



QuickBooks®

# Payroll

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## Getting Started and Reference Guide

For customers using QuickBooks Pro, Premier  
or Enterprise Solutions

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Service Key \_\_\_\_\_

Subscription Number \_\_\_\_\_

## Thank you for choosing Intuit QuickBooks® Payroll.

Intuit QuickBooks Payroll gives you the tools you need to efficiently manage your payroll. Your subscription provides you with the most up-to-date tax tables and federal and state tax forms<sup>1</sup>, and gives you the flexibility to process payroll and run customized reports whenever you want. Because you do it from within QuickBooks, QuickBooks Payroll is easy to set up and use.

It's important to us that you are completely satisfied with QuickBooks Accounting software. This Payroll Getting Started and Reference Guide will help familiarize you with our payroll solutions and help ensure a hassle-free experience. Please keep this guide within easy reach. It can help you through the payroll start-up process and provide answers to many common questions.

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<sup>1</sup> Federal and state forms are available only to Enhanced Payroll subscribers. Basic Payroll does not include tax forms.

## About this guide

The illustrations and procedures in this guide are for customers using QuickBooks 2007, 2008, and 2009. For more information regarding setup or use of QuickBooks Payroll with earlier versions of QuickBooks, visit [www.quickbooks.com/support](http://www.quickbooks.com/support).

## Contents

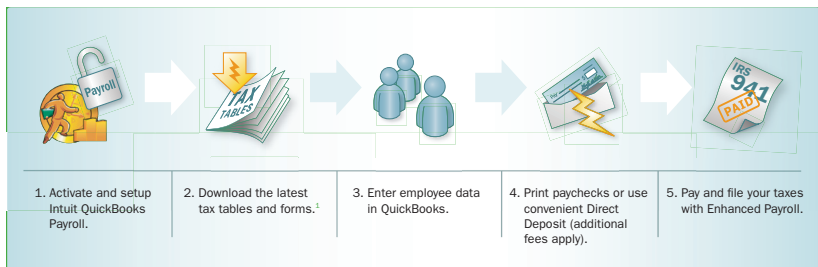
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## How Intuit QuickBooks Payroll works

Intuit QuickBooks Payroll is a subscription service that works inside your QuickBooks Accounting software.

Setting up and running payroll involves five main steps:

- 1 Activate and Set up**—Activating unlocks the payroll features in your QuickBooks software. Once you've activated your subscription, QuickBooks guides you through a step-by-step interview to set up your payroll information.
- 2 Download Tax Tables and Forms**—QuickBooks connects to the Internet to download the latest federal and state tax tables and forms.<sup>1</sup>
- 3 Process Payroll**—You can easily enter the time for your hourly employees and salary for your exempt employees directly into QuickBooks. QuickBooks Payroll calculates earnings, payroll taxes, and deductions.
- 4 Print Paychecks**—Once you've reviewed your paychecks, you can print them from your computer. Or you can use the convenient Direct Deposit feature (additional fees apply).
- 5 Pay and File Your Taxes and Liabilities**—QuickBooks Payroll tracks your payroll taxes and other liabilities as you go. If you have a Basic Payroll subscription, you can generate tax reports and work with your accountant on tax filings. (Basic Payroll does not include tax forms.) If you have an Enhanced Payroll subscription, QuickBooks automatically fills in federal and state tax forms for you—just print, sign, and mail. Or you can conveniently file forms and pay taxes electronically with E-File & Pay at no additional cost.<sup>2</sup>



<sup>1</sup> Federal and state forms are available only to Enhanced Payroll subscribers. Basic Payroll does not include tax forms.

<sup>2</sup> The E-File & Pay feature requires QuickBooks 2007 or later and is available for federal and select state taxes. Please check the Web site ([www.quickbooks.com/support/fileandpay/](http://www.quickbooks.com/support/fileandpay/)) for availability for your state. You may need to register with tax agencies to use E-File & Pay. The E-File & Pay feature is not available with Basic Payroll.

### Information for new employers

If you're a new employer or thinking of hiring your first employee, this section contains valuable information to help you get started. For more information, visit our Guide to Hiring and Paying Employees Web site ([www.payroll.intuit.com/payroll\\_resources/guide\\_to\\_hiring/index.jhtml](http://www.payroll.intuit.com/payroll_resources/guide_to_hiring/index.jhtml)).

#### Classify workers correctly as independent contractors or employees

For payroll tax purposes, workers are generally classified as employees or independent contractors. Whether a worker is an employee or an independent contractor depends on the amount of control the employer has over the worker.

A worker's classification has certain payroll tax implications. For employees you pay payroll taxes (like Social Security), but for contractors you don't have to. A few simple questions can help you determine whether the person you're hiring is an employee (and will need a W-2 tax form) or an independent contractor (and will need a 1099 tax form).

- Will the work be performed on company premises?
- Will the individual work only for you?
- Will you provide tools for your worker to do his or her job?
- Do you control the hours the person works?

If you answered "yes" to any of the questions above, you're probably hiring a W-2 employee and not a 1099 independent contractor. For more detailed information on how to classify a new hire, review the IRS's Publication 15-A ([www.irs.gov/pub/irs-pdf/p15a.pdf](http://www.irs.gov/pub/irs-pdf/p15a.pdf)).

#### Get your employer identification number

There are a few identification numbers you typically must have as an employer. The government uses these numbers to identify your business and track your payroll taxes. Typically, you need the following three identification numbers: one from the IRS called an Employer Identification Number (EIN), one from your state revenue department, and one from your state employment department.

If you don't already have these, you can apply for these identification numbers online by visiting the IRS Web site ([www.irs.gov](http://www.irs.gov)).

Some local jurisdictions may also require a business identification number. Consult your local government offices.

## Use the W-4 form to calculate your employees' paychecks correctly

The IRS requires all new employees to fill out Form W-4, which asks employees to state their marital status and how many tax allowances they will claim. Based on the number of allowances they claim, employers can determine the amount of federal income tax to withhold from employees' paychecks.

All new employees should complete Form W-4 on their start date. Your employees can always give you a revised Form W-4 if there is a change in their tax situation, like getting married or having a child.

You must keep a Form W-4 on file for each active employee and keep this document for four years after an employee leaves or is terminated. Generally, employers do not need to send a copy of the W-4 form to the IRS unless notified to do so by the IRS. You can find Form W-4 on the IRS Web site ([www.irs.gov/formspubs/index.html](http://www.irs.gov/formspubs/index.html)).

## Verify the employee's eligibility to work in the United States

Form I-9 (Employment Eligibility Verification) is used to document your employee's eligibility to work in the United States. This form asks employers to review certain identity documents, like a driver's license, Social Security card, or a U.S. passport. Although you are not required to, it's a good idea to photocopy these documents and keep them in your files.

U.S. Citizenship and Immigration Services (USCIS) requires all new employees to fill out Form I-9. Although you don't need to send the I-9 forms to any government agency, you'll need to keep a form on file for every current employee in case it's requested. If an employee leaves or is terminated, you'll need to keep a copy of his or her I-9 form on file for three years after the employee's hire date or one year after the employee leaves, whichever is longer.

You can find Form I-9 on the USCIS Web site ([www.uscis.gov/](http://www.uscis.gov/)).

## Report your new hire to the state

All employers are required to report new hires to the state; some states also require that you report independent contractors. Your state needs to know who you hire in order to aid in the collection of child support and to monitor unemployment compensation, workers' compensation, and other public programs. In most states you can provide a copy of the employee's W-4 form to report the new hire to the state. If you do not report your new hire to the state within the given amount of time, you may face a penalty.

Check with your state ([www.acf.hhs.gov/](http://www.acf.hhs.gov/)) for specific new-hire reporting requirements.

### Order law labor posters

Labor law posters publicize information for employees like the minimum wage and overtime pay standards. If your business has one or more employees, it is governed by U.S. state and federal labor laws.

Posters are made by third parties, not the government. You can easily order compliance posters online.

### Get workers' compensation insurance

Required for almost all employers, workers' compensation insurance is meant to protect your company from liabilities in case a worker suffers an injury while on the job. The premium you pay depends on the category of your employee. Without adequate workers' compensation insurance, you may be held personally liable for both the cost of the employee's medical care and for the lost wages while the employee is unable to work as a result of an on-the-job injury.

To learn more about what is required in your state, check out the Office of Workers' Compensation Programs ([www.dol.gov/esa/](http://www.dol.gov/esa/)).

### Hiring an employee

Here's some other information to help you get started hiring employees:

- Determine how much to pay an employee

Keep in mind the real cost of hiring. Hiring an employee costs more than just his or her wages. Payroll taxes can add 15% or more to the total cost of hiring an employee.

You can prevent a surprise in your business budget down the line when you understand employer taxes and insurance costs. Review the information provided on our Web site ([payroll.intuit.com/payroll\\_resources/](http://payroll.intuit.com/payroll_resources/)), where we explain what you need to withhold from an employee's paycheck and the taxes you are responsible for as an employer.

- Create a job posting

Before you write the posting, think about what you want the person to do, how much of his or her time you'll need, and what skills are required to do the job. A good job posting is specific and informative.

How do you find the person you're looking for? You can use our job posting template to help you get started (<http://http-download.intuit.com/http.intuit/CMO/payroll/assets/SampleJobApplicationForm.doc>). We provide resources to help you write an effective job posting that will help you find a good employee, and we offer tips on interviewing applicants.

## The QuickBooks 2009 Payroll Center

### To open the Payroll Center:

- From the Home page, click the **Payroll Center** icon or go to the **Employees** menu and click **Payroll Center**.



Click the **Employees** tab to add new employees, modify employee records, and view employee-related transactions, such as liability adjustments and paychecks.

Click the **Transactions** tab to view past transactions, such as paychecks, liability adjustments, and historical data.

View and update subscription information.

The screenshot shows the QuickBooks 2009 Payroll Center interface. The top navigation bar includes 'File', 'Edit', 'View', 'Lists', 'Company', 'Customers', 'Vendors', 'Employees', and 'Banking'. Below this is a secondary navigation bar with 'Home', 'Company Snapshot', 'Customer Center', 'Vendor Center', and 'Employee Center'. The main header reads 'Employee Center: Payroll Center (QuickBooks Enhanced Payroll)'. The left sidebar has tabs for 'Employees', 'Transactions', and 'Payroll'. The 'Employees' tab is active, displaying a 'Subscription Status' section with a green checkmark and the text 'Your QuickBooks Enhanced Payroll subscription is active.' Below this is a 'Manage my account' link. Two calendar views are shown: 'October - 2008' and 'November - 2008'. The right sidebar contains several sections: 'Process Payroll by...' with a date field set to 10/24/2008; 'Pay Employees'; 'Pay Scheduled Liabilities'; and 'File Tax Forms'. A 'Send By' dropdown menu is also visible, showing dates from 10/14/08 to 01/31/09.

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Access in-product Help.

Access payroll tutorials and other useful links.

Pay your employees quickly and easily. Enter hours, review paychecks, and print or use convenient Direct Deposit (additional fees apply).

QuickBooks Payroll calculates your payroll liabilities and tells you when they're due to help prevent you from missing a deadline. Print and mail checks, or with Enhanced Payroll, pay taxes electronically with E-File & Pay.<sup>1</sup>

Enhanced Payroll automatically fills in the latest federal and most state tax forms—just sign, print, and mail. Or, conveniently file payroll tax forms electronically with E-File & Pay.<sup>1</sup>

<sup>1</sup> The E-File & Pay feature requires QuickBooks 2007 or later and is available for federal and select state taxes and forms. Please check the Payroll Tax Support Web site ([www.quickbooks.com/support/fileandpay/](http://www.quickbooks.com/support/fileandpay/)) for availability for your state. You may need to register with tax agencies to use E-File & Pay. The E-File & Pay feature is not available with Basic Payroll.

The screenshot shows the QuickBooks Payroll Center interface. At the top, there is a navigation bar with 'Online Services', 'Window', 'Help', and 'Beta'. Below this is a toolbar with icons for 'Report Center', 'Online Banking', 'Help', 'Invoice', 'Item', 'Check', 'Bill', and 'Re'. A blue banner below the toolbar contains 'Payroll Service' and 'Learning Resources'. The main content area is divided into sections. The top section has three columns: '...for Payroll Schedule', '...and Pay Period', and '...with Check Date'. Below this are buttons for 'Unscheduled Payroll' and 'Start Scheduled Payroll...'. The middle section is a table with columns: 'Status', 'Payment', 'Method', 'Period', and 'Amou...'. The bottom section has a 'Total Selected Items: 0.00' and buttons for 'View/Pay'. At the very bottom, there are buttons for 'Check E-payment Status' and 'View/Pay', and another section with 'Check E-filing Status' and 'Process Payroll Forms...'. Callout boxes with orange lines point to the 'Help' icon in the toolbar, the 'Learning Resources' banner, the 'Unscheduled Payroll' button, the table, and the 'Check E-filing Status' button.

...for Payroll Schedule	...and Pay Period	...with Check Date
Biweekly	10/13/2008 - 10/26/2008	10/24/2008

Status	Payment	Method	Period	Amou...
Jpco...	Federal 941/944	E-pay	10/8-10/10/08	2,53...
Jpco...	ME UI and Schlr Fund	Check	Q3 2008	94.80
Jpco...	FL Unemployment Insura...	Check	Q3 2008	162.00
Jpco...	IL Unemployment Insura...	Check	Q3 2008	253.50
Jpco...	Federal 940	E-pay	Q4 2008	20.00
Jpco...	ME UI and Schlr Fund	Check	Q4 2008	39.50
Jpco...	IL Unemployment Insura...	Check	Q4 2008	97.50

Total Selected Items: 0.00

## Activating your payroll subscription

If you're already using QuickBooks Accounting software:

- 1 Open a Web browser and go to [www.qbpayroll.com/start](http://www.qbpayroll.com/start).
- 2 Enter the requested information about your company:
  - License and Product Numbers (located on the sticker in your CD folder)
  - Company name and address
  - EIN (Employer Identification Number)<sup>1</sup>
  - Payroll contact information
  - Credit card information to keep your subscription up to date
- 3 (Optional) Update your payroll subscription to allow paying four or more employees (if your current subscription only lets you pay up to three employees).<sup>2</sup>
- 4 Receive your unique payroll service key and write it down on the first page of this guide.

**Note:** Your payroll service key is specific to you and your business. This number is required for downloading payroll updates and using any of the other payroll service features to which you subscribed. Payroll activation is a one-time process. Refer to QuickBooks Help for instructions on adding companies or changing your payroll subscription.

## Entering your Payroll Service Key in QuickBooks

- 1 For QuickBooks 2007 and later: Go to the **Employees** menu, click **Payroll**, and then click **Enter Payroll Service Key**. For QuickBooks 2006: Go to the **Employees** menu, click **Add Payroll Service**, and then click **Activate Service Key**.
- 2 Click **Add**.
- 3 In the **Service Key** field, enter your payroll service key and click **Next**.
- 4 Click **Finish**. QuickBooks automatically downloads any necessary payroll updates so you can begin setting up your payroll in QuickBooks.

After activation is complete, you can begin setting up your payroll. You'll need the information in the Payroll Setup Checklist (table at right; also online at [www.payroll.com/support/PDFs/Misc/Payroll\\_Setup\\_Checklist.pdf](http://www.payroll.com/support/PDFs/Misc/Payroll_Setup_Checklist.pdf)) to get started. Go to the **Employees** menu and click **Payroll Setup** to begin entering your information.

For help during setup, visit the Learning Center. In QuickBooks 2007 and later, go to the **Payroll Center**, click **Learning Resources** in the toolbar, and click **Payroll Learning Center**.

<sup>1</sup> If you have not already entered your EIN into QuickBooks, you must add it before activating payroll. Go to the **Company** menu, click **Company Information**, and enter your EIN.

<sup>2</sup> QuickBooks supports a maximum of 14,500 employees, customers, vendors, and other names combined. However, performance may slow when processing files containing more than 100 employees.

To set up Intuit QuickBooks Payroll, you'll need the following information. You can find this information in your own records, from your accountant or QuickBooks ProAdvisor® Program, or from federal and/or state agencies.

Item	Examples
<b>Company Information</b>	<ul style="list-style-type: none"> <li>• Pay period frequency or frequencies (for example, weekly, biweekly, semimonthly, monthly, quarterly)</li> <li>• Date you started or will start using Payroll in QuickBooks</li> </ul>
<b>Compensation, Benefits, and Miscellaneous Additions and Deductions</b>	<ul style="list-style-type: none"> <li>• Compensation you give employees and officers: hourly wages, salaries, commissions, and so on</li> <li>• Insurance benefits offered, such as health, dental, vision</li> <li>• Retirement benefits offered, such as 401(k)</li> <li>• Additional deductions from net pay that you withhold, such as union dues, repayments of employee advances or loans, and life insurance</li> <li>• Additions you add to a paycheck, such as bonuses, travel reimbursements, employee advances or loans, and tips</li> </ul>
<b>Tax Information</b>	<ul style="list-style-type: none"> <li>• Federal forms you'll need to file, such as 941, 943, or 944 (for more information, see <a href="http://www.irs.gov">www.irs.gov</a>) and your federal tax ID number (FEIN)</li> <li>• Payroll bank accounts and the deposit frequency for these taxes</li> <li>• State or states for which you file payroll taxes</li> <li>• Your state employer tax ID number or numbers (EINs)</li> <li>• Payees and account numbers for each state and local tax</li> <li>• Tax rates for any local or other taxes</li> <li>• Whether you qualify for the Federal Unemployment Tax (FUTA) credit</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee names, addresses, and Social Security numbers from your employees' Social Security cards or W-4 forms</li> <li>• Employee withholdings, which can also be found on the W-4 form</li> <li>• Current employee wages/salaries, additions, deductions, and company contributions</li> <li>• Sick and vacation time policies and hours accrued</li> </ul>
<b>Direct Deposit Information</b>	<p><b>Note:</b> This is an optional feature that requires additional fees.</p> <ul style="list-style-type: none"> <li>• For each employee you want to pay using Direct Deposit, you need bank account and routing numbers.</li> </ul>
<b>Year-to-Date History</b>	<p><b>Note:</b> You need to enter year-to-date payroll ONLY if you start using QuickBooks Payroll after January 1 of the calendar year AND if you've already run payroll at least once since January 1. (If you start using QuickBooks Payroll after January 1 but have not run a payroll yet this calendar year, you have no year-to-date information to enter.)</p> <ul style="list-style-type: none"> <li>• Quarterly and pay period summaries of employee payroll amounts from the beginning of this calendar year to the beginning of the current quarter</li> <li>• Paycheck information from the beginning of the current quarter to today</li> </ul>
<b>Liability Payment Information</b>	<ul style="list-style-type: none"> <li>• Quarterly and pay period summaries of payroll liability payments from the beginning of this year to your start date</li> <li>• Copies of payroll liability checks from the first day of the current quarter until today</li> <li>• Payment and filing methods</li> <li>• Deposit frequencies</li> </ul>

## Setting up payroll

The Payroll Setup interview guides you through setting up payroll in QuickBooks. It helps you get your first payroll update, set up payroll taxes for your company, and set up common compensation and benefits correctly. Then it leads you through setting up individual employees and year-to-date payroll amounts (if needed) so you can start running payroll in QuickBooks.

**Note:** Make sure that you have adequate time—from 20 minutes to about an hour—to go through all the steps before closing the interview. If you close the interview before completing the steps, you may need to restart the steps. It is important to make sure that all the information you enter here is accurate and complete, otherwise you can have problems running your payroll later.

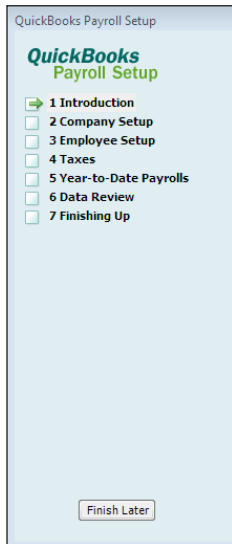
### To start the Payroll Setup interview:

- 1 Go through the setup checklist and make sure you have all the information you need.
- 2 Go to the **Employees** menu and click **Payroll Setup**.
- 3 Follow the onscreen instructions.

You must complete the following steps in sequence:

**Note:** After setting up payroll, if you need to add only one or two payroll items, see pages 18–19.

- **Company Setup:** Enter compensation and benefits.
- **Employee Setup:** Add your employees and set up their personal information and pay information (pay rate, benefits, and so on).
- **Taxes:** Set up payroll taxes that apply to you, schedule payments with the agencies, and specify payment methods.
- **Year-to-Date Payrolls:** Enter all year-to-date payroll information (payroll summaries, tax and non-tax payments you've already made, and so on). For more information about entering year-to-date tax payments, use the tax payments checklist ([www.payroll.com/support/PDFs/Misc/YTD\\_Tax\\_Checklist.pdf](http://www.payroll.com/support/PDFs/Misc/YTD_Tax_Checklist.pdf)).
- **Data Review:** Review all the wage and tax information you've entered and check for errors.
- **Finishing Up:** Learn about the payroll tasks that you can do.



## Did You Know?

QuickBooks defines an employee as someone you give a W-2 form to at the end of the year. You pay them with paychecks and withhold taxes for them. Set up all those who fall into this category as an employee.

Do not set up independent contractors and owners as employees. QuickBooks defines an independent contractor as someone you give a 1099-MISC form to. Set up contractors as vendors.

Pay owners and partners by checks that draw on the company's equity.

**Setting up payroll**

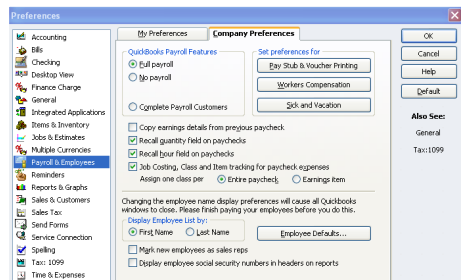
The Payroll Setup interview guides you through setting up employees and common payroll items. However, you might need to add or edit an employee or set up one or two payroll items without having to go through the entire interview. See pages 18–19 for more information.

Setting up payroll sometimes requires in-depth tax knowledge, so it's a good idea to have an accountant or payroll professional review your setup. Mistakes in setting up payroll can cause problems later.

**Setting up payroll preferences:**

**Note:** You don't set up Payroll preferences in the Payroll Setup interview. Finish setting up payroll in the Payroll Setup interview and then open the Preferences window.

- 1 Go to the **Edit** menu and click **Preferences**.
- 2 Click **Payroll & Employees** and then click the **Company Preferences** tab.

**Welcome to QuickBooks Payroll Setup**

We'll walk you through setting up the basics of payroll by asking you questions and giving you guidance along the way. When you're done with setup, you'll be ready to start using QuickBooks Payroll-- customized just for you!

**Before you begin:**

1. Review the [payroll setup checklist](#).
2. Gather all the documents and information ahead of time that you'll need to answer the interview questions.

Continue >

## Paying employees overview

In QuickBooks 2007 and later, you can set up payroll schedules or run payroll without a schedule. A payroll run that is set up to occur at a regular frequency is *scheduled*, while payroll that you might run only for special circumstances or outside your regular payroll run is *unscheduled payroll*.

### Payroll Center without payroll schedules

**Payroll Center without payroll schedules**

**Pay Employees**

QuickBooks now offers payroll schedules. You can group employees using schedules and be reminded when to pay each group. [Show an example](#)

[How do I pay my employees?](#) [Set up your payroll schedule](#)

Related Payroll Activities ▼ **Pay Employees** Start Scheduled Payroll...

Click this button to pay your employees if you haven't set up payroll schedules.

Click this button to set up payroll schedules.

### Payroll Center with payroll schedules

**Payroll Center with payroll schedules**

Process Payroll by...	...for Payroll Schedule	...and Pay Period	...with Check Date
12/03/2008	Biweekly	11/15/2008 - 11/28/2008	12/05/2008

Related Payroll Activities ▼ **Unscheduled Payroll** Start Scheduled Payroll...

Once you set up schedules, the button name changes. Click this button to write off-cycle paychecks outside the regular payroll run.

Click a row to select the payroll schedule and then click this button to run regular payroll.

**Note:** This procedure is for QuickBooks 2007 and later. For information on paying employees in other QuickBooks versions, visit the support Web site at [www.quickbooks.com/support](http://www.quickbooks.com/support).

From the Payroll Center, you can start paying your employees in any one of the following ways:

- By clicking the Pay Employees button.
- By clicking the Start Scheduled Payroll button. If you click the Start Scheduled Payroll button, you'll be prompted to set up payroll schedules. (Once you set up payroll schedules, click to select the schedule you want to run and then click Start Scheduled Payroll.)

## Setting up payroll schedules

- 1 Go to the **Payroll Center**.
- 2 Click the **Related Payroll Activities** drop-down arrow, and then click **Add or Edit Payroll Schedules**.
- 3 From the **Payroll Schedule List** window, click **Payroll Schedule**, and then click **New**.
- 4 Enter information in the fields.

**New Payroll Schedule**

The information you provide will be used to create a payroll schedule. [What is a payroll schedule?](#)  
 You can set up multiple payroll schedules if you need to. [Why do I need multiple schedules?](#)

**Tell us how you'll be processing payroll using QuickBooks:** [How do I set up a payroll schedule?](#)

What do you want to name this payroll schedule? (e.g., "Weekly", "Biweekly", "Monthly", etc.)

How often will you pay your employees on this schedule? **Biweekly (Every other week)** ▼

What is the pay period end date?

What date should appear on paychecks for this pay period?

The following is based on the information supplied above:  
 You pay your employees DD days after the pay period end date in this payroll schedule.

Schedule is inactive

**OK** **Cancel**

## Assigning employees to payroll schedules

**Note:** *You can only group employees in the same payroll schedule if they have the same pay frequency (for example, weekly, biweekly, semimonthly, and so on).*

- 1 From the **Employees** tab in the **Payroll Center**, double-click the name of the employee you want to assign to the schedule.
- 2 Click the **Change tabs** drop-down arrow and then click **Payroll and Compensation Info**.
- 3 Click the **Pay Schedule** drop-down arrow and then select the pay schedule you want to assign this employee to. The Pay Frequency field updates accordingly.
- 4 Click **OK**.

### *Payroll Schedules (QuickBooks 2007 and later only)*

Although you can pay employees using unscheduled payroll, we recommend using schedules for your regular pay run.

When you use payroll schedules, QuickBooks automatically determines the payroll processing dates for each pay period, taking into account weekends and bank holidays. You set up your payroll schedule once and assign employees to it. The dates reset to the next pay period after you create paychecks.

You can use payroll schedules to group together employees in whichever way makes the most sense for you to effectively run your payroll and business.

### *Unscheduled Payroll*

To pay an employee outside a regular payroll run (for example, annual bonuses), use **Unscheduled Payroll**.

### *Termination Payroll*

To terminate an employee, go to the **Payroll Center**, click the **Related Payroll Activities** drop-down arrow, and then click **Create Termination Check**.



### To pay employees:

**Note:** This procedure is for QuickBooks 2007 and later. For information on paying employees in other QuickBooks versions, visit the support Web site at [www.quickbooks.com/support](http://www.quickbooks.com/support).

Open the Enter Payroll Information window, as explained on page 12. From the **Payroll Center**:

- Select a scheduled payroll and click **Start Scheduled Payroll**.
  - Click **Pay Employees** to pay your employees without using schedules.
- 1 Specify the **check date** and **pay period end dates** (unless you're running a payroll schedule).
  - 2 If necessary, select a bank account from which the paychecks are drawn.
  - 3 Click to select employees to pay. (If you're running a payroll schedule, only the employees who are assigned to the payroll schedule appear and are checked by default.)
  - 4 Review the information and enter hours worked, vacation and sick time, commissions, and so on. (If Use time to create paychecks is turned on, hours are automatically entered.) Click the employee's name to make changes in the Preview Paycheck window.
  - 5 Click **Continue**.
  - 6 Review the payroll summary information.
  - 7 Specify whether paychecks should be printed from QuickBooks or written by hand.
  - 8 If the employee is signed up for Direct Deposit, make sure that the Direct Deposit column is checked. Review the information again. If necessary, click **Back** or click **Open Paycheck Detail** to edit the information.
  - 9 Click **Create Paychecks**.

The Review and Confirmation window appears from where you can print or send paychecks via e-mail, as shown on page 16.

### **Paycheck Date and Pay Period End Date**

The **paycheck date** is the date when employees know they are getting paid. It's the date you want the paycheck to affect your bank account. For example, your pay period end date could be Friday, April 14, but your paycheck date is 5 business days later on the following Friday, April 21.

The IRS bases your tax liability and that of your employees on the paycheck date. For example, if you pay an employee in January 2008 for time worked in December 2007, the income is reported on the employee's 2008 W-2 form. QuickBooks uses the paycheck date when it runs reports.

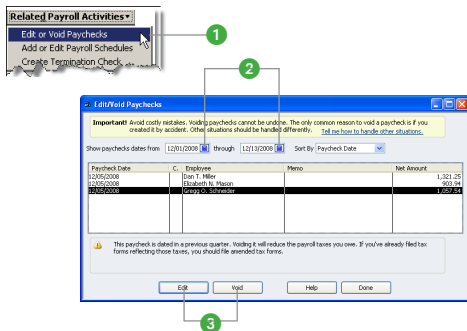
A **pay period** is the duration of time for which you are paying your employee wages. The **pay period end date** is the last date of the pay period that you want a paycheck to cover.

QuickBooks uses this date to calculate how many weeks an employee has worked in a year and the time information to include in the paycheck.



## Editing and voiding paychecks

- 1 Go to the **Employees** menu and click **Edit/Void Paychecks**, or click the **Related Payroll Activities** drop-down arrow and then click **Edit or Void Paychecks**.



- 2 Select a date range in the Show paychecks from/through fields.
- 3 Select the paycheck you want to edit or void and do *one* of the following:
  - Review the warning message, and click **Void** if you still want to void the paycheck.
  - Click **Edit** if you're changing the paycheck.
- 4 Do *one* of the following:
  - If you're voiding a paycheck, check the box to verify that you have read the warning message.
  - If you're editing a paycheck, make your changes in the Paycheck window. To make other changes, click Paycheck Detail. The Review Paycheck window opens.

**Note:** You can't change the amount or payee. You can change the check number, check date, bank account, or employee's address. Review Paycheck provides Lock Net Pay, which means that you can safely edit certain paycheck details without recalculating the net amount of the paycheck.

- 5 Do *one* of the following:
  - Click **Continue** to close the message window.
  - Click **Save & Close** to close the Paycheck window.
- 6 Click **Done** in the Edit/Void Paychecks window.

### Did You Know?

#### How does voiding affect year-to-date amounts?

If you delete the most recent paycheck, QuickBooks updates the year-to-date figures to reflect the change. If you void or delete an earlier paycheck, the year-to-date figures on subsequent recorded paychecks will be correct on pay stubs, paychecks, and in the Review Paycheck window, but not in the Preview Paycheck window. The year-to-date figures for paychecks you write in the future will be correct.

#### Direct Deposit users

If you want to make changes to Direct Deposit paychecks after they've been sent, you must first void the paychecks you already sent and then create new paychecks. Don't edit the paychecks that were already sent because doing so will prevent the voiding from being successful.

If you use Direct Deposit, you can recover the funds if the voided paycheck is sent to the payroll service before the start of payroll processing, which begins at 5:00 p.m. (Pacific time), two business days before the paycheck date.

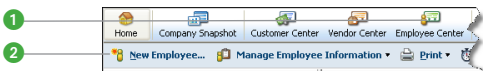
If the paycheck was issued in a previous quarter, you can void it only if you haven't yet created paychecks for the current quarter.

## Managing employees

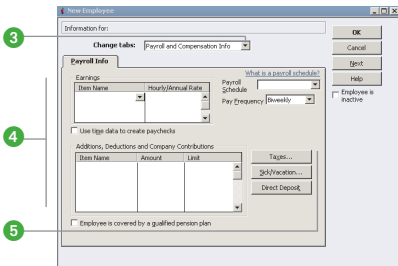
After completing the Payroll Setup interview (pages 10–11), you can add new employees or edit existing records without going to Payroll Setup interview. You can edit a single employee's information, or make global changes to employee default settings.

### Adding or editing an employee

- 1 Click the **Employee Center** icon on the icon bar.
- 2 Click the **New Employee** button. (To edit an employee, select an employee from the list, right-click, and then click Edit Employee.)

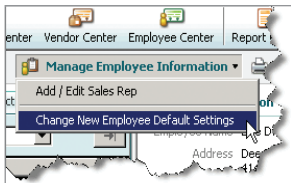


- 3 Complete the fields in the **Personal, Address and Contact, and Additional Information** tabs. Click the **Change tabs** drop-down arrow to complete the **Payroll and Compensation Info, Employment Info, and Workers Comp** (Enhanced Payroll only) tabs.
- 4 Use the **Payroll and Compensation** tab to enter earnings or other additions and deductions for the employee.
- 5 Click **Taxes, Sick/Vacation, and Direct Deposit** (if the employee opted to have paychecks direct deposited) to enter information specific to the employee. Click **OK** when you're done.



### Setting up employee defaults

- 1 Click the **Employee Center** icon on the icon bar.
- 2 Click the **Manage Employee Information** button and then click **Change New Employee Default Settings**.
- 3 Enter information in the fields and then click **OK**.



## Managing payroll items

After completing the Payroll Setup interview, you might need to create a new payroll item for new taxes, employee benefits, or items such as garnishments on an employee's wage, or edit items.

**Note:** Use this method for creating new items or editing items if there are only one or two items that you need to add or update; otherwise, use the Payroll Setup interview.

### Adding or editing a payroll item

- 1 Go to the **Employees** menu and then click **Manage Payroll Items**.
- 2 Do one of the following:
  - Click **New Payroll Item** to add a new item.
  - Click **View/Edit Payroll Item List** and double-click a payroll item line to edit a payroll item.
- 3 Go through the **Add new payroll item** or **Edit payroll item** wizard.
- 4 Click **Next** to go to the next screen, and click **Finish** when you're done.

#### Payroll Items

Any component of a paycheck, including salary, taxes, and benefits, is called a payroll item. QuickBooks uses these items to create paychecks, tax payments, and adjustments. When you activate the payroll feature, QuickBooks creates a payroll items list with some standard payroll items, such as hourly pay rates, sick time accrual, and 401(k) matching percentages. You can add, edit, or delete payroll items.


QuickBooks uses payroll items to track individual amounts on paychecks and accumulated year-to-date wage and tax amounts for each employee. Set up payroll items for compensation, taxes, other additions and deductions, and other employer-paid contributions.

## Paying taxes and other liabilities

In QuickBooks 2007 and later, you can set up scheduled payments for your payroll taxes and other liabilities, such as health insurance or 401(k), or you can create a custom (unscheduled) payroll tax payment. When you set up scheduled payments for your payroll taxes and liabilities, you can track accrued tax amounts and payment due dates.

Enhanced Payroll customers using QuickBooks 2007 and later can also electronically pay federal and select state payroll taxes, directly from QuickBooks using E-File & Pay (see the inset on page 21).<sup>1</sup>

**Note:** Many states require those who pay electronically to also file electronically.

2  Pay Scheduled Liabilities

Send By	Status	Payment	Method	Period	Amount
07/09/08	Upco...	Federal 941/944	Check	7/2-7/4/08	3,157.00
10/30/08	Upco...	ME UI and Schlr Fund	Check	Q3 2008	47.40
10/31/08	Upco...	FL Unemployment Insura...	Check	Q3 2008	94.50
10/31/08	Upco...	IL Unemployment Insura...	Check	Q3 2008	97.50
10/31/08	Upco...	Federal 940	Check	Q3 2008	72.00

Total Selected Items: 0.00

Related Payment Activities | [Check E-payment Status](#) | View/Pay

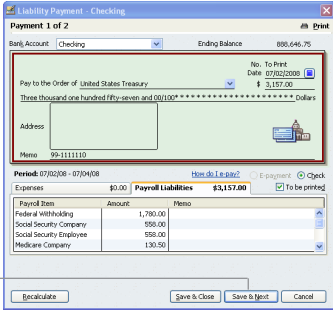
3

4

5

6

7



Liability Payment - Checking

Payment 1 of 2

Bank Account: Checking Ending Balance: 886,646.75

Pay to the Order of: United States Treasury No. To Print: 1 Date: 07/02/2008

Three thousand one hundred fifty-seven and 00/100\*\*\*\*\* Dollars

Address: [Empty] Memo: 99-1111110

Period: 07/02/08 - 07/04/08

Expenses	Payroll Liabilities
\$0.00	\$3,157.00

Payroll Item	Amount	Memo
Federal Withholding	1,780.00	
Social Security Company	956.00	
Social Security Employee	956.00	
Medicare Company	130.50	

Print Summary

Payment Summary

Payroll Liability Payment Summary for 07/02/2008

Summary: 2 checks created (\$3,229.00)

Payment	Payee	Period	Amount	Method	Status	Withdraw On	Check/QB Tra...
Federal 941/944	United States Treasury	7/2-7/4/08	\$3,157.00	Check	To Be Printed	-	-
Federal 940	United States Treasury	Q3 2008	\$72.00	Check	To Be Printed	-	-
<b>Total</b>			<b>\$3,229.00</b>				

Print Checks | Print Summary | Close

<sup>1</sup> The E-File & Pay feature requires QuickBooks 2007 or later and is available for federal and select state taxes. Please check the Web site ([www.quickbooks.com/support/fileandpay/](http://www.quickbooks.com/support/fileandpay/)) for availability for your state. You may need to register with tax agencies to use E-File & Pay. The E-File & Pay feature is not available with Basic Payroll.

## To pay your payroll taxes and liabilities:

- 1 Open the **Payroll Center**. Accrued tax amounts are shown in the Pay Scheduled Liabilities section of the Payroll Center along with their due dates and current status.
- 2 Click the column next to the payments you want to make.
- 3 Click **View/Pay**. If you selected more than one payment, the liability checks appear in a check stack.
- 4 Review the payment details for the first payment in the stack.
- 5 Click **Save & Next** to display the next payment in the check stack.

**Note:** With Enhanced Payroll, if the scheduled payment is set up for e-pay, you can submit the payment electronically. To do so, make sure that the e-payment option is selected and click E-Pay. Enter your login details and click Submit. After the e-payment is submitted, print the e-pay confirmation for your records and click Close.

- 6 After the last liability payment is submitted or created, click **Close**.

A summary window appears. From this window you can print physical checks or print a list of the checks and payments you created.

- 7 Click **Close**.

## Setting up a scheduled payment for payroll taxes and liabilities

You can set up scheduled payments when you first set up your payroll in the Payroll Setup interview or when you add or modify taxes or liabilities to your company file.

- 1 Go to the **Payroll Center**.
- 2 In the Pay Scheduled Liabilities section, click the **Related Payment Activities** drop-down arrow, and then click **Edit Payment Due Dates/Methods**.
- 3 Follow the instructions in the interview.

**Note:** With Enhanced Payroll, if you set up the scheduled payment for e-pay, you need to set up an e-pay bank account and you may need to enroll in the agency e-pay program. Agency enrollment instructions are available in the interview and on the Payroll Tax Support Web site ([www.quickbooks.com/support/fileandpay/enroll/](http://www.quickbooks.com/support/fileandpay/enroll/)).

### Scheduled payments

One or more payroll taxes or other payroll liabilities that are paid together, at the same time, to the same agency are scheduled. For example, you typically pay your federal withholding, Social Security, and Medicare taxes at the same time to the IRS.

### E-payments

QuickBooks 2007 and later lets Enhanced Payroll customers e-pay federal and select state payroll taxes directly from QuickBooks. For a list of supported payroll taxes, visit the Payroll Tax Support Web site ([www.quickbooks.com/support/fileandpay/taxpmts/](http://www.quickbooks.com/support/fileandpay/taxpmts/)).

### Custom (unscheduled) payroll liability payments

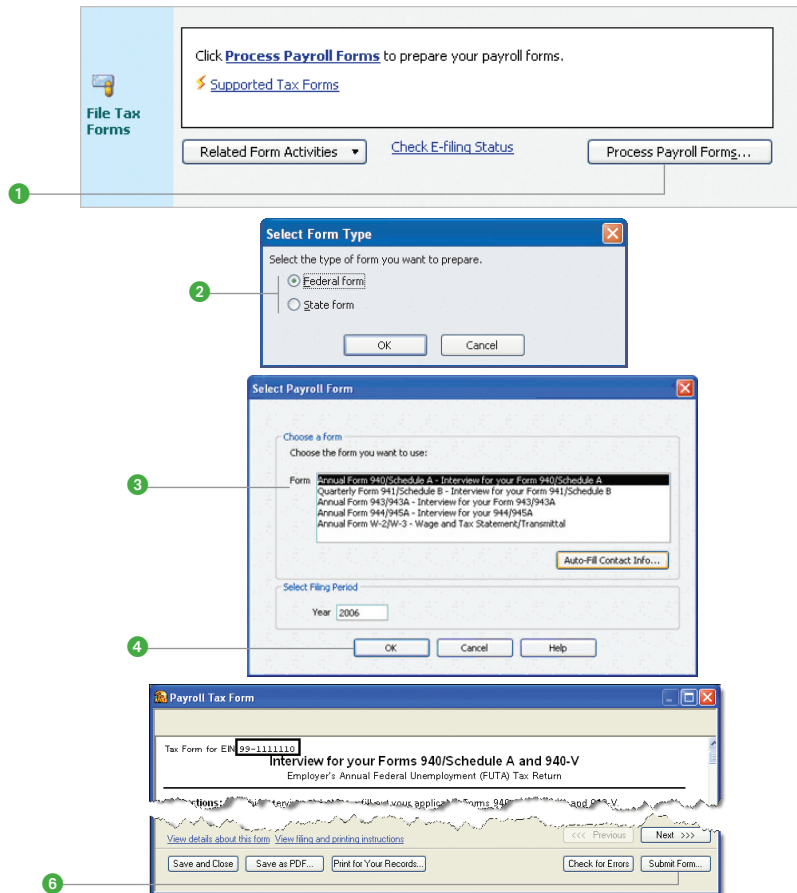
If you have a one-time payroll tax or fee, you may want to create a custom payroll liability payment rather than create a scheduled payment. To do so, go to the **Employees** menu, click **Payroll Taxes and Liabilities**, and then click **Create Custom Liability Payments**. (Available in QuickBooks 2007 and later.)

# Filing payroll tax forms

## (Requires an Enhanced Payroll subscription)

With an Enhanced Payroll subscription, you can file tax forms from QuickBooks.<sup>1</sup> For information about setting up payroll tax forms for e-file with your Enhanced Payroll subscription, see the inset on page 23.

**Note:** Many states require those who file electronically to also pay electronically.



<sup>1</sup> The E-File & Pay feature requires QuickBooks 2007 or later and is available for federal and select state taxes and forms. Please check the Payroll Tax Support Web site ([www.quickbooks.com/support/fileandpay/](http://www.quickbooks.com/support/fileandpay/)) for availability for your state. You may need to register with tax agencies to use E-File & Pay. The E-File & Pay feature is not available with Basic Payroll.

## Did You Know?

*Supported payroll tax forms*

For a list of payroll tax forms you can prepare in QuickBooks, visit the Payroll Tax Support Web site ([www.quickbooks.com/support/fileandpay/enroll/](http://www.quickbooks.com/support/fileandpay/enroll/)).

*E-file payroll tax forms*

Enhanced Payroll customers using QuickBooks 2007 and later can e-file many federal and select state payroll tax forms directly from QuickBooks. When you set up supported payroll tax forms for e-file, you can prepare, process, and submit your form, and then check the status of your form. For a list of payroll tax forms you can e-file from QuickBooks, visit the Payroll Tax Support Web site ([www.quickbooks.com/support/fileandpay/taxprmts/](http://www.quickbooks.com/support/fileandpay/taxprmts/)).

If you e-file your W-2 or W-3 forms, you're required to print copies for your employees, your state, and possibly your local tax agencies.

**To file your payroll tax forms with Enhanced Payroll:**

- 1 Open the **Payroll Center**. In the File Tax Forms section, click **Process Payroll Forms**.
- 2 In the Select Form Type window, select **Federal form** or **State form**.
- 3 In the Select Payroll Form window, select the form you want to prepare and make sure that the period reflects the correct tax period.
- 4 Click **OK**. QuickBooks closes any open windows. Your payroll tax form appears in the Payroll Tax Form window.
- 5 Follow the onscreen instructions. The instructions are dynamic and depend on the type of payroll form you're preparing.
- 6 Review your form details and printing and mailing instructions, and then click **Submit Form** or **Print**.
- 7 In the Submit Form (or Print Form) window, select **print** or **e-file**, if e-file is available.
- 8 Click the **Close** button and then close the Payroll Tax Form window.
- 9 Review the information in the Next Steps window, and then click **OK**.

**Setting up payroll tax forms for e-file**

*(Requires an Enhanced Payroll subscription)*

- 1 Open the **Payroll Center**. In the File Tax Forms section, click the **Related Form Activities** drop-down arrow, and then click **Edit Filing Methods**.
- 2 Follow the onscreen instructions.

**Note:** You may need to enroll in the agency's electronic filing program before you can e-file a form from QuickBooks. Enrollment instructions are available in the interview and on the Payroll Tax Support site ([www.quickbooks.com/support/fileandpay/enroll/](http://www.quickbooks.com/support/fileandpay/enroll/)).

## Workers' compensation

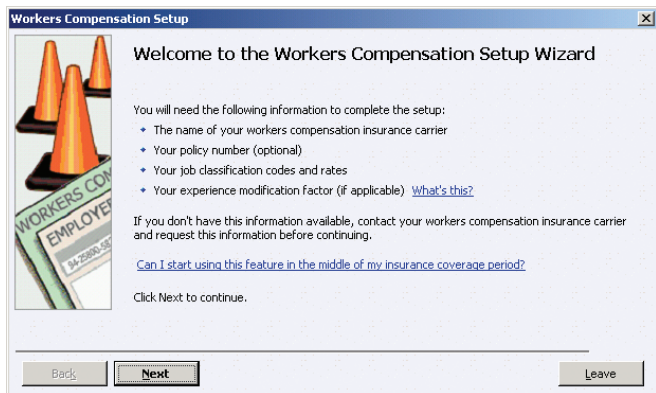
### (Requires an Enhanced Payroll subscription)

You can track and report your workers' compensation premiums in QuickBooks.

**Note:** You must set up workers' compensation before you run your payroll, or your workers' compensation reports will be incorrect or incomplete.

### To set up workers' compensation:

- 1 Go to the **Employees** menu and click **Workers Compensation**.
- 2 Click **Set Up Workers Comp**.



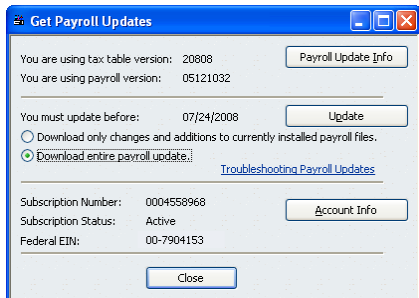
- 3 Complete the wizard to set up workers' compensation.

### To pay workers' compensation premiums:

**Note:** You must pay your workers' compensation premiums using the payroll liability checks in the Payroll Liabilities window or through the scheduled payments feature; don't pay them from the Write Checks window. Your workers' compensation premiums accrue as payroll liabilities with every paycheck you create. If you don't pay them using payroll liabilities checks, the liability account in which your workers' compensation liabilities accrue will never be reduced, and your payroll liabilities balances report will be incorrect.

Pay your workers' compensation premiums as you would any other payroll liability. See "Paying taxes and other liabilities" on pages 20–21 for more information.

## Keeping your tax tables up to date



By default, QuickBooks Payroll has Automatic Updates enabled. This lets QuickBooks Payroll check for payroll updates each time you start it so you never miss an updated tax rate or form.<sup>1</sup>

**Note:** This procedure is for QuickBooks 2007 and later. For information on keeping your tax tables up to date for other QuickBooks versions, visit the support Web site at [www.quickbooks.com/support](http://www.quickbooks.com/support).

If you don't have Automatic Updates turned on, you can still keep your QuickBooks Payroll up to date:

- 1 From the **Employees** menu, click **Get Payroll Updates**.
- 2 Choose from the two download options:
  - Download only changes and additions to currently installed payroll files. This is the fastest option because it downloads only new payroll information. Choose this option for most updates.
  - Download entire payroll update. This option takes longer because the entire update is downloaded. Use this option if you have experienced problems updating your payroll.
- 3 Click the **Update** button.
- 4 When the download completes, QuickBooks displays a message confirming that the update was successful.

Be sure to review the Payroll Update News to learn about changes to state and federal tax rates and forms that may affect your business.

<sup>1</sup> Federal and state forms are available only to Enhanced Payroll subscribers. Basic Payroll does not include tax forms.

### Did You Know?

#### Payroll Updates

Payroll updates become available throughout the year. Updates might include enhancements, payroll tax forms updates (for Enhanced Payroll subscribers), and new tax tables. We recommend that you update to make sure that you have the most current tax tables.

If you experience problems updating your payroll and are unable to complete the update, you may want to check your Internet connection setup.

#### Active Payroll Subscription

You must have an active subscription in order to update your payroll. If you have problems downloading an update, check the following:

- If there is no subscription number listed and you have already subscribed to a payroll service, verify that your subscription number is entered.
- If your subscription status shows inactive, you can update your account information from within QuickBooks. Go to the **My Payroll Service** menu and click **Account/Billing Information**.

# Intuit QuickBooks Payroll

## For help setting up or using QuickBooks Payroll

- **Access the Help Menu in QuickBooks** for step-by-step instructions for completing Payroll tasks
- **Get the latest information and fast answers** to common questions in the QuickBooks Support Knowledgebase at [www.quickbooks.com/support](http://www.quickbooks.com/support)
- **Learn how to do common tasks** by watching interactive, in-product tutorials
- **Connect with other QuickBooks Payroll users and experts** to ask questions and share advice at [www.quickbooksgroup.com/payroll](http://www.quickbooksgroup.com/payroll)
- **Find everything you need to know to complete year-end tasks** with QuickBooks Year-End Center at [www.quickbooks.com/yearend](http://www.quickbooks.com/yearend)
- **Get FREE Payroll Callback Support** from a payroll specialist. Just submit your questions online at [www.quickbooks.com/contactme](http://www.quickbooks.com/contactme). We will usually respond in 30 minutes or less, weekdays, 6AM to 6PM, Pacific Time.<sup>1</sup>
- **Use a local Certified QuickBooks ProAdvisor®** to set up and customize QuickBooks for your business (fees apply). Find a ProAdvisor at [www.findaproadvisor.com/payroll](http://www.findaproadvisor.com/payroll)

<sup>1</sup> Available to U.S. customers with active payroll subscriptions. Internet access required. Questions must be submitted online to receive free callback support. A support fee will be charged to handle requests that originate from a call rather than a Web request. Offered weekdays between 6AM and 6PM Pacific Time. Support is limited to functionality described in product documentation. Intuit reserves the right to limit each contact to one hour or to one question or issue. Service is subject to occasional downtime. Terms and conditions, features, pricing and availability are subject to change at any time without notice.