

# FUNDAMENTAL PAYROLL CERTIFICATION (FPC) PRACTICE EXAM (SAMPLE) STUDY GUIDE



## SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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. Which statement describes the purpose of the W-4S form?**
  - A. Request sick pay documentation
  - B. Request withholding for sick pay
  - C. Document tax liability
  - D. Summarize employee hours worked
- 2. What is one characteristic of cash or cash equivalents in the context of de minimis fringe benefits?**
  - A. Cash rewards are always included
  - B. They are never considered a de minimis fringe benefit
  - C. They must be provided frequently
  - D. They can be substituted for equivalent benefits
- 3. Which of the following best describes white collar employees?**
  - A. Employees working in manual labor jobs
  - B. Employees exempt from certain labor laws related to wages and overtime
  - C. Workers entitled to minimum wage protections
  - D. Individuals working part-time with no specific legal classification
- 4. What does the Immigration Reform and Control Act of 1986 (IRCA) require from employers?**
  - A. Insurance for employees in case of accidents
  - B. Verification of employees' eligibility for employment in the US
  - C. Annual employee performance reviews
  - D. Specific payroll taxes to be paid
- 5. Who is primarily affected by the Age Discrimination in Employment Act?**
  - A. Individuals under the age of 18
  - B. Employees aged 40 and over
  - C. All employees, regardless of age
  - D. Only part-time employees

**6. What factor is considered in determining if a worker is classified as an Independent Contractor under the Reasonable Basis Test?**

- A. Permanent employment status.
- B. Longstanding industry standards.
- C. Daily oversight by the employer.
- D. Payment method of wages.

**7. What entity administers the Social Security program?**

- A. Department of Labor
- B. Internal Revenue Service
- C. Social Security Administration (SSA)
- D. Federal Trade Commission

**8. What information is provided by a W-2 form?**

- A. A summary of an employee's work performance
- B. A record of wages and tax statements for employees
- C. Details about employee benefits selections
- D. A document for reporting payroll taxes only

**9. What is a discretionary bonus?**

- A. A bonus promised in advance
- B. A bonus paid for services without prior agreement
- C. A mandatory end-of-year bonus
- D. A bonus paid to all employees regardless of performance

**10. What does the common law test determine?**

- A. Eligibility for employment benefits
- B. Classification of an employee based on control
- C. Validation of a worker's contract
- D. Calculation of employee bonuses

## **Answers**

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

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## **Explanations**

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**1. Which statement describes the purpose of the W-4S form?**

- A. Request sick pay documentation
- B. Request withholding for sick pay**
- C. Document tax liability
- D. Summarize employee hours worked

*The W-4S form is specifically designed for employees who receive sick pay. Its primary purpose is to allow eligible employees to request that federal income tax be withheld from their sick pay. By completing this form, the employee provides the necessary information to their employer or the sick pay provider, ensuring that appropriate federal income tax withholding occurs, and helping to avoid larger tax liabilities when filing their annual tax returns. This form is particularly significant in instances where an employee may be receiving sick pay from a third-party payer, such as an insurance company, as it provides a mechanism for managing tax withholding in these situations. Thus, the focus of the W-4S being on the withholding aspect from sick pay clearly aligns with the correct choice presented, emphasizing its role in the payroll and tax withholding process.*

**2. What is one characteristic of cash or cash equivalents in the context of de minimis fringe benefits?**

- A. Cash rewards are always included
- B. They are never considered a de minimis fringe benefit**
- C. They must be provided frequently
- D. They can be substituted for equivalent benefits

*In the context of de minimis fringe benefits, cash or cash equivalents are generally not considered as de minimis fringe benefits. De minimis fringe benefits are minimal value perks provided by an employer that are excluded from taxation. The IRS defines these benefits as infrequent and of low value, which typically includes items such as occasional meals, snacks, or small gifts that have low value. Cash and cash equivalents, such as cash bonuses or gift cards, do not fall under the de minimis category because they do not meet the IRS guidelines for low value and infrequency. The distinction is that cash can always be converted into something of value, which leads to it being taxed, unlike non-cash fringe benefits that might not meet certain value thresholds or frequency. This understanding of cash and cash equivalents aligns with IRS regulations, making the statement true that they are never considered a de minimis fringe benefit. As such, the correct choice reflects the specific exclusion of cash from the category of de minimis benefits.*

### 3. Which of the following best describes white collar employees?

- A. Employees working in manual labor jobs
- B. Employees exempt from certain labor laws related to wages and overtime**
- C. Workers entitled to minimum wage protections
- D. Individuals working part-time with no specific legal classification

White collar employees are typically professionals who perform tasks that require specialized knowledge and skills, often in office settings rather than engaging in manual labor. The distinction is important because many white collar employees can be classified as exempt from certain labor laws, particularly those related to wages and overtime, based on their job responsibilities and salary levels. Exempt employees usually fall under categories defined by the Fair Labor Standards Act (FLSA), which delineates specific criteria regarding the nature of the work performed and the amount of pay. This classification allows employers not to pay overtime for hours worked over 40 in a workweek, which is a significant aspect of why option B accurately describes white collar workers. In contrast, other choices relate to different employment characteristics: manual labor is characteristic of blue collar workers, minimum wage protections apply broadly but are not exclusive to white collar workers, and part-time workers can have varied classifications that do not specifically align with the traits of white collar employment. Thus, option B provides the best description of the characteristics associated with white collar employees.

### 4. What does the Immigration Reform and Control Act of 1986 (IRCA) require from employers?

- A. Insurance for employees in case of accidents
- B. Verification of employees' eligibility for employment in the US**
- C. Annual employee performance reviews
- D. Specific payroll taxes to be paid

The Immigration Reform and Control Act of 1986 (IRCA) mandates that employers verify the eligibility of their employees to work in the United States. This requirement is primarily fulfilled through the completion of Form I-9, which requires both employers and employees to provide attestation and documentation proving the employee's identity and authorization to work in the U.S. This verification process is crucial in maintaining legal employment practices and preventing the hiring of individuals who do not have the necessary citizenship or work permissions. The focus of IRCA is on ensuring that all employees are legally authorized to work, making it a vital part of employment compliance. This regulation helps safeguard against unauthorized employment and supports the overall integrity of the labor force.

## 5. Who is primarily affected by the Age Discrimination in Employment Act?

- A. Individuals under the age of 18
- B. Employees aged 40 and over**
- C. All employees, regardless of age
- D. Only part-time employees

*The Age Discrimination in Employment Act (ADEA) is designed to protect workers aged 40 and older from discrimination based on age in various employment practices, such as hiring, firing, promotions, and pay. The legislation recognizes that individuals in this age group may face biases that can adversely affect their employment opportunities, often leading to unfair treatment in the workplace. By specifically targeting this age demographic, the ADEA aims to uphold the rights of older workers and ensure they are evaluated based on their skills and experience rather than age-related stereotypes. This focus on employees aged 40 and over is critical in promoting a more inclusive work environment, combating ageism, and encouraging employers to recognize the value that experienced workers can bring to their organizations. Therefore, the correct choice emphasizes the specific group that the ADEA seeks to protect, highlighting the act's relevance to discussions about workforce diversity and fair employment practices.*

## 6. What factor is considered in determining if a worker is classified as an Independent Contractor under the Reasonable Basis Test?

- A. Permanent employment status.
- B. Longstanding industry standards.**
- C. Daily oversight by the employer.
- D. Payment method of wages.

*In the context of determining whether a worker is classified as an Independent Contractor under the Reasonable Basis Test, longstanding industry standards play a crucial role. This test evaluates the level of control and independence a worker has in their job, and it considers the practices that are commonly accepted within the industry. By examining how similar workers are classified across the industry, it can provide a basis for whether the worker in question is appropriately classified as an Independent Contractor. The presence of longstanding industry standards indicates that a worker has the autonomy expected of an independent contractor, helping to establish a reasonable basis for that classification. It emphasizes the importance of industry norms and practices in making classification decisions, which can also have implications for taxation and benefits. The other choices do not directly align with the criteria used in the Reasonable Basis Test for independent contractor classification. Permanent employment status and daily oversight by the employer suggest a higher level of control, which is typically associated with an employee classification instead. The payment method of wages can vary widely and does not provide a reliable metric for classifying a worker as an independent contractor. Hence, the focus on longstanding industry standards is key to this determination.*

## 7. What entity administers the Social Security program?

- A. Department of Labor
- B. Internal Revenue Service
- C. Social Security Administration (SSA)**
- D. Federal Trade Commission

*The Social Security Administration (SSA) is the entity responsible for administering the Social Security program. This program, established by the Social Security Act, provides retirement, disability, and survivor benefits to eligible individuals. The SSA manages the collection of payroll taxes that fund these benefits and oversees the distribution of funds to beneficiaries. The SSA also handles various services including setting eligibility requirements, processing applications for benefits, and maintaining records for Social Security numbers. This makes the SSA central to the operation and management of the Social Security system. In contrast, other entities like the Department of Labor focus on labor standards and employment policies, the Internal Revenue Service collects taxes and enforces tax laws, while the Federal Trade Commission oversees consumer protection and antitrust laws. Thus, while each of these agencies plays a crucial role in governmental functions, only the Social Security Administration directly administers the Social Security program.*

## 8. What information is provided by a W-2 form?

- A. A summary of an employee's work performance
- B. A record of wages and tax statements for employees**
- C. Details about employee benefits selections
- D. A document for reporting payroll taxes only

*The W-2 form serves as a critical document in the payroll process as it summarizes an employee's earnings and the taxes withheld throughout the year. It is issued by employers to report the annual wages paid to employees and the taxes withheld from those wages, such as federal income tax, Social Security tax, and Medicare tax. This information is crucial for employees when they are preparing their income tax returns since it provides a comprehensive breakdown of all income earned and taxes paid. The details included in a W-2 include not only the total wages but also additional information such as benefits and retirement contributions that might have been deducted from an employee's pay. Thus, the W-2 forms the foundation upon which employees can assess their total compensation and tax obligations for the year. Other options, while relevant to employee records or payroll processes, do not directly reflect the primary purpose of the W-2 form. For example, employee work performance is assessed through performance reviews, not through tax documents. Similarly, employee benefits selections are typically documented through separate forms or systems used for benefits administration, not a W-2. While payroll tax reporting is indeed a component of the information, the W-2 encapsulates much more than merely reporting payroll taxes, making it a more holistic*

## 9. What is a discretionary bonus?

- A. A bonus promised in advance
- B. A bonus paid for services without prior agreement**
- C. A mandatory end-of-year bonus
- D. A bonus paid to all employees regardless of performance

*A discretionary bonus refers to a payment made by an employer that is not guaranteed and is typically given at the employer's discretion, often as a reward for exceptional performance or company profitability. This type of bonus is made without a prior agreement with employees, meaning it is not based on any contractual obligation or set criteria that would necessitate the payment. Instead, it reflects the employer's recognition of an employee's efforts or the organization's overall success. The other choices highlight concepts related to bonuses but do not fit the definition of a discretionary bonus. A bonus promised in advance would imply there was an agreement outlining the payment, making it not discretionary. A mandatory end-of-year bonus suggests that there is an obligation to pay it, which again contrasts with the discretionary nature. Finally, a bonus paid to all employees regardless of performance would imply a predetermined aspect rather than the subjective decision-making inherent in discretionary bonuses.*

## 10. What does the common law test determine?

- A. Eligibility for employment benefits
- B. Classification of an employee based on control**
- C. Validation of a worker's contract
- D. Calculation of employee bonuses

*The common law test is specifically designed to determine the classification of a worker as either an employee or an independent contractor, which hinges on the degree of control exerted by the employer over the worker. This test evaluates various aspects of the relationship, including the level of supervision, the degree of integration into the business, the nature of the work being performed, and whether the worker is engaged in a distinct occupation or business. In situations where an employer retains a significant level of control over the performance of the work, including setting hours, providing tools and equipment, and dictating the specifics of how the work should be done, the worker is typically classified as an employee. Conversely, if the worker operates more independently, with greater autonomy in how tasks are completed, they may be categorized as an independent contractor. Understanding this classification is crucial because it directly influences tax responsibilities, liable benefits, and compliance with labor laws. This clarity around the worker's status is vital for payroll, tax implications, and adherence to the legal frameworks governing employment relationships.*

## 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://fpc.examzify.com>

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

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