



Payroll Accounting 2019, 5th ed.
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Changes to the 5th edition:

Based on feedback from our reviewers and users, we have included additional content in this fifth edition of *Payroll Accounting*. During the process of updating the content for the fifth edition, we expanded our coverage of fringe benefits as an employer issue, which is the sole focus of Chapter 4. We explored pre-tax deductions, qualified Section 125 cafeteria plans, and discussed excluded fringe benefits and valuation rules with a specific focus on the effects of the Tax Cuts and Jobs Act, which we covered in Chapter 1. Employee net pay and pay methods have now been moved to a separate chapter (Chapter 5). We added video links to the end-of-chapter materials to help students learn the concepts presented in each chapter in multiple formats.

We have maintained our content about payroll certification exams available. A correlation guide is included in Appendix F that aligns the learning objectives in the text with the topics included on payroll certification examinations offered by the National Association of Certified Professional Bookkeepers (NACPB), the American Institute of Professional Bookkeepers (AIPB), and the American Payroll Association (APA).

We appreciate all feedback and user recommendations we have received because they have helped us create a stronger, more complete text. The changes we have made have added clarity, updated information, and given additional opportunities for students to demonstrate

their understanding of the concepts presented.

The following are specific changes to each chapter.

Chapter by Chapter Changes

In **Chapter 1**, we updated payroll-related legislation to reflect as many changes as possible prior to publication. We included specific information about potential federal legislative actions to highlight areas of possible change. We added a specific explanation of the Tax Cuts and Jobs Act of 2017 and its effects on FMLA provisions. We included a discussion of the expanded E-Verify program under the Consolidated Appropriations Act of 2018 and an explanation of the Payroll Audit Independent Determination (PAID) program.

Chapter 2 now contains a discussion about differences between exempt and nonexempt employees and statistics about the average number of hours worked. We added information about and an example of the U.S. Wage and Hour Division's minimum wage poster. We updated the discussion of employee vs. independent contractor with specific examples from Uber and GrubHub. We updated statistics about the number of hours worked and updated state termination pay guidelines.

Chapter 3 opens with updated minimum wage and tipped minimum wage information. We added examples to depict different overtime pay situations to facilitate student computations and understanding of overtime pay concepts. We included information about special pay situations such as pension payments, jury duty pay, and nonqualified deferred compensation. We expanded our discussion of retroactive pay to explain the methods for receiving sums of money owed by the employer..

Chapter 4 is dedicated to a comprehensive discussion of fringe benefits. We extended the presentation of pre-tax deductions, explained qualified Section 125 cafeteria plans, and included a discussion about excluded fringe benefits and valuation rules in this chapter. We updated the fringe benefits explanation to reflect changes made by the Tax Cuts and Jobs Act; namely, the removal of the moving expense provision and the minimum essential coverage penalty that was originally mandated by the Affordable Care Act (ACA). We clarified guidance about the effects of fringe benefits on pre-tax and post-tax deductions.

Chapter 5 reflects the new payroll tax rates for employees, which changed significantly because of the Tax Cuts and Jobs Act. We included a discussion of lump-sum pay, such as bonuses and retroactive pay, as it pertains to garnishments. We expanded our discussion of internet-based pay and guidelines for online data security surrounding payroll and employee records.

In **Chapter 6**, we updated employer payroll tax information and all tax forms with the current year's editions. We included information about FUTA credit reduction and offered an example involving a state with a current FUTA credit reduction. We included explicit information about the completion of Forms W-2 and W-3 to explain the contents of each box.

Chapter 7 now contains guidance about the connection between payroll computations and accounting transactions. We updated the transactions to reflect current-year tax rates and

updated all accounting reports to match the presentation students will see in the end-of-chapter exercises.

Appendix A: Continuing Payroll Project

In Appendix A, we continued the emphasis on completion of the payroll register and the transfer of data to both employees' earnings records and accounting entries. Students have all of the federal and state forms required for year-end and ACA compliance reporting.

Appendix C: Federal Income Tax Tables

We updated both the percentage and the wage-bracket methods of determining federal income tax withholding to reflect the most current tax rates available.

Appendix D: State Income Tax Information

We updated the tax rates for each state in Appendix D.

Appendix F: Payroll Certification Information

We continued correlating the learning objectives in this text with the topics included on payroll certification examinations offered by the National Association of Certified Professional Bookkeepers (NACPB), the American Institute of Professional Bookkeepers (AIPB), and the American Payroll Association (APA). We included the certification exam requirements and contact information for each certification organization.