiration Date (if any) (mm/dd/yyyy) <small>N/A</small>
Document Title <small>N/A</small>		Additional Information		QR Code - Section 2 Do not place in this space 
Issuing Authority <small>N/A</small>				
Document Number <small>N/A</small>				
Expiration Date (if any) (mm/dd/yyyy) <small>N/A</small>				
Document Title <small>N/A</small>				
Issuing Authority <small>N/A</small>				
Document Number <small>N/A</small>				
Expiration Date (if any) (mm/dd/yyyy) <small>N/A</small>				

Certification: I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.

The employee's first day of employment (mm/dd/yyyy): 2/1/2018 (See instructions for exemptions)

Signature of Employer or Authorized Representative <i>Mary Shaugraun</i>	Today's Date (mm/dd/yyyy) <u>2/1/2018</u>	Title of Employer or Authorized Representative <u>Administrative Assistant</u>
Last Name of Employer or Authorized Representative <u>Shaugraun</u>	First Name of Employer or Authorized Representative <u>Mary</u>	Employer's Business or Organization Name <u>Empoco Farms and Equipment</u>
Employer's Business or Organization Address (Street Number and Name) <u>507 Westchester Road</u>	City or Town <u>Essexville</u>	State <u>VA</u>
		ZIP Code <u>22800</u>

Section 3. Reverification and Refires (To be completed and signed by employer or authorized representative.)

A. New Name (if applicable)			B. Date of Refire (if applicable)	
Last Name (Family Name)	First Name (Given Name)	Middle Initial	Date (mm/dd/yyyy)	

C. If the employee's previous grant of employment authorization has expired, provide the information for the document or receipt that establishes continuing employment authorization in the space provided below.

Document Title	Document Number	Expiration Date (if any) (mm/dd/yyyy)
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I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)	Name of Employer or Authorized Representative
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2. Complete the headers of the employee earnings register for each employee. Enter the pay rate for each employee.

EMPLOYEE EARNING RECORD

Name	<u>Thomas Millen</u>	Hire Date	<u>2/1/2018</u>
Address	<u>1022 Forest School Rd</u>	Date of Birth	<u>12/16/1982</u>
City/State/Zip	<u>Woodstock/VT/05001</u>	Exempt/Nonexempt	<u>Exempt</u>
Telephone	<u>802-478-5055</u>	Married/Single	<u>M</u>
Social Security Number	<u>031-11-3456</u>	No. of exemptions	<u>4</u>
Position	<u>Production Manager</u>	Pay Rate	<u>\$35,000/year</u>

Period Ended	Hrs Worked	Reg Pay	OT Pay	Holiday	Comm	Gross Pay	Ins	401(k)	Taxable Pay for Federal	Taxable Pay for FICA

Taxable Pay for Federal	Taxable Pay for FICA	Fed Inc. Tax	Social Sec. Tax	Medicare	State Inc. Tax	Total Deduc	Net pay	YTD Net Pay	YTD Gross Pay

EMPLOYEE EARNING RECORD

Name	<u>Avery Towle</u>	Hire Date	<u>2/1/2018</u>
Address	<u>4011 Route 100</u>	Date of Birth	<u>7/14/1991</u>
City/State/Zip	<u>Plymouth/VT/05102</u>	Exempt/Nonexempt	<u>Nonexempt</u>
Telephone	<u>802-967-5873</u>	Married/Single	<u>S</u>
Social Security Number	<u>089-74-0974</u>	No. of exemptions	<u>1</u>
Position	<u>Production Worker</u>	Pay Rate	<u>\$12.00/hour</u>

Period Ended	Hrs Worked	Reg Pay	OT Pay	Holiday	Comm	Gross Pay	Ins	401(k)	Taxable Pay for Federal	Taxable Pay for FICA

Taxable Pay for Federal	Taxable Pay for FICA	Fed Inc. Tax	Social Sec. Tax	Medicare	State Inc. Tax	Total Deduc	Net pay	YTD Net Pay	YTD Gross Pay

EMPLOYEE EARNING RECORD

Name	<u>Charlie Long</u>	Hire Date	<u>2/1/2018</u>
Address	<u>242 Benedict Rd</u>	Date of Birth	<u>3/16/1987</u>
City/State/Zip	<u>S. Woodstock/VT/05002</u>	Exempt/Nonexempt	<u>Nonexempt</u>
Telephone	<u>802-429-3846</u>	Married/Single	<u>M</u>
Social Security Number	<u>056-23-4593</u>	No. of exemptions	<u>2</u>
Position	<u>Production Worker</u>	Pay Rate	<u>\$12.50/hour</u>

Period Ended	Hrs Worked	Reg Pay	OT Pay	Holiday	Comm	Gross Pay	Ins	401(k)	Taxable Pay for Federal	Taxable Pay for FICA

Taxable Pay for Federal	Taxable Pay for FICA	Fed Inc. Tax	Social Sec. Tax	Medicare	State Inc. Tax	Total Deduc	Net pay	YTD Net Pay	YTD Gross Pay

EMPLOYEE EARNING RECORD

Name	<u>Mary Shangraw</u>	Hire Date	<u>2/1/2018</u>
Address	<u>1901 Main St #2</u>	Date of Birth	<u>8/20/1994</u>
City/State/Zip	<u>Bridgewater/VT/05520</u>	Exempt/Nonexempt	<u>Nonexempt</u>
Telephone	<u>802-575-5423</u>	Married/Single	<u>S</u>
Social Security Number	<u>075-28-8945</u>	No. of exemptions	<u>1</u>
Position	<u>Administrative Assistant</u>	Pay Rate	<u>\$10.50/hour</u>

Period Ended	Hrs Worked	Reg Pay	OT Pay	Holiday	Comm	Gross Pay	Ins	401(k)	Taxable Pay for Federal	Taxable Pay for FICA

Taxable Pay for Federal	Taxable Pay for FICA	Fed Inc. Tax	Social Sec. Tax	Medicare	State Inc. Tax	Total Deduc	Net pay	YTD Net Pay	YTD Gross Pay

EMPLOYEE EARNING RECORD

Name	<u>Kristen Lewis</u>	Hire Date	<u>2/1/2018</u>
Address	<u>840 Daily Hollow Rd</u>	Date of Birth	<u>4/6/1960</u>
City/State/Zip	<u>Bridgewater/VT/05523</u>	Exempt/Nonexempt	<u>Exempt</u>
Telephone	<u>802-390-5572</u>	Married/Single	<u>M</u>
Social Security Number	<u>076-39-5673</u>	No. of exemptions	<u>3</u>
Position	<u>Office Manager</u>	Pay Rate	<u>\$32,000/year</u>

Period Ended	Hrs Worked	Reg Pay	OT Pay	Holiday	Comm	Gross Pay	Ins	401(k)	Taxable Pay for Federal	Taxable Pay for FICA

Taxable Pay for Federal	Taxable Pay for FICA	Fed Inc. Tax	Social Sec. Tax	Medicare	State Inc. Tax	Total Deduc	Net pay	YTD Net Pay	YTD Gross Pay

EMPLOYEE EARNING RECORD

Name	<u>Joel Schwartz</u>	Hire Date	<u>2/1/2018</u>
Address	<u>55 Maple Farm Wy</u>	Date of Birth	<u>5/23/1985</u>
City/State/Zip	<u>Woodstock/VT/05534</u>	Exempt/Nonexempt	<u>Exempt</u>
Telephone	<u>802-463-9985</u>	Married/Single	<u>M</u>
Social Security Number	<u>021-34-9876</u>	No. of exemptions	<u>2</u>
Position	<u>Sales</u>	Pay Rate	<u>\$24,000/year + commission</u>

Period Ended	Hrs Worked	Reg Pay	OT Pay	Holiday	Comm	Gross Pay	Ins	401(k)	Taxable Pay for Federal	Taxable Pay for FICA

Taxable Pay for Federal	Taxable Pay for FICA	Fed Inc. Tax	Social Sec. Tax	Medicare	State Inc. Tax	Total Deduc	Net pay	YTD Net Pay	YTD Gross Pay

EMPLOYEE EARNING RECORD

Name	<u>Toni Prevosti</u>	Hire Date	<u>2/1/2018</u>
Address	<u>10520 Cox Hill Rd</u>	Date of Birth	<u>9/18/1967</u>
City/State/Zip	<u>Bridgewater/VT/05521</u>	Exempt/Nonexempt	<u>Exempt</u>
Telephone	<u>802-673-2636</u>	Married/Single	<u>M</u>
Social Security Number	<u>055-22-0443</u>	No. of exemptions	<u>5</u>
Position	<u>Owner/President</u>	Pay Rate	<u>\$45,000/year</u>

Period Ended	Hrs Worked	Reg Pay	OT Pay	Holiday	Comm	Gross Pay	Ins	401(k)	Taxable Pay for Federal	Taxable Pay for FICA

Taxable Pay for Federal	Taxable Pay for FICA	Fed Inc. Tax	Social Sec. Tax	Medicare	State Inc. Tax	Total Deduc	Net pay	YTD Net Pay	YTD Gross Pay

EMPLOYEE EARNING RECORD

Name	<u>Student Success</u>	Hire Date	<u>2/1/2018</u>
Address	<u>1644 Smittin Rd</u>	Date of Birth	<u>1/1/1991</u>
City/State/Zip	<u>Woodstock/VT/05001</u>	Exempt/Nonexempt	<u>Nonexempt</u>
Telephone	<u>(555)555-5555</u>	Married/Single	<u>S</u>
Social Security Number	<u>555-55-5555</u>	No. of exemptions	<u>2</u>
Position		Pay Rate	<u>\$34,000/year</u>

Period Ended	Hrs Worked	Reg Pay	OT Pay	Holiday	Comm	Gross Pay	Ins	401(k)	Taxable Pay for Federal	Taxable Pay for FICA

Taxable Pay for Federal	Taxable Pay for FICA	Fed Inc. Tax	Social Sec. Tax	Medicare	State Inc. Tax	Total Deduc	Net pay	YTD Net Pay	YTD Gross Pay