

Chapter 5 Outline

The Fair Labor Standards Act (FLSA)
 Computing Time Worked
 Recording Time Worked
The Employer/Employee Relationship
Wages and Salaries
 Gross Pay and Net Pay
 Regular Pay and Overtime Pay
 Calculating Overtime Pay
Payroll Deductions
 Governmental Deductions
 Voluntary Deductions
 Federal Insurance Contributions Act
 Federal Income Tax
 State and City Income Tax
 State Temporary Disability Benefit
 Laws
Employer's Payroll Taxes
 FICA Tax Imposed on Employer
 IRS Form 941
 Unemployment Taxes
 IRS Form 940
 Depositing Payroll Taxes
The Payroll System
 Employee's Earnings Record
 Payroll Register
 Payroll Journal Entries
 Payroll Bank Account
 Computerized Payroll Applications
Payroll Accounting for Tipped Employees
 Service Charges
 Employee Tip Reporting
 FLSA Minimum Wage Rate
 FLSA Tip Credit
 Net Pay of Tipped Employees
 State Wage and Tip Credit Provisions
 Overtime Pay of Tipped Employees
The Eight Percent Tip Regulation
 Operations Affected by the Eight
 Percent Tip Regulation
Tip Shortfall Allocation Methods
 Gross Receipts Method
 Hours Worked Method
Appendix: Special Research Reports

Competencies

1. Describe areas covered under the Fair Labor Standards Act (FLSA) including how time worked is computed and recorded. (pp. 120–122)
2. Define the terms “employer” and “employee.” (p. 123)
3. Differentiate the following sets of terms: wages and salaries; gross pay and net pay; and regular pay and overtime pay. (pp. 123–126)
4. Describe two methods of calculating overtime pay. (pp. 126–127)
5. Explain the major types of deductions affecting employee payroll. (pp. 127–130)
6. Describe the payroll taxes imposed on employers and the related forms and procedures. (pp. 130–131)
7. Explain the primary function of a payroll system and some of the forms, records, and procedures required to perform this function. (pp. 132–135)
8. Describe payroll accounting for tipped employees with respect to employee tip reporting, minimum wage, tip credit, net pay, and overtime pay. (pp. 135–137)
9. Explain the purpose of the eight percent tip regulation and its relationship to employee tip reporting. (pp. 138–140)
10. Recognize methods of allocating tip shortfall among directly tipped employees. (pp. 140–144)