

Certified Payroll Professional Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Questions

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- 1. 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**
- 2. What action is required for a direct deposit reversal due to a common error?**
 - A. Notify human resources**
 - B. Automatically reverse the payment**
 - C. Refund the amount to the employer**
 - D. Notify the employee and correct the error**
- 3. How are Federal Income Tax Withhold Requirements typically satisfied?**
 - A. By issuing stock options**
 - B. By withholding from employee wages**
 - C. By providing bonuses**
 - D. By adjusting insurance premiums**
- 4. Which publication contains activities of the State and House of Representatives?**
 - A. SSA/IRS Reporter**
 - B. Congressional Record**
 - C. Internal Revenue Bulletin**
 - D. Federal Register**
- 5. What is typically required on a Form I-9?**
 - A. Employer's financial statements**
 - B. Employee's previous pay stub**
 - C. Proof of identity and eligibility to work**
 - D. Employee's tax identification number**

- 6. What are the FICA Withholding Requirements in total percentage?**
- A. 8.4%**
 - B. 12.3%**
 - C. 15.3%**
 - D. 18.2%**
- 7. What does the Employee Retirement Income Security Act (ERISA) require regarding participant information?**
- A. Disclosure of health information**
 - B. Disclosure of financial assets**
 - C. Release of medical records**
 - D. Release of plan information**
- 8. Which type of documents are included in List A of Form I-9 verification?**
- A. Birth certificates**
 - B. Social Security cards**
 - C. Passports**
 - D. Driver's licenses**
- 9. Define "overtime pay" under the FLSA.**
- A. Pay for hours worked over 35 hours in a workweek**
 - B. Pay for hours worked over 40 hours in a workweek at a rate not less than one and a half times regular pay**
 - C. Flat pay for extra hours worked regardless of total hours**
 - D. Pay for any hours worked on holidays only**
- 10. In the context of employee classification, what does the Work Performed factor in the Common Law Rules primarily focus on?**
- A. Quality of work**
 - B. Frequency of work**
 - C. Relevance to business**
 - D. Duration of work**

Answers

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

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Explanations

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1. 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.

2. What action is required for a direct deposit reversal due to a common error?

A. Notify human resources

B. Automatically reverse the payment

C. Refund the amount to the employer

D. Notify the employee and correct the error

For a direct deposit reversal due to a common error, the correct course of action is to notify the employee and correct the error. It is important to communicate with the employee promptly, explain the situation, and resolve the issue by reversing the incorrect deposit and making the necessary correction to ensure the employee receives the correct payment. This approach prioritizes transparency, accountability, and compliance with payroll regulations. Options A, B, and C are not the correct actions to take in this scenario. While notifying human resources may be necessary for documentation purposes, the primary responsibility lies in communicating with the employee directly. Automatically reversing the payment without informing the employee can lead to confusion and lack of clarity regarding the situation. Refunding the amount to the employer is not the appropriate action when addressing a direct deposit error involving an employee's payment.

3. How are Federal Income Tax Withhold Requirements typically satisfied?

A. By issuing stock options

B. By withholding from employee wages

C. By providing bonuses

D. By adjusting insurance premiums

Federal Income Tax withhold requirements are typically satisfied by withholding from employee wages. Employers are responsible for withholding the correct amount of federal income tax from their employees' paychecks based on the information provided by the employee on their Form W-4. This withheld amount is then sent to the IRS on behalf of the employee. Stock options, bonuses, and adjusting insurance premiums are not typical methods for satisfying Federal Income Tax withhold requirements.

4. Which publication contains activities of the State and House of Representatives?

- A. SSA/IRS Reporter**
- B. Congressional Record**
- C. Internal Revenue Bulletin**
- D. Federal Register**

The correct answer is B. Congressional Record. The Congressional Record is the official record of the proceedings and debates of the United States Congress. It contains a transcript of what is said on the floor of the House and the Senate, providing a comprehensive record of legislative activities including bills, resolutions, debates, and other congressional actions. This publication is where you would find the activities of the State and House of Representatives. The other options are incorrect because: A. SSA/IRS Reporter is a publication that focuses on Social Security Administration and Internal Revenue Service updates, not activities of the State and House of Representatives. C. Internal Revenue Bulletin is a publication by the Internal Revenue Service that provides information on tax regulations, rulings, and procedures, not activities of the State and House of Representatives. D. Federal Register is the official journal of the federal government that contains proposed rules and regulations, executive orders, proclamations, and other presidential documents, but it does not specifically detail the activities of the State and House of Representatives.

5. What is typically required on a Form I-9?

- A. Employer's financial statements**
- B. Employee's previous pay stub**
- C. Proof of identity and eligibility to work**
- D. Employee's tax identification number**

The correct answer is the requirement for proof of identity and eligibility to work. The Form I-9, officially known as the Employment Eligibility Verification form, is designed to help employers verify the identity and employment authorization of individuals hired for employment in the United States. When completing the form, employees must present documentation that establishes both their identity and their authorized status to work in the U.S. This can include a U.S. passport, permanent resident card, or a combination of documents that together prove their identity and employment eligibility. This verification process is crucial for compliance with federal law, as it adds a layer of accountability to ensure that all hired workers are legally permitted to work in the country. The other options listed do not pertain to the requirements of the Form I-9 and are not relevant in this context.

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. What does the Employee Retirement Income Security Act (ERISA) require regarding participant information?

- A. Disclosure of health information
- B. Disclosure of financial assets
- C. Release of medical records
- D. Release of plan information**

The Employee Retirement Income Security Act (ERISA) requires the release of plan information regarding participant information. ERISA mandates that plan sponsors must provide participants with specific information about their retirement plans, such as the plan's features, funding, and investments. This ensures transparency and empowers participants to make informed decisions regarding their retirement savings. Therefore, option D is the correct answer as it aligns with ERISA's requirements.

8. Which type of documents are included in List A of Form I-9 verification?

- A. Birth certificates
- B. Social Security cards
- C. Passports**
- D. Driver's licenses

List A of Form I-9 includes documents that establish both identity and employment authorization. Passports are included in List A because they fulfill both requirements; they establish the employee's identity and work authorization simultaneously. Birth certificates, Social Security cards, and driver's licenses are not included in List A because they do not establish employment authorization, which is a crucial part of the verification process.

9. Define "overtime pay" under the FLSA.

- A. Pay for hours worked over 35 hours in a workweek
- B. Pay for hours worked over 40 hours in a workweek at a rate not less than one and a half times regular pay**
- C. Flat pay for extra hours worked regardless of total hours
- D. Pay for any hours worked on holidays only

Overtime pay under the Fair Labor Standards Act (FLSA) is defined specifically as compensation for hours worked in excess of 40 hours in a workweek at a rate not less than one and a half times the employee's regular rate of pay. This standard has been established to ensure that employees are fairly compensated for the additional hours they work beyond the typical full-time workweek. The rationale for this definition stems from the intent of the FLSA to protect workers from exploitation and to encourage employers to spread out work among more employees rather than requiring excessive hours from fewer employees. By providing a higher wage rate for overtime work, the law promotes a balance of work and personal life for employees. This definition means that options suggesting different thresholds for overtime, flat pay for extra hours, or pay solely for holiday hours do not align with the established FLSA guidelines. Understanding this definition is crucial for compliance in payroll processing and for employee rights regarding their compensation.

10. In the context of employee classification, what does the Work Performed factor in the Common Law Rules primarily focus on?

- A. Quality of work
- B. Frequency of work
- C. Relevance to business**
- D. Duration of work

The Work Performed factor in the Common Law Rules primarily focuses on the relevance of the work performed to the business. This means that the nature of the tasks performed by the individual is closely examined to determine how integral it is to the core operations of the business. By assessing the relevance of the work to the business, it helps in classifying the employee correctly according to the Common Law Rules and determining whether they should be classified as an employee or an independent contractor. Option A, quality of work, is not the primary focus of the Work Performed factor. While quality of work can be important in assessing performance, it is not the main factor in determining employee classification. Option B, frequency of work, is also not the main focus of the Work Performed factor. Although the frequency of work may be considered in some cases, it is not the primary aspect that the Work Performed factor evaluates. Option D, duration of work, is not the main focus of the Work Performed factor either. The duration of work could be relevant in certain situations, but it is not the primary factor that this aspect of the Common Law Rules concentrates on.