

SECTION 9 – OTHER DEDUCTIONS FROM PAY – HOMEWORK ASSIGNMENT - ANSWERS

1. Which of the following statements is CORRECT regarding a federal tax levy?
 - A. It does not have to be honored if any other garnishments have been served.
 - B. It requires a new order for each pay period.
 - C. It is limited only by the amount of the employee's net pay.
 - D. It is continued each pay period until a release of levy is received.
2. Using federal child support guidelines, calculate the maximum amount of support that can be withheld from an employee's semi-monthly disposable earnings of \$1,500.00. The employee is four months in arrears in making child support payments and has no other dependents.
 - A. \$750.00
 - B. \$825.00
 - C. \$900.00
 - D. \$975.00
3. When an employer receives a federal tax levy for an employee, what deductions from the employee's pay are allowed when determining the amount due to the IRS?
 - A. All mandatory taxes only
 - B. All mandatory taxes, dependent health insurance, and child support deductions only
 - C. All mandatory taxes and all wage attachments currently in place only
 - D. All mandatory taxes and all voluntary and involuntary deductions currently in place only
4. An employer has received several attachments against an employee's wages. The attachments were received in the following order: federal tax levy, consumer garnishment, and child support withholding order (the underlying order was issued by a court after the federal tax levy was received by the employer). In which order are the attachments applied against the employee's wages?
 - A. Federal tax levy, child support withholding order, consumer garnishment
 - B. Child support withholding order, consumer garnishment, federal levy
 - C. Child support withholding order, federal levy, consumer garnishment
 - D. Federal levy, consumer garnishment, child support withholding order
5. Jackie's disposable earnings for a semimonthly period are \$550.00. Her employer receives a creditor garnishment order on July 7 requiring that \$150.00 be withheld. What is the maximum amount of Jackie's disposable earnings that can be garnishment for the creditor garnishment?
 - A. \$137.50
 - B. \$400.00
 - C. \$ 78.75
 - D. \$175.25

6. Who, if anyone, is liable if an employer fails to respond to an IRS tax levy against an employee's wages?

- A. Employer only
- B. Employee only
- C. Both employee and employer
- D. No one is liable

7. Which of the following deductions from an employee's pay has the highest priority?

- A. Credit union
- B. Child support
- C. Creditor garnishment
- D. Employee benefits

8. Under the CCPA, what is the maximum amount that can be withheld from an employee's wages for child support when the employee is supporting another family and is 11 weeks in arrears?

- A. 65% of disposable pay
- B. 50% of disposable pay
- C. 60% of disposable pay
- D. 55% of disposable pay

9 What are disposable earnings?

- A. Contributions deducted from the employee's pay, which are a liability for the employer
- B. Contributions of employees to a disability benefit fund
- C. Earnings remaining after withholding for income taxes and other amounts required by law
- D. Earnings remaining after a federal tax levy is deducted

10. Your state sets 50% of "disposable earnings" as the maximum for child support withholding. Your employee is not supporting another spouse and/or children, so the CCPA 's maximum is 60%. What percentage do you use?

- A. 65% of disposable pay
- B. 50% of disposable pay
- C. 60% of disposable pay
- D. 55% of disposable pay