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**Revision History** 

## QuickBooks Payroll Guide for New Employers

Congratulations on hiring your first employees!

As a new employer, you have a lot of new responsibilities. You've taken a great first step by choosing QuickBooks Payroll, and in this guide, we'll help walk you through some of the first actions you need to take to get your payroll set up.

First, let's be sure you're in the right place. This guide is written to assist **new employers** only. You're the right reader if your business has never written a paycheck to an employee before, either manually or using another payroll service or software product.

(If you're new to QuickBooks Payroll but not a new employer by this definition, you might still find some of the information in this guide useful, but you cannot use the simplified payroll setup process described here. Check the <u>Other Resources</u> section at the end of this guide for links that may be more helpful in setting up QuickBooks Payroll for an ongoing business.)

#### **Payroll responsibilities**

Paying employees involves more than just writing paychecks. And you can't model your payroll responsibilities on the way you handled your own pay if you started your business as a sole proprietor. With employees, you have a whole different set of tax payments and filing deadlines to meet.

Now that you have employees, you're responsible for:

## Paying employees

- Collecting hours worked and calculating gross wages
- Calculating and withholding employee-paid taxes and other deductions
- Providing payment (by check, direct deposit, pay card, etc.)

## Paying taxes and filing tax forms

- Matching certain employee payroll tax deductions and calculating other payroll-related tax payments
- Making deposits of these payments to the appropriate agencies on time to avoid penalties and fees
- Filing tax forms with appropriate agencies on time

Fortunately, once you've set it up properly, QuickBooks Payroll handles most of these tasks for you, including calculating paychecks and payroll taxes and reminding you when taxes are due.

#### Where do I start?

When you hire employees, you need to register with various federal and state taxing agencies to obtain employer identification numbers and other payroll-tax related information. Although you don't need this information before you begin setting up QuickBooks Payroll or to create your first paychecks, you will need it soon after your first payroll in order to make your tax payments on time. Since responses from government agencies can take time, it's best to start the process right away.

#### What do I need?

#### From the IRS:

- A federal employer identification number (FEIN, or EIN as we usually refer to it) from the <u>IRS</u>.
- <u>Enroll with the IRS</u> for electronic payments.

Most businesses are now required to make their payroll tax deposits electronically. With QuickBooks Enhanced Payroll service, you can make epayments through QuickBooks, but you first need to enroll with the IRS, obtain a 4-digit PIN (which can take as long as two weeks), and set up a password.

- Find out from the IRS:
  - Whether you are required to file Form 941 or Form 944 (Most new employers must file Form 941, Employers Federal Tax Return-Quarterly.)
  - How often you have to deposit your tax payments (generally, monthly for new employers for the first calendar year of business)

#### From state agencies:

• A state employer account number (sometimes called an employer identification number or state agency ID) from your state. (If your employees work in different states, you need to register with the appropriate agency in each state in which your employees work.)

To find agencies and contact information for your state, click <u>here</u>. (Choose the state in the Agency section, and then click the Agency Contact tab in the Information section.)

- Find out from the state agency:
  - How often you have to deposit your tax payments
  - What your state unemployment insurance (SUI) rate is

(QuickBooks sets the default new employer rate for you when you go through the Payroll Setup interview; however, this rate changes based on state rules and your company's experience. Remember to update the SUI rate in Payroll Setup whenever you receive a rate change notification.)

- Whether there are other state payroll-related taxes you must pay (such as disability insurance, assessments, surcharges, administrative fees, or job training fees) and, if so, how often you must pay them and at what rate
- Whether there are local payroll-related taxes you must pay and if so, how often you must pay them and at what rate

Often states send you this information by letter or email when they send your employer account number.

#### What do I need to do to set up payroll in QuickBooks?

The QuickBooks Payroll Setup interview walks you step-by-step through setting up your payroll information. And when you choose the new-employer path (that is, you've never issued paychecks), QuickBooks automatically provides common paycheck items and defaults certain tax rates so that you can create your first paychecks quickly without needing to wait for all the information from the tax agencies.

**Before you start**, be sure you have a completed <u>Form W-4</u> for each of your employees. (This form provides the minimum information you need on each employee.)

If you have the Forms W-4 and only a few employees, you should be able to set up and create your first payroll in under 20 minutes.

- 1. Start QuickBooks and, from the Employees menu, choose Payroll Setup.
- 2. Select Never issued paychecks and click Continue.
  - **Tip:** Notice that in the left-hand column Payroll Setup shows you what step you are currently working on. If you need to stop at any time, click Continue until you reach the end of the section you are working on (you need to do this to save all your entries in that section), and then click Finish Later. When you are ready to resume the setup process, just choose Payroll Setup from the Employees menu again, and you'll return to the section you were working on when you left.
- 3. At the beginning of the Paycheck Items section, choose **Typical new employer setup** and click **Continue**.
  - **Tip:** This choice tells QuickBooks to set up all the pay types and benefits commonly needed by new employers, saving you the time it takes to set these all up yourself. When you need to add payroll items such as sick or vacation time or insurance benefits, you can come back to this section and choose Custom.
- 4. Complete the Employee Setup section, adding each of your employees and providing the information requested.
  - **Tips:** The Form W-4 completed by each of your employees provides the personal data and tax status information that QuickBooks needs to create first paychecks.

If you're not sure what an item means or how to fill in a box, look for a blue link (such as Explain) and click it to bring up more information.

If you don't know some of the state tax codes or tax rates the QuickBooks asks for in this section, you can leave it blank or choose a default value. If you do this, make a note of it so you can get the information and correct your entry later.

5. On the Create Paychecks screen, click Print step-by-step instructions so you'll have a list of the information you need to collect from the various tax agencies. Then click **Create Paychecks**.

At this point QuickBooks takes you out of Payroll Setup and into the Payroll Center.

**Tip:** If (and only if) you already have all the information from the tax agencies and if you're not in a hurry to create paychecks, you can click Continue instead and proceed to the Taxes section where you'll set up your tax payment methods, schedules, and rates.

- 6. When you're ready to create paychecks, click **Pay Employees** in the Payroll Center.
- 7. On the Enter Payroll Information screen, provide the pay period beginning and ending dates and specify the account from which you're paying payroll. Check the box in front of each employee you want to pay and enter hours for your hourly employees. Click **Continue**.
  - **Tip:** You can see the detailed information about taxes withheld and other additions and deductions by clicking Open Paycheck Detail.
- 8. On the Review and Create Paychecks screen, review your entries and click **Create Paychecks**.
- 9. On the Confirmation and Next Steps screen, click Print Paychecks.
- 10. When you have all the payroll tax information from the taxing agencies, return to Payroll Setup and complete the Taxes section.

Once you've completed the initial Payroll Setup and as you begin working with QuickBooks, use the resources in the <u>Other Resources</u> section to learn more about QuickBooks capabilities and features.

#### **Other Resources**

In addition to the QuickBooks in-product help content, you might find these resources useful:

- Payroll New User Center
- <u>Payroll training videos</u>
- <u>OuickBooks Payroll Getting Started Guide</u>
- Payroll Setup Checklist
- Intuit Payroll general support content and free Payroll support

# **Revision history**

Date	<b>Revision Details</b>
12/1/11	Initial version