

## Payroll – Student Plan of Action

### The materials you need are as follows:

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Access to **DCC's Student Moodle Site – Payroll** section (Chapter 10) of Manual Bookkeeping course.

Manual Bookkeeping Textbook, Chapter 10.

Working papers

- British Columbia. Ministry of Labour. (June 2018). *Guide to the Employment Standards Act* and **2** Fact Sheets (*Hours of Work and Overtime & Variances*).
- Canada Revenue Agency. (2015) *Employers' Guide to Payroll Deductions and Remittances* (T4001(E) Rev 17)
- Service Canada, *How to Complete the Record of Employment Form*, (Nov 2014) – *IN-327-011-14E* found online at:  
**<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4120-employers-guide-filing-t4-slip-summary.html>**
- Canada Revenue Agency, *Employer's Guide to Filing the T4 Slip and Summary* (RC4120(E) Rev. 17) found in your student handouts.
- Other course Handouts of Assignments and revised forms
- Calculator or Adding Machine

### Practice Exercises and Assignments

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

#### Lesson 1

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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

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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 CRA's Record of Employment (ROE) that you can find in your student handouts.

Review the instructions in each block of the handout to learn how to complete a ROE. Pay attention to blocks 15A, 15B and 15C. Either complete the paper ROE Practice Exercise from your student package or download the fillable ROE Exercise Pdf from Moodle, fill it in and print. Submit for marking.

Lesson time is about 2.5 hours.

### Lesson 4

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Learn how to calculate gross earnings. Read pages 174 to 183 (down to the end of Page 184), Chapter 10 in the text, Basic Bookkeeping, 8<sup>th</sup> Edition and complete the corresponding reading questions. Complete **Practice Exercise #1** on page 188-189 of the text. Form **Practice Exercise #1** is provided in your student handouts to help you calculate the salary amounts. Transfer the Gross Pay for each employee to a **Pay** form and look up the Taxes, CPP and EI from the lookup tables (pages 278-282). Compute the total deductions and net pay.

*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 to correctly apply the “late” rule.

Check your solution with the Solutions Guide. No marks are assigned. Lesson time is about 2 hours.

### Lesson 5

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**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 15<sup>th</sup> 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 (E)** – an older version of the form for teaching purposes. You will find the form in your student package. You may want to review the later part of the Chapter 10 mini lecture which explains how to fill out this form.

Read pages 185 to 187 of your text. For the rest of the exercises in this chapter we will be using the CRA's Payroll Deduction Online Calculator to compute the Taxes, CPP, EI, RRSP and Net Pay amounts. IF you have not already done so watch the movie: **Payroll Deductions Calculator** in Moodle.

The procedure for recording payroll transactions is also outlined. Use the **PieceWork Payroll Ledger - PDOC & RRSP Specific** worksheet that you will find in your student handout package.

Practice these steps in **Practice Exercise #2** in your **student handout package**. (Not the book exercise!)

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

## Lesson 6

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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.

**T4** - This form must be issued to the employee with a copy to the government by the 28<sup>th</sup> 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 "*Employer's Guide to Filing the T4 Slip and Summary (RC4120(E) Rev. 17)*". Examples are in the appendix of the guide. Complete the exercise sheet entitled "**T4 Practice Exercise**" and submit it for marks along with a filled in **T4**. Either download the fillable "**T4-Fillable-14.pdf** from Moodle or fill-in the paper T4 from your student package.

**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 T4 payroll guide.

**Do not** submit a **T4 Summary** for checking. No marks are assigned. Lesson time is about 2.5 hour.

## Lesson 7

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Complete **Practice Exercise #3** from the enclosed sheet (Not the textbook).. With this exercise complete a **RC107 (E)** 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.) Again you can fill in a paper **RC107 (E)** or download a **fillable Pdf file** from Moodle, fill it in on your computer, print and submit.

Submit for marking. Lesson time is about 2 hours.

### **Lesson 8**

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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. Be sure to use the enclosed **PieceWork Payroll ledger – RRSP** specific when completing this practice exam. The final is just like this practice exam with the number changed. Lesson Time is about 2.5 hr plus self checking and question time. Use a fillable or paper **RC107 (E)**.

### **Lesson 9**

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This **short exam** covers the topics learned in the Payroll section. It is very similar to the Practice Exam that you have just finished!

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. 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.