

BPA Payroll Accounting Practice Test (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

- 1. Why is the employee's earning record essential for an organization?**
 - A. Tax reporting**
 - B. Providing information on accumulated earnings**
 - C. Determining job performances**
 - D. Validating timesheets**
- 2. Under the FLSA, overtime pay is required for _____.**
 - A. All hours worked in excess of 40 in a workweek**
 - B. Only hours worked during holidays**
 - C. Hours worked in excess of 30 in a workweek**
 - D. All hours worked no matter the total**
- 3. What is one effective way employers can prevent payroll discrepancies?**
 - A. By frequently changing payroll software**
 - B. By implementing thorough checks and maintaining communication**
 - C. By relying solely on employee reports**
 - D. By reducing the payroll team size**
- 4. What distinguishes direct deposit from a physical paycheck?**
 - A. Direct deposit is done manually, while a paycheck is automated**
 - B. Direct deposit involves funds transferred electronically to a bank account**
 - C. A paycheck is always smaller than the amount deposited**
 - D. Direct deposit is only available for salaried employees**
- 5. What does FICA stand for?**
 - A. Federal Insurance Contributions Act**
 - B. Federal Insurance Collection Agency**
 - C. Federal Income Contributions Adjustment**
 - D. Federal Income Collection Act**

- 6. Who contributes to Medicare and Social Security taxes?**
- A. Only the employer**
 - B. Only the employee**
 - C. Both the employee and employer**
 - D. Independent contractors only**
- 7. Which of the following options is essential in correcting a tax withholding error?**
- A. Filing a lawsuit**
 - B. Adjusting future withholdings**
 - C. Counting the error as a loss**
 - D. Allowing the employee to handle it**
- 8. The law that is also called the Federal Wage and Hour is _____.**
- A. OSHA**
 - B. FLSA**
 - C. ERISA**
 - D. ADA**
- 9. Which account is credited for the total net pay in payroll accounting?**
- A. Wages Payable**
 - B. Payroll Taxes Payable**
 - C. Cash**
 - D. Expenses Payable**
- 10. What are standard withholding allowances based on?**
- A. Employee seniority within the company**
 - B. Criteria set on the W-4 form for tax withholding**
 - C. Employee earnings and bonuses received**
 - D. State unemployment rates**

Answers

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

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Explanations

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1. Why is the employee's earning record essential for an organization?

A. Tax reporting

B. Providing information on accumulated earnings

C. Determining job performances

D. Validating timesheets

The employee's earning record is crucial for an organization because it provides information on accumulated earnings. This record tracks how much an employee has earned over a specified period, including details about wages, bonuses, and other forms of compensation. Understanding accumulated earnings is vital for several reasons. Firstly, it helps in calculating various benefits and entitlements that are often based on total earnings, such as retirement benefits or severance pay. Additionally, it plays a significant role in performing audits and ensuring compliance with regulatory requirements, as organizations must maintain accurate financial records that include employee earnings. This comprehensive view of an employee's earnings history is also important for evaluating payroll accuracy and managing payroll budgets effectively. While tax reporting, determining job performance, and validating timesheets are important functions within payroll accounting, they do not capture the broader and continuous overview of an employee's financial compensation within the organization, which is why accumulated earnings is the most essential aspect of an employee's earning record.

2. Under the FLSA, overtime pay is required for _____.

A. All hours worked in excess of 40 in a workweek

B. Only hours worked during holidays

C. Hours worked in excess of 30 in a workweek

D. All hours worked no matter the total

Overtime pay under the Fair Labor Standards Act (FLSA) is specifically mandated for hours worked in excess of 40 in a workweek. This law was implemented to ensure that employees receive fair compensation for extra hours worked beyond the standard workweek. The requirement is designed to discourage excessive working hours and provide employees with proper financial compensation for their time. When an employee exceeds the threshold of 40 hours in a week, they are typically entitled to receive one and a half times their regular hourly wage for those additional hours. This standard is a critical element of labor regulations, which aims to protect workers' rights and promote fair labor practices. The other options do not align with the FLSA's provisions. For instance, some may mistakenly assume that only hours worked during holidays or hours exceeding 30 in a workweek qualify for overtime pay, but the law distinctly outlines the 40-hour benchmark as the point at which overtime compensation becomes necessary.

3. What is one effective way employers can prevent payroll discrepancies?

- A. By frequently changing payroll software**
- B. By implementing thorough checks and maintaining communication**
- C. By relying solely on employee reports**
- D. By reducing the payroll team size**

Implementing thorough checks and maintaining communication is a highly effective way for employers to prevent payroll discrepancies. This approach involves establishing a systematic review process where payroll data is regularly verified against various records, such as timecards, attendance sheets, and any contractual agreements. By doing so, discrepancies can be identified and corrected before payroll is finalized. Additionally, fostering open communication channels between employees and the payroll department ensures that any concerns, errors, or misunderstandings can be swiftly addressed. When employees feel comfortable reporting discrepancies or asking questions about their pay, it encourages a proactive approach to resolving issues. This combination of detailed checks and effective communication cultivates a culture of accuracy and transparency in payroll processes, significantly minimizing the chances of errors. Other options, such as frequently changing payroll software, can lead to confusion and inconsistency in handling payroll data. Relying solely on employee reports can be unreliable, as it may not account for errors or omissions from the employees themselves. Reducing the payroll team size might strain capacity and could lead to oversights in the payroll process. These alternatives do not establish the same level of reliability and thoroughness that come from the approach of implementing checks and maintaining communication.

4. What distinguishes direct deposit from a physical paycheck?

- A. Direct deposit is done manually, while a paycheck is automated**
- B. Direct deposit involves funds transferred electronically to a bank account**
- C. A paycheck is always smaller than the amount deposited**
- D. Direct deposit is only available for salaried employees**

Direct deposit is distinguished from a physical paycheck primarily by the method of payment. In the case of direct deposit, funds are transferred electronically directly to an employee's bank account. This process streamlines the payment routine, eliminating the need for physical checks that require manual handling and take time to deposit. Using direct deposit offers several advantages, such as faster access to funds, increased security since there are no physical checks to be lost or stolen, and convenience for both employers and employees, as it reduces paperwork and the steps involved in payroll processing. While some employees may still receive physical paychecks, the prevalence of direct deposit has grown due to its efficiency and ease. This electronic method is widely available to various categories of employees, not limited to specific types like salaried workers, making it a modern approach in payroll systems.

5. What does FICA stand for?

- A. Federal Insurance Contributions Act**
- B. Federal Insurance Collection Agency**
- C. Federal Income Contributions Adjustment**
- D. Federal Income Collection Act**

FICA stands for the Federal Insurance Contributions Act, which is a crucial piece of legislation in the United States. The primary purpose of FICA is to fund two key programs: Social Security and Medicare. Under this act, employers and employees both contribute a percentage of wages to these programs through payroll taxes. This contribution structure ensures that individuals who pay into Social Security and Medicare during their working years are eligible for benefits in retirement, disability, or healthcare. Understanding FICA is important for payroll accounting because it directly impacts how payroll taxes are calculated, withheld, and reported by employers. It also ensures compliance with federal regulations regarding tax liabilities and employee benefits. The other options incorrectly describe FICA or imply an entity that does not exist; therefore, they do not accurately reflect the function or designation of the act itself.

6. Who contributes to Medicare and Social Security taxes?

- A. Only the employer**
- B. Only the employee**
- C. Both the employee and employer**
- D. Independent contractors only**

Both the employee and employer contribute to Medicare and Social Security taxes. This is a fundamental aspect of the U.S. payroll tax system. The contributions are typically deducted from an employee's paycheck, while the employer matches that amount. This means that for every dollar an employee pays into Social Security and Medicare, the employer contributes an equal amount. This system is designed to ensure that both parties share the responsibility for funding these crucial social safety nets. Employees benefit from these programs through future access to retirement benefits, disability insurance, and healthcare for seniors, while employers facilitate this funding through payroll deductions. Independent contractors, on the other hand, do not fit into this framework in the same way, as they are considered self-employed and responsible for paying both the employee and employer portions of these taxes themselves. Thus, the joint contribution from both employees and employers is what distinguishes the payroll tax system for traditional employment arrangements.

7. Which of the following options is essential in correcting a tax withholding error?

- A. Filing a lawsuit**
- B. Adjusting future withholdings**
- C. Counting the error as a loss**
- D. Allowing the employee to handle it**

Adjusting future withholdings is the correct approach to correcting a tax withholding error because it directly addresses the issue at hand: ensuring that the correct amount is withheld from an employee's paychecks moving forward. By recalculating and updating the withholding amounts, the employer can prevent further discrepancies and help the employee avoid underpayment or overpayment of taxes, which could lead to penalties or issues during tax filing. Taking this action not only rectifies the immediate error but also aligns future paychecks with the correct withholding requirements. Accurate withholding is crucial for both compliance with tax regulations and for maintaining the employee's financial planning. The other options do not adequately resolve the core issue of withholding errors. Filing a lawsuit would be inappropriate for this context as it does not offer a solution to the payroll issue; it's a legal remedy that would be used in significantly different circumstances. Counting the error as a loss does not address the underlying mistake and could result in ongoing complications. Allowing the employee to handle it places the burden on the employee instead of the employer, which can lead to further confusion and potential legal issues, as the employer is responsible for correct payroll practices.

8. The law that is also called the Federal Wage and Hour is

- _____.
- A. OSHA**
 - B. FLSA**
 - C. ERISA**
 - D. ADA**

The correct identification of the law known as the Federal Wage and Hour Law is the Fair Labor Standards Act (FLSA). This act is significant as it establishes minimum wage, overtime pay eligibility, recordkeeping, and youth employment in the United States. The FLSA mandates that employees must be paid at least the federal minimum wage for all hours worked and specifies that non-exempt employees must receive overtime pay for hours worked beyond a standard 40-hour workweek. Understanding the importance of the FLSA is crucial for payroll accounting, as compliance with this law ensures that employers meet their legal obligations regarding employee compensation. It also helps to protect workers from exploitative wage practices. The emphasis on fair labor standards fosters a more equitable workplace, directly impacting employee satisfaction and retention. Other laws listed serve distinct purposes: OSHA is focused on workplace safety, ERISA governs employee benefit plans, and ADA addresses disability rights. Each serves to protect different employee rights but does not relate specifically to wage and hour standards like the FLSA does.

9. Which account is credited for the total net pay in payroll accounting?

- A. Wages Payable**
- B. Payroll Taxes Payable**
- C. Cash**
- D. Expenses Payable**

In payroll accounting, when the total net pay is credited, it reflects the actual payment that the company makes to its employees for their work during a specific period. This amount represents a reduction in the company's cash resources since it is the cash that is being disbursed to pay employees. When net pay is credited, it signifies that the company is recording a liability, which, once paid out, will involve a decrease in the cash account. The cash account captures all cash transactions, including expenses like payroll. Therefore, recording a credit to cash accurately reflects the flow of funds from the company to the employees, while also indicating that the company has fulfilled its obligation to pay its workers for their services. The other accounts mentioned would be used in different contexts within payroll accounting, but they do not directly reflect the disbursement of funds to employees. Wages Payable would be credited when recognizing the debt before payment, Payroll Taxes Payable would record liabilities related to taxes that must be remitted, and Expenses Payable would represent obligations to pay for expenses yet to be settled. However, for the total net pay actual cash disbursement, the correct account to credit is cash.

10. What are standard withholding allowances based on?

- A. Employee seniority within the company**
- B. Criteria set on the W-4 form for tax withholding**
- C. Employee earnings and bonuses received**
- D. State unemployment rates**

Withholding allowances are primarily determined by the criteria set on the W-4 form, which employees complete when they begin a new job or wish to adjust their withholding. This form allows employees to indicate their filing status, the number of allowances they want to claim, and any additional amounts to be withheld, directly influencing the amount of income tax withheld from their paychecks. By specifying the number of allowances, employees can effectively manage their tax liability; for example, claiming more allowances may result in less tax being withheld, which could lead to a smaller refund or a tax bill when they file their annual income tax return. Conversely, claiming fewer allowances increases the amount withheld, which may result in a larger refund. Understanding this process is crucial for both employers and employees to ensure compliance with tax regulations and to manage personal tax obligations effectively. The other options, such as employee seniority, earnings and bonuses, or state unemployment rates, do not play a role in determining withholding allowances as defined by the W-4 instructions.

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.

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

<https://bpapayrollacctg.examzify.com>

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