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## National Payroll Institute Payroll Fundamentals 1 Exam Sample Questions (Q39-Q44):

### NEW QUESTION # 39

A paper Record of Employment must be issued:

- A. All of the above
- B. When an employer becomes aware of an interruption of earnings exceeding seven calendar days
- C. When requested by Service Canada
- D. Within five calendar days of an interruption of earnings

**Answer: A**

Explanation:

Service Canada's ROE guidance states that an employer must issue an ROE each time an employee experiences an interruption of earnings and when Service Canada requests one. This makes option A true.

For paper ROEs, the ROE guide is explicit about deadlines: you must issue a paper ROE within 5 calendar days of (1) the first day of an interruption of earnings, or (2) the day the employer becomes aware that an interruption of earnings has occurred. This confirms option B.

An interruption of earnings generally occurs under the 7-day rule-when an employee has had or is anticipated to have 7 consecutive calendar days with no work and no insurable earnings from the employer.

That's why option C is also true: once the employer becomes aware the 7-day threshold is met (or will be met), the ROE requirement is triggered, and the paper ROE must be issued within the time limit above.

### NEW QUESTION # 40

An employee in Ontario was paid a \$25,000.00 retiring allowance. The eligible portion was \$15,000.00 and was transferred to the employee's Registered Retirement Savings Plan (RRSP) by the employer. Calculate the income tax on the non-eligible portion.

- A. \$5,000.00
- B. \$7,250.00
- C. \$2,000.00
- D. \$1,000.00

**Answer: C**

Explanation:

A retiring allowance is treated as a lump-sum payment for payroll withholding purposes. When part of a retiring allowance is transferred directly to an RRSP/RPP, CRA guidance indicates you do not withhold income tax on the transferred amount (up to the employee's available limit), because it is not paid to the employee in cash.

Step 1: Determine the portion paid directly to the employee (non-eligible portion):

\$25,000 - \$15,000 transferred to RRSP = \$10,000 paid/remaining.

Step 2: Apply CRA lump-sum withholding rates (outside Quebec):

For total lump-sum payments \$5,001 to \$15,000, the withholding rate is 20%.

Step 3: Calculate tax to withhold on \$10,000:

$\$10,000 \times 20\% = \$2,000.00$ .

So the correct option is B (\$2,000.00).

### NEW QUESTION # 41

Elodie is paid her commissions together with her bi-weekly salary of \$1,000.00. This pay period her commissions are \$4,300.00. Calculate her Quebec Pension Plan (QPP) contribution for this pay period.

**Answer:**

Explanation:

\$325.42

Explanation:

Because Elodie is subject to QPP, her pensionable earnings for the pay period include both salary and commissions (both are pensionable employment earnings, assuming no exemptions apply). First, determine total pensionable earnings for the bi-weekly pay:

$\$1,000.00 + \$4,300.00 = \$5,300.00$ .

For 2026, Revenu Quebec shows the QPP basic exemption is \$3,500 annually and the (employee) QPP contribution rate on earnings up to the maximum pensionable earnings is 6.30%.

Payroll applies the exemption per pay period. For bi-weekly pay (26 pay periods):

$\$3,500 \div 26 = \$134.62$  (rounded to cents).

Pensionable earnings subject to QPP this pay:

$\$5,300.00 - \$134.62 = \$5,165.38$ .

QPP contribution:

$\$5,165.38 \times 6.30\% = \$5,165.38 \times 0.063 = \$325.41894$ , which rounds to \$325.42.

#### NEW QUESTION # 42

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. A clearance certificate
- C. Consent to withhold statutory deductions
- 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.

#### NEW QUESTION # 43

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

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

**Answer: B**

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).

#### NEW QUESTION # 44

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