

Certified Payroll Professional Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Questions

- 1. What is the minimum salary requirement for exempt employees?**
 - A. Minimum wage based on federal guidelines**
 - B. \$500 per week**
 - C. \$455 per week**
 - D. \$600 per week**
- 2. What is the main benefit of meeting the Key control factors for classifying employees under the Department of Labor standards?**
 - A. Greater control over job structure**
 - B. Increased employer profits**
 - C. Eligibility for tax incentives**
 - D. Clarity in employment classification**
- 3. According to the content, why is the Type of Relationship factor important in the Common Law Rules for employee classification?**
 - A. It defines payment structure**
 - B. It dictates work schedule**
 - C. It signals contract terms**
 - D. It assesses legal benefits**
- 4. Which type of worker falls into the category of a Statutory Non-Employee?**
 - A. Direct Sellers**
 - B. FT life insurance agent**
 - C. Individual with minimal investment**
 - D. City salesperson with varied compensation**
- 5. Which tool can employers use to determine the federal tax to withhold based on an employee's gross wage and allowances claimed?**
 - A. IRS Calculator**
 - B. Wage Bracket**
 - C. Percentage Method**
 - D. Tax Bracket Table**

- 6. What are the FICA Withholding Requirements in total percentage?**
- A. 8.4%**
 - B. 12.3%**
 - C. 15.3%**
 - D. 18.2%**
- 7. When was optional coverage under Social Security for public sector employees first allowed?**
- A. In 1951**
 - B. In 1935**
 - C. In 1978**
 - D. In 1965**
- 8. What is the overtime pay rate for a salaried employee who earns \$1,000 per week when they work 50 hours?**
- A. \$1,200**
 - B. \$1,500**
 - C. \$1,400**
 - D. \$1,800**
- 9. What is Form 945 primarily used for?**
- A. Reporting wages paid to agricultural employees**
 - B. Reporting federal income tax withheld on pension payments**
 - C. Reporting social security and medicare taxes due by small employers**
 - D. Reporting withheld federal income tax on specified payments**
- 10. What is the Social Security Wage Base for withholding?**
- A. \$117,000**
 - B. \$100,000**
 - C. \$150,000**
 - D. \$90,000**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What is the minimum salary requirement for exempt employees?

- A. Minimum wage based on federal guidelines**
- B. \$500 per week**
- C. \$455 per week**
- D. \$600 per week**

The minimum salary requirement for exempt employees is \$455 per week. This is based on the Fair Labor Standards Act (FLSA), which outlines the criteria for employees to be exempt from overtime pay. Exempt employees must meet both the salary basis test (being paid a predetermined and fixed salary that is not subject to reduction based on quality or quantity of work) and the salary level test (being paid a minimum salary amount). The current minimum salary requirement for exempt employees under federal law is \$455 per week.

2. What is the main benefit of meeting the Key control factors for classifying employees under the Department of Labor standards?

- A. Greater control over job structure**
- B. Increased employer profits**
- C. Eligibility for tax incentives**
- D. Clarity in employment classification**

Meeting the key control factors for classifying employees under the Department of Labor standards provides clarity in employment classification. This means that by adhering to these factors, employers can accurately determine whether a worker should be classified as an employee or an independent contractor. This clarity is essential for compliance with labor laws and regulations, preventing potential legal issues or penalties that may arise from misclassifying workers. It also helps in establishing consistency in payroll practices and ensuring that employees receive the benefits and protections they are entitled to under the law.

3. According to the content, why is the Type of Relationship factor important in the Common Law Rules for employee classification?

- A. It defines payment structure**
- B. It dictates work schedule**
- C. It signals contract terms**
- D. It assesses legal benefits**

The Type of Relationship factor in the Common Law Rules for employee classification is important because it helps to determine the terms of the contract between the worker and the employer. This factor looks at whether there is a written contract in place, the permanency of the relationship, and whether the work performed is a key aspect of the business. By considering the Type of Relationship, it becomes possible to clarify the expectations and obligations of both parties, helping to establish the nature of the working arrangement.

4. Which type of worker falls into the category of a Statutory Non-Employee?

A. Direct Sellers

B. FT life insurance agent

C. Individual with minimal investment

D. City salesperson with varied compensation

A statutory non-employee is a worker who is treated as an independent contractor for federal tax purposes but is considered an employee under certain statutes for employment tax purposes. Direct sellers are a common example of statutory non-employees as they operate under specific conditions outlined in the tax code. In contrast, the other options do not fit the criteria for statutory non-employees. Full-time life insurance agents, individuals with minimal investment, and city salespersons with varied compensation do not typically fall under the classification of statutory non-employees.

5. Which tool can employers use to determine the federal tax to withhold based on an employee's gross wage and allowances claimed?

A. IRS Calculator

B. Wage Bracket

C. Percentage Method

D. Tax Bracket Table

Employers can use the Percentage Method to determine the federal tax to withhold based on an employee's gross wage and allowances claimed. The Percentage Method calculates the tax amount by applying a specific percentage to the employee's taxable wages, taking into consideration the employee's filing status and allowances. This method is commonly used and provides a straightforward way to calculate federal tax withholding accurately. The other options are not the most appropriate tools for this specific purpose: - The IRS Calculator is a useful tool for individuals to estimate their tax liability but may not be the most efficient method for employers to calculate withholding for each employee. - The Wage Bracket method involves using pre-determined tables based on the employee's filing status and pay frequency to find the appropriate withholding amount. While it can be effective for certain situations, the Percentage Method offers more flexibility and accuracy. - The Tax Bracket Table provides information on tax rates based on income levels but may not be as practical for calculating withholding amounts on individual paychecks as the Percentage Method.

6. What are the FICA Withholding Requirements in total percentage?

- A. 8.4%
- B. 12.3%
- C. 15.3%**
- D. 18.2%

The correct answer is C. FICA (Federal Insurance Contributions Act) withholding requirements consist of two separate taxes: Social Security and Medicare. Employees and employers each pay half of these taxes, totaling 15.3% - 6.2% for Social Security and 1.45% for Medicare. Therefore, the total FICA withholding requirement is 15.3%. Options A, B, and D are incorrect percentages and do not represent the total FICA withholding requirements accurately.

7. When was optional coverage under Social Security for public sector employees first allowed?

- A. In 1951**
- B. In 1935
- C. In 1978
- D. In 1965

Optional coverage under Social Security for public sector employees was first allowed in 1951. This was a significant development that gave public sector employees the choice to participate in the Social Security system, providing them with retirement, disability, and survivor benefits. This change aimed to bring more employees under the Social Security umbrella and ensure a more comprehensive system of social insurance coverage. The other options are not correct because they do not align with the historical timeline of when optional coverage for public sector employees was first permitted under Social Security.

8. What is the overtime pay rate for a salaried employee who earns \$1,000 per week when they work 50 hours?

- A. \$1,200
- B. \$1,500**
- C. \$1,400
- D. \$1,800

To determine the overtime pay rate for a salaried employee earning \$1,000 per week, it is essential to first establish the employee's regular hourly rate. This is calculated by taking the weekly salary and dividing it by the number of standard hours worked in a week, which is typically 40 hours. 1. Calculate the hourly rate: $\frac{1000}{40} = 25$ \text{dollars per hour} 2. Compute the overtime pay rate. Overtime is usually paid at a rate of 1.5 times the regular hourly rate: $25 \times 1.5 = 37.50$ \text{dollars per hour} 3. The employee worked 10 hours of overtime (50 hours total minus 40 standard hours). To find the total overtime pay, multiply the overtime hours by the overtime pay rate: $10 \times 37.50 = 375$ \text{dollars} 4. To find the total pay for the week, add the regular weekly salary to the

9. What is Form 945 primarily used for?

- A. Reporting wages paid to agricultural employees**
- B. Reporting federal income tax withheld on pension payments**
- C. Reporting social security and medicare taxes due by small employers**
- D. Reporting withheld federal income tax on specified payments**

Form 945 is primarily used for reporting withheld federal income tax on specified payments. This form is specifically for reporting backup withholding for federal income tax purposes. Option A is incorrect because Form 943 is used for reporting wages paid to agricultural employees. Option B is incorrect because Form 1099-R is used for reporting federal income tax withheld on pension payments. Option C is incorrect because Form 941 is used for reporting social security and medicare taxes due by small employers.

10. What is the Social Security Wage Base for withholding?

- A. \$117,000**
- B. \$100,000**
- C. \$150,000**
- D. \$90,000**

The correct answer is A. \$117,000. This is the correct Social Security Wage Base for withholding. The Social Security Wage Base is the maximum amount of earned income on which you must pay Social Security tax. For the current year, the Social Security Wage Base is \$117,000. This means that any income earned up to \$117,000 is subject to Social Security tax, while any income above that amount is not subject to Social Security tax.