

# AIPB Mastering Payroll (National) Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## 1. Start with a Diagnostic Review

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## 2. Study in Short, Focused Sessions

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## 3. Learn from the Explanations

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## 4. Track Your Progress

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## 5. Simulate the Real Exam

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## 6. Repeat and Review

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## **Questions**

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- 1. When must employees who claim exempt from federal income tax withholdings submit a new W-4?**
  - A. January 1**
  - B. February 15**
  - C. March 31**
  - D. April 15**
- 2. What must be done for liabilities incurred on the last day of the month of a quarter?**
  - A. They can be combined with the next quarter's liabilities**
  - B. They are treated as separate and distinct from following quarter liabilities**
  - C. They are ignored until the next quarter**
  - D. They are automatically accepted as liabilities for the year**
- 3. When are payroll taxes due for monthly depositors?**
  - A. The 1st of the following month**
  - B. The 15th of the following month**
  - C. The last day of the month**
  - D. The 30th of the following month**
- 4. Which of the following factors determines the amount of FICA tax withheld from an employee's paycheck?**
  - A. Age and Gender**
  - B. Employer pay period and marital status**
  - C. Job title and previous income**
  - D. Profit-sharing plans and stock options**
- 5. When is the deadline to complete an I-9 for an employee who will work indefinitely?**
  - A. End of the first day on the job**
  - B. End of the second day on the job**
  - C. End of the fourth day on the job**
  - D. Within the first week on the job**

**6. Which of the following represents a payroll expense for an employer?**

- A. Cash paid to employees**
- B. State unemployment tax**
- C. FICA taxes withheld from employees**
- D. Net income from operations**

**7. As of January 1, 2016, employees and employers each pay what percentage for Social Security tax?**

- A. 5.0%**
- B. 6.2%**
- C. 7.5%**
- D. 8.0%**

**8. What is the impact of claiming exempt status on a W-4 form?**

- A. No federal income tax withheld**
- B. Higher tax refund at year end**
- C. Increased payroll tax liability**
- D. Mandatory monthly payments**

**9. Which form is used to transmit copies of information statements to the IRS?**

- A. W-2**
- B. 1096**
- C. 1099-R**
- D. 940**

**10. What is the rate for Additional Medicare wages and the threshold amount that applies?**

- A. 1% in excess of \$150,000**
- B. 1.5% in excess of \$200,000**
- C. 0.9% in excess of \$200,000**
- D. 0.5% in excess of \$300,000**

## **Answers**

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1. B
2. B
3. B
4. B
5. C
6. B
7. B
8. A
9. B
10. C

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## **Explanations**

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**1. When must employees who claim exempt from federal income tax withholdings submit a new W-4?**

- A. January 1**
- B. February 15**
- C. March 31**
- D. April 15**

Employees who claim exemption from federal income tax withholding must submit a new W-4 by February 15. This requirement is rooted in IRS regulations, which stipulate that individuals claiming exemption from withholding need to reconfirm their eligibility annually. By this date, employers need to have any updated information for tax compliance, ensuring that only those properly qualifying for the exemption continue to receive it without withholding. This timing allows for sufficient processing by the employer to adjust withholding amounts for the upcoming tax year. If an employee fails to submit a new W-4 by this deadline, the employer is required to start withholding tax based on the employee's previous W-4 status, which might not reflect the employee's current tax situation.

**2. What must be done for liabilities incurred on the last day of the month of a quarter?**

- A. They can be combined with the next quarter's liabilities**
- B. They are treated as separate and distinct from following quarter liabilities**
- C. They are ignored until the next quarter**
- D. They are automatically accepted as liabilities for the year**

Liabilities incurred on the last day of the month of a quarter need to be treated as separate and distinct from liabilities of the following quarter to ensure accurate financial reporting and proper matching of expenses to the period they were incurred. This treatment is essential for compliance with accounting principles such as the matching principle, which states that expenses should be recorded in the same period as the revenues they help to generate. By keeping these liabilities distinct, it ensures clarity in the businesses' financial statements, aiding stakeholders in assessing the company's financial health and performance accurately. This also allows for appropriate planning and forecasting in the subsequent quarter, as those specific liabilities will need to be accounted for separately. Combining liabilities from different quarters or ignoring them until the next quarter could lead to inaccuracies in financial reporting and potential complications during audits or tax preparations. Similarly, automatically accepting them as annual liabilities would distort the actual financial performance for the reporting periods. Thus, recognizing liabilities incurred at the end of a quarter as separate entities allows for better financial management and transparency.

### 3. When are payroll taxes due for monthly depositors?

- A. The 1st of the following month
- B. The 15th of the following month**
- C. The last day of the month
- D. The 30th of the following month

For monthly depositors, payroll taxes are due on the 15th of the following month after the month in which the wages were paid. This means that if wages are disbursed in January, the payroll taxes associated with those wages need to be deposited by February 15th. This deadline allows the IRS to maintain a structured timeline for collecting payroll taxes while granting businesses sufficient time to calculate the correct amount owed. Understanding this due date is crucial for ensuring compliance with tax obligations and avoiding penalties for late payments. It is important for payroll professionals to keep track of these deadlines to help businesses stay in good standing with tax authorities.

### 4. Which of the following factors determines the amount of FICA tax withheld from an employee's paycheck?

- A. Age and Gender
- B. Employer pay period and marital status**
- C. Job title and previous income
- D. Profit-sharing plans and stock options

The amount of FICA tax withheld from an employee's paycheck is primarily determined by the employee's income and the applicable tax rates, rather than the options involving age, gender, job title, or compensation mechanisms like profit-sharing plans and stock options. FICA tax consists of two parts: Social Security tax and Medicare tax, which are mandated by federal law. The amount withheld is calculated based on the employee's gross earnings during the pay period. Additionally, the marital status of an employee is relevant to the withholding calculations because it may influence how much federal income tax is withheld rather than directly affecting the FICA tax rate itself; however, this indicates that deductions might be influenced by an employee's total taxable income and contributions, contributing indirectly to overall take-home pay. Ultimately, while employer pay periods do have an effect on the timing and frequency of FICA withholdings, it is the gross earnings that primarily dictate how much FICA tax is withheld on each paycheck, reflecting the contributions toward Social Security and Medicare.

**5. When is the deadline to complete an I-9 for an employee who will work indefinitely?**

- A. End of the first day on the job**
- B. End of the second day on the job**
- C. End of the fourth day on the job**
- D. Within the first week on the job**

The correct response aligns with the guideline that mandates an employer to complete the Form I-9, Employment Eligibility Verification, for an employee who is authorized to work indefinitely. According to federal regulations, the employer must ensure that the I-9 form is completed by the end of the employee's third day of work for pay. When an employee starts working, they must provide documentation to verify their identity and employment eligibility. The employer is then required to complete the I-9 form based on that documentation. This three-day requirement is crucial because it ensures that all employees are verified for their eligibility to work in the United States promptly. Failure to complete the I-9 within this timeframe could lead to penalties and legal issues for the employer. Therefore, the deadline is distinctly set at the end of the fourth day of employment, which falls in line with the correct choice.

**6. Which of the following represents a payroll expense for an employer?**

- A. Cash paid to employees**
- B. State unemployment tax**
- C. FICA taxes withheld from employees**
- D. Net income from operations**

The recognition of payroll expenses for an employer includes obligations that contribute to employee compensation and related costs, and this is why state unemployment tax is considered a payroll expense. State unemployment tax is assessed on employers based on the wages paid to their employees, and it is a necessary cost of employing staff, reflecting the employer's investment in the workforce. While cash paid to employees is also a significant aspect of payroll expenses, it is merely the distribution of wages rather than a component that accounts for the overall cost to the employer. FICA taxes withheld from employees represent amounts that are deducted from employees' wages and remitted to the federal government, and thus they do not constitute a direct expense for the employer in terms of payroll costs. Net income from operations is a financial measure that indicates the profitability of a business, but it does not directly relate to expenses incurred in the payroll process. Therefore, the state unemployment tax stands out as the key payroll expense representing an employer's statutory obligations.

**7. As of January 1, 2016, employees and employers each pay what percentage for Social Security tax?**

- A. 5.0%**
- B. 6.2%**
- C. 7.5%**
- D. 8.0%**

As of January 1, 2016, both employees and employers are required to contribute a rate of 6.2% each for Social Security tax on the first \$118,500 of an employee's earnings. This contribution is part of the Federal Insurance Contributions Act (FICA), which funds Social Security and Medicare. The Social Security tax rate remained at 6.2% until 2021, which is crucial for employers and employees to understand in order to correctly calculate payroll taxes. Knowing this rate helps ensure that both employees are making their required contributions toward Social Security benefits and employers are adhering to federal regulations governing payroll taxes. Therefore, the correct answer of 6.2% reflects the mutual responsibility that both parties share in financing the Social Security system.

**8. What is the impact of claiming exempt status on a W-4 form?**

- A. No federal income tax withheld**
- B. Higher tax refund at year end**
- C. Increased payroll tax liability**
- D. Mandatory monthly payments**

Claiming exempt status on a W-4 form means that an employee is certifying that they had no federal income tax liability in the previous year and expect to have none in the current year. As a result, when an individual claims exemption, their employer does not withhold any federal income tax from their paychecks. This can significantly affect their take-home pay, allowing them to receive Full earnings without any federal income tax being deducted. It is important to note that while exempt status leads to zero federal income tax withholding, it does not impact other types of taxes, such as Social Security or Medicare taxes, which will still be withheld. If an employee later finds that they do owe taxes, they could be subject to penalties or a significant tax bill at the end of the year if they cannot meet their tax obligations. The other options represent misconceptions about the consequences of claiming exempt status. For instance, claiming exempt status does not guarantee a higher refund at year-end; in fact, it can lead to owing taxes if not enough has been paid during the year. Similarly, it does not increase payroll tax liability or require mandatory monthly payments, as these elements pertain to different aspects of payroll and tax process.

**9. Which form is used to transmit copies of information statements to the IRS?**

- A. W-2**
- B. 1096**
- C. 1099-R**
- D. 940**

The correct choice is the form used to transmit copies of information statements to the IRS, which is the 1096 form. This form serves as a summary transmittal for various types of informational returns, including forms like the W-2 and the 1099 series. When a business files information returns, such as W-2s or 1099s, they must submit a 1096 along with these forms when filing paper copies. The 1096 provides crucial information to the IRS, including the total number of forms being sent and the type of forms included. Understanding the role of the 1096 is essential for efficient payroll processing and compliance with tax regulations. Employers must ensure that they properly complete and submit this form to avoid any penalties or issues with their tax filings. This reinforces the importance of accurate data management in payroll reporting and compliance efforts.

**10. What is the rate for Additional Medicare wages and the threshold amount that applies?**

- A. 1% in excess of \$150,000**
- B. 1.5% in excess of \$200,000**
- C. 0.9% in excess of \$200,000**
- D. 0.5% in excess of \$300,000**

The Additional Medicare Tax is imposed at a rate of 0.9% for individuals whose earnings exceed the threshold of \$200,000. This tax applies solely to the income above this threshold, meaning that once an individual's earnings surpass \$200,000, they will owe an additional tax rate of 0.9% on the income exceeding that amount. This provision was introduced to help fund Medicare and is particularly notable because it affects higher earners, ensuring that those who may have a greater capacity to contribute further to the Medicare system do so. Unlike regular Medicare taxes, which have no upper limit on taxable wages, the Additional Medicare Tax specifically targets those with higher incomes. Understanding the threshold and the corresponding rate is crucial for payroll processing and compliance, as employers are responsible for withholding this additional tax from employees' wages once they hit the \$200,000 limit. This knowledge helps ensure accurate payroll calculations and adherence to tax regulations.

# Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://aipbpayrollnational.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**

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