

Boost up Your Certification Score

National Payroll Institute PF1

Payroll Fundamentals 1 Exam



For More Information – Visit link below:

<https://www.examsboost.com/>

Product Version

- ✓ Up to Date products, reliable and verified.
- ✓ Questions and Answers in PDF Format.

Visit us at: <https://www.examsboost.com/test/pf1>

Latest Version: 6.0

Question: 1

What is piecework?

- A. Earnings which are based on the amount of time worked, usually at a rate per hour or per day
- B. A fixed amount of earnings paid to an employee per pay period, regardless of the number of hours worked or the production they accomplished
- C. A rate of pay earned per unit of production, regardless of the length of time taken
- D. All of the above

Answer: C

Explanation:

Piecework (also called piece-rate pay) is a pay method where an employee's earnings are determined by output—they are paid a set amount per unit produced or completed, rather than by hours worked or a fixed salary. This aligns directly with option C. A time-based hourly/daily wage (option A) is a different earnings method, and a fixed pay-per-period arrangement (option B) describes salary. Therefore, "all of the above" is incorrect because these are three distinct compensation structures.

In payroll calculations, piecework earnings are typically calculated as: $\text{piece rate} \times \text{number of units produced in the pay period}$. Employers still have to ensure compliance with employment standards, such as minimum wage and overtime rules, even where piecework is used. A Canadian payroll educational reference defines piecework as payment for each unit produced "regardless of the amount of time taken."

Question: 2

In Block 6 of the Record of Employment, what pay period type is entered for employees who are paid salary plus regularly paid commission?

- A. Irregular
- B. Weekly
- C. Depends on the pay period frequency
- D. Monthly

Answer: C

Explanation:

In Block 6 (Pay period type), Service Canada instructs employers to enter the employee's actual pay period type—one of the standard types such as weekly, biweekly, semi-monthly, monthly, or 13 pay periods a year.

Service Canada identifies a special rule only for employees “paid solely on commission or on salary plus irregularly paid commission”: in those cases, the employer must use a weekly pay period and average earnings using the weekly averaging formula.

Because this question specifies salary plus regularly paid commission (not irregularly paid commission), the “special situation” rule does not apply. Therefore, you enter the pay period type that matches the employer’s normal payroll cycle for that employee (for example, weekly, biweekly, semi-monthly, monthly, etc.).

Question: 3

An employee who lives in Ontario and reports to work at a permanent establishment of the employer in Quebec will have income tax deducted based on which province?

- A. Ontario & Quebec
- B. Ontario
- C. Employee’s choice
- D. Quebec

Answer: D

Explanation:

For payroll deductions, the key concept is the employee’s province of employment (POE)—not where they live. The CRA states that the POE is determined primarily by the employer’s establishment where the employee “reports for work.” If an employee reports for work at an employer’s establishment located in Quebec, then the POE is Quebec, even if the employee’s province of residence is Ontario. This matters because Quebec has distinct payroll requirements. The CRA notes that when the POE is Quebec, employers must apply Quebec-based payroll rules, including deducting Québec Pension Plan (QPP) contributions instead of CPP, and deducting Québec parental insurance plan (QPIP) premiums, along with Quebec provincial income tax withholding.

In practice, payroll must set up the employee using Quebec as the POE and ensure stakeholders (HR, finance, the employee) understand why deductions may differ from Ontario residents working in Ontario. Any over/under-withholding due to POE vs. residence is typically reconciled when the employee files their personal tax return.

Question: 4

Dollar amounts that are paid to an employee to cover expenses that they incurred while performing their job, but are not considered in the calculation of an employee’s earnings are:

- A. Benefits
- B. Earnings
- C. Allowances
- D. Expense reimbursements

Answer: D

Explanation:

An expense reimbursement is a repayment to an employee for business costs they already paid personally (for example, meals, mileage, supplies), typically supported by receipts or an expense report. CRA's guidance explains that a reimbursement is a payment made to repay amounts the employee spent while conducting the employer's business, and that a reasonable reimbursement is generally not included in the employee's income.

That's why reimbursements are generally not part of "earnings" for payroll calculations—they are not compensation for work performed; they are repayment of a business expense. This differs from an allowance, which is usually a fixed amount paid without requiring receipts; allowances are often taxable unless a specific CRA exception applies.

So the correct term for "dollar amounts paid to cover job expenses incurred, but not considered earnings" is expense reimbursements (option D). Payroll best practice is to ensure reimbursements are properly documented and reasonable to support non-taxable treatment.

Question: 5

In Block 12 of the Record of Employment, the final pay period ending date for employees who are paid solely by commission or are paid salary plus irregularly paid commission will be:

- A. The Sunday of the week in which the last day for which paid, reported in Block 11, occurs
- B. The Saturday of the week in which the last day for which paid, reported in Block 11, occurs
- C. The last date of the pay period
- D. The last date for which paid

Answer: B

Explanation:

Service Canada treats commission salespeople (paid solely by commission or salary plus irregularly paid commission) as a special ROE situation where the weekly averaging formula is used. In that scenario, the ROE Guide states that for Block 12 (Final pay period ending date) you must use the Saturday of the week that contains the last day for which paid (Block 11).

This is different from the usual rule for most employees, where Block 12 is simply the end date of the final pay period that includes the Block 11 date (and it can't be earlier than Block 11).

The key reason is consistency in applying the weekly averaging approach: even if the employer's actual payroll cycle is not weekly, commission-only/irregular-commission employees are reported using a weekly framework for ROE purposes. Payroll should therefore align Block 12 to the correct "weekly" period end (Saturday) when that rule applies, to avoid ROE errors and Service Canada follow-up.

Question: 6

The authorization for hiring form should contain a checklist to ensure the organization obtains all required information. What is an example of an item that could be on that checklist?

- A. A confidentiality agreement
- B. Consent to withhold statutory deductions
- C. A clearance certificate

D. A completed T1213

Answer: A

Explanation:

A hiring authorization package/checklist typically ensures the organization collects the documents needed to onboard the employee and set them up correctly in payroll and HR systems. This often includes items like an offer letter, signed policies, banking details for direct deposit, emergency contacts, and required HR/legal acknowledgements. A confidentiality agreement is a common onboarding document because it protects the employer's confidential information and can be required regardless of payroll deductions.

The other options are not good examples of "required information" for all new hires. Employees do not give "consent" for statutory deductions—deductions like CPP, EI, and income tax withholding are required by law and employers must withhold them when applicable. A "clearance certificate" is not a standard universal onboarding requirement for payroll in Canada. A T1213 is only completed in special situations where an employee requests CRA authorization to reduce tax withheld at source; it is not something most new hires must provide.

Question: 7

Expense reimbursements are:

- A. Dollar amounts paid to employees to cover expenses that they incur while performing their job
- B. Dollar amounts paid to employees for the use of their personal property for business purposes
- C. Dollar amounts the employer pays for the work an employee performs
- D. Values attributed to something the employer has either provided to an employee or paid for on an employee's behalf

Answer: A

Explanation:

An expense reimbursement is paid to repay an employee for actual business expenses the employee incurred while performing their job (for example, meals while travelling on business, supplies purchased for work, etc.). CRA's taxable benefits guidance distinguishes reimbursements from allowances: an allowance is usually a predetermined amount paid without the employee having to support the expense with receipts, while a reimbursement is tied to actual costs.

That distinction matters because reimbursements are generally not compensation for work performed (so they are not "earnings"), and they are not "benefits" in the sense of a good or service provided by the employer (though CRA notes that benefits can include reimbursements of personal expenses—so payroll must still ensure the reimbursement is for business use and properly supported).

Option A correctly describes reimbursements. Option B is typically an allowance (for example, a vehicle allowance for using personal property). Option C describes earnings (wages/salary). Option D describes benefits (value of something provided or paid for on the employee's behalf).

Question: 8

Vacation pay on termination would be recorded in which Block(s) on the Record of Employment?

- A. Block 15B only
- B. Block 17A only
- C. Blocks 15B, 15C P.P. 1 and 17A
- D. It would not be recorded

Answer: C

Explanation:

Service Canada's ROE Guide is clear that vacation pay paid because of separation (termination/layoff) must be reported in Block 17A – Vacation pay.

But it doesn't stop there. Vacation pay is generally insurable earnings, so when you enter insurable earnings in Block 17A, you must also add those amounts into Block 15B (Total insurable earnings) and into Block 15C, Pay Period 1 (P.P. 1) as applicable. The ROE Guide explicitly states: when you enter insurable earnings in Blocks 17A/17B/17C, you must also add them to the totals in Blocks 15B and 15C (P.P. 1 field)—and it gives the example that vacation pay paid on separation must be added to 15B and 15C because it is insurable.

Therefore, vacation pay on termination is recorded in Blocks 15B, 15C P.P. 1, and 17A (option C).

Question: 9

Tanya submitted a letter of resignation to her employer on April 2 of the current year advising that she would be resigning her position effective April 27 for the pay period ending April 28. What date will appear in Block 11 of Tanya's Record of Employment?

- A. April 2 of the current year
- B. April 27 of the current year
- C. April 30 of the current year
- D. None of the above

Answer: B

Explanation:

Block 11 on the ROE is "Last day for which paid." Service Canada instructs employers to enter the last day for which the employee received insurable earnings. This date usually coincides with the last day of work, unless the employee continues to receive insurable earnings after the last day worked (for example, paid leave like vacation/sick leave or salary continuance).

In Tanya's case, she gave notice on April 2, but her resignation is effective April 27. There's no information indicating paid leave after April 27 or salary continuance. So Block 11 should be April 27 (the last day she worked/received insurable earnings).

The question also mentions the pay period ending April 28—that date belongs in Block 12 (Final pay period ending date), which is the end date of the final pay period that includes the Block 11 date, and is often different from Block 11.

Question: 10

Charlene receives \$50.00 each pay for her meals. This is an example of:

- A. An allowance
- B. A benefit
- C. A reimbursement
- D. None of the above

Answer: A

Explanation:

A fixed amount paid to an employee for meals each pay period is typically a meal allowance. CRA guidance distinguishes an allowance from a reimbursement: an allowance is usually a set amount paid without the employee having to submit receipts for actual costs, while a reimbursement repays specific expenses and is generally supported by receipts or an expense claim.

Because Charlene “receives \$50.00 each pay for her meals,” it is a flat amount, which aligns with an allowance rather than a reimbursement. Whether the allowance is taxable or non-taxable depends on the facts (for example, whether it is reasonable and paid under conditions CRA recognizes as non-taxable for certain travel situations). If it’s not a reasonable travel allowance under CRA’s exceptions, it is generally a taxable allowance and must be included in income with appropriate deductions.

So the correct classification is A (an allowance).

Thank You for Trying Our Product

For More Information – **Visit link below:**

<https://www.examsboost.com/>

15 USD Discount Coupon Code:

G74JA8UF

FEATURES

- ✓ **90 Days Free Updates**
- ✓ **Money Back Pass Guarantee**
- ✓ **Instant Download or Email Attachment**
- ✓ **24/7 Live Chat Support**
- ✓ **PDF file could be used at any Platform**
- ✓ **50,000 Happy Customer**



Visit us at: <https://www.examsboost.com/test/pf1>