

Payroll – Student Plan of Action

The materials you need are as follows:

Text: Basic Bookkeeping, 6th Edition

Working papers

- British Columbia. Ministry of Labour. (May 2011). *Guide to the Employment Standards Act* and selected facts sheets (Facts sheets found in your class answer book or on-line).
- Canada Revenue Agency. (2010) *Employers' Guide to Payroll Deductions and Remittances* (T4001(E) Rev 10)
- Service Canada, *How to Complete the Record of Employment Form, (March 2011)* – Found in your class answer book or online at:
<http://www.servicecanada.gc.ca/eng/ei/publications/roeguide.pdf>
- Canada Revenue Agency, *Employer's Guide to Filing the T4 Slip and Summary* (RC4120(E) Rev. 11) – Found in your class answer book or online at:
<http://www.cra-arc.gc.ca/E/pub/tg/rc4120/rc4120-11e.pdf>
- Course Handouts of Assignments and revised forms
- Calculator or Adding Machine

Practice Exercises and Assignments

The following are the lessons to complete. Please do them in the order given. An estimated time for each lesson is given.

Lesson 1

Review the enclosed Ministry of Labour's Employment Standards Guide. Complete the case study items in the **Assignment #1** handout, using the Guide.

Submit for marking. Lesson time is about 3 hours.

Lesson 2

Review the enclosed Canada Revenue Agency (CRA) Employers' Guide to Payroll Deductions and Remittances. Complete the **Assignment #2** handout.

Submit for marking.

Lesson time is about 4 hours.

Lesson 3

Review the enclosed CRA's Record of Employment (ROE). Review the instructions in each block of the handout to learn how to complete a ROE. Pay particular attention to blocks 15A, 15B and 15C. Complete the ROE Practice Exercise and submit for marking

Lesson time is about 2 hours.

Lesson 4

Learn how to calculate gross earnings. Read pages 176 to 178 (down to Using Deduction Tables), Chapter 10 in the text, Basic Bookkeeping, 6th Edition and complete the corresponding reading questions. Complete **Practice Exercise #1** on page 188-189 of the text. Form **Practice Exercise #1** is provided to help you calculate the salary amounts.

Please note: this exercise outlines that any hours worked over 40 hours in a week are to be considered at time-and-a-half. Furthermore, consider that time-and-a-half applies to the hours worked over 8 hours in a day. As indicated in the exercise, apply the double time rate granted for Saturdays. Watch the check in out time with regard to the "late" rule. To properly calculate overtime refer to the publication: *Guide to the Employment Standards Act*.

Check your solution with the Solutions Guide. No marks are assigned. Lesson time is about 1.5 hours.

Lesson 5

Read pages 178 to 188 of your text. You will learn how to calculate deductions, which are subtracted from payroll earnings. The procedure for recording payroll transactions is also outlined. Use the worksheet that comes with your text.

Practice these steps in **Practice Exercise #2** on page 190 of the text.

Check your solution with the Solutions Guide. Lesson time is about 2 hours.

Important! You will be using the payroll deduction tables for the exam. Make sure you understand how they work.

Lesson 6

Enclosed are the various forms required to be completed by employers, they are as follows:

TD1 - Personal tax credits claimed by employees. This determines their claim code for Income Tax purposes when deducting tax. Explanations are in the Payroll Deductions Tables. Review each section of this form – it provides good instruction and explanation.

PD7A/E-PD7A - This is the form that is completed when sending the monthly remittance to the government. Part 1 is kept by the employer and Part 2 is sent with the payment. Revenue Canada must receive the payment with this form by the 15th of the month following payroll. Payment can be made at a chartered bank. Revenue Canada sends this form to every registered business and doesn't make it available on-line. We will use RC107 – an older version of the form for teaching purposes.

T4 - This form must be issued to the employee with a copy to the government by the 28th of February in the following year. The form represents the employee's earnings and deductions for the year. It is issued so the employee can remit a personal tax return. Explanations on how to complete the forms are covered in Revenue Canada's Guide entitled "*Employers' Guide – Filing the T4 Slip and Summary*". Examples are in the appendix of the guide. Complete the exercise sheet entitled "**T4 Practice Exercise**" and submit it for marks.

T4 Summary This form summarizes all the T4's being issued and sent to the government. It is like a cover page. An explanation on completing this form is in the payroll guide.

Do not submit for checking. No marks are assigned. Lesson time is about 2.5 hour.

Lesson 7

Complete **Practice Exercise #3** on page 190 of the text. With this exercise complete a RC107 form. These forms are enclosed in duplicate for this use. Use your imagination to complete some of the information that is not provided (account #, employers address, etc.)

Submit for marking. Lesson time is about 1.5 hours.

Lesson 8

Complete **Practice Exercise #4** on page 191 of the text.

Check your solution with the Solutions Guide. No marks are assigned. Lesson time is about 1.5 hours.

Lesson 9

This is the practice examination. It should be completed the day before you take the final. Try to have all assignments checked and marked before the practice exam. This feedback will help you in your studying. Lesson Time is about 2.5 hr plus self checking and question time.

Lesson 10

This short exam covers the topics learned in the Payroll section.

Even though this is a closed-book exam you may use your Revenue Canada payroll guide for the exam, as well as your Employment Standards Act. Payroll deduction tables for the relevant province will be provided. A reference sheet will be available during the exam that outlines the common journal entries for payroll (e.g. wage expense, liabilities, etc.). Please bring the above mentioned publications and writing tools to the exam.