

Intuit QuickBooks Training
by Real World Training

Mastering QuickBooks®

PAYROLL

Learning Manual

Mastering QuickBooks® Payroll Learning Manual

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Chapter 1- Payroll 101

*Mastering QuickBooks
Payroll*

Introduction

Welcome

Welcome to the Mastering QuickBooks Payroll seminar. Using QuickBooks payroll effectively is the focus of this seminar.

Goals/Learning Objectives

- 1) Learn important payroll and compliance responsibilities
- 2) Learn QuickBooks payroll and complete the entire payroll cycle with confidence
- 3) Prepare quarter and year-end payroll tax forms and reports
- 4) Avoid and fix common payroll mistakes

About Intuit

Intuit Inc. is a leading provider of business and financial management solutions for small businesses, consumers and accounting professionals. Its flagship products and services, including QuickBooks®, Quicken® and TurboTax® software, simplify small business management and payroll processing, personal finance, and tax preparation and filing. For more information, visit www.intuit.com on the internet.

About Real World Training

Real World Training was founded in 1992 by David J. O'Brien, CPA. Initially the company provided one-on-one accounting software training to small businesses. In 1994, the company began focusing exclusively on QuickBooks and began offering training courses. In 1996, we developed the *Mastering QuickBooks* seminar, and in 2010, we developed Mastering QuickBooks Payroll. Since that time, Real World Training has taught over 1,000,000 students how to master QuickBooks and payroll for their business. For more information on Real World Training or to see seminar schedules online, visit www.quickbookstraining.com on the internet.

Additional Resources

- IRS Small Business and Self-Employed Tax Center:
<http://www.irs.gov/Filing/Self-Employed-&-Small-Businesses>
- Intuit's Payroll Portal: payroll.intuit.com

Agenda

.....

- I. Your Essential Responsibilities
- II. Other Responsibilities
 - a. Required Posters
 - b. Workers' Compensation Insurance
 - c. Necessary Forms
 - d. Record Retention Policies
 - e. Independent Contractors vs. Employees

Your Essential Responsibilities

- Pay employees (and withhold the right taxes from paychecks)
- Pay payroll taxes (both taxes withheld from employees' paychecks and taxes employers pay on behalf of their employees)
- File tax forms

Other Responsibilities – Required Posters

- Display the most current federal and state labor law posters at all company locations and in job applicant areas:
 - Minimum wage guidelines
 - Overtime standards
 - OSHA regulations
 - And more
- State and federal agencies such as the U.S. Department of Labor provide posters at no cost to employers

Where to Find Labor Posters

For access to free labor posters, go to <http://www.dol.gov/compliance/topics/posters.htm>. This site has all the information you need to research the proper posters to post at your business.

For access to labor posters and more personalized assistance in finding the correct posters for your business, go to www.gneil.com.

For information on labor law posters available from Intuit and assistance with maintaining compliance, go to <http://payroll.intuit.com/labor-law-posters/>.

Other Responsibilities – Required Posters



Equal Employment Opportunity is
THE LAW

Private Employers, State and Local Governments, Educational Institutions, Employment Agencies and Labor Organizations

Applicants to and employees of most private employers, state and local governments, educational institutions, employment agencies and labor organizations are protected under Federal law from discrimination on the following bases:

RACE, COLOR, RELIGION, SEX, NATIONAL ORIGIN
Title VII of the Civil Rights Act of 1964, as amended, protects applicants and employees from discrimination in hiring, promotion, discharge, pay, fringe benefits, job training, classification, referral, and other aspects of employment. On the basis of race, color, religion, sex (including pregnancy), or national origin, religious discrimination includes failing to reasonably accommodate an employee's religious practices where the accommodation does not impose undue hardship.

DISABILITY
Title I and Title V of the Americans with Disabilities Act of 1990, as amended, protect qualified individuals from discrimination on the basis of disability in hiring, promotion, discharge, pay, fringe benefits, job training, classification, referral, and other aspects of employment. Disability discrimination includes not making reasonable accommodation to the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or employee, barring undue hardship.

AGE
The Age Discrimination in Employment Act of 1967, as amended, protects applicants and employees 40 years of age or older from discrimination based on age in hiring, promotion, discharge, pay, fringe benefits, job training, classification, referral, and other aspects of employment.

SEX (WAGES)
In addition to sex discrimination prohibited by Title VII of the Civil Rights Act, as amended, the Equal Pay Act of 1963, as amended, prohibits sex discrimination in the payment of wages to women and men performing substantially equal work, in jobs that require equal skill, effort, and responsibility, under similar working conditions, in the same establishment.

GENETICS
Title II of the Genetic Information Nondiscrimination Act of 2008 protects applicants and employees from discrimination based on genetic information in hiring, promotion, discharge, pay, fringe benefits, job training, classification, referral, and other aspects of employment. GINA also restricts employers' acquisition of genetic information and strictly limits disclosure of genetic information. Genetic information includes information about genetic tests of applicants, employees, or their family members; the manifestation of diseases or disorders in family members (such as medical history); and requests for or receipt of genetic services by applicants, employees, or their family members.

RETALIATION
All of these Federal laws prohibit covered entities from retaliating against a person who files a charge of discrimination, participates in a discrimination proceeding, or otherwise opposes an unlawful employment practice.

WHAT TO DO IF YOU BELIEVE DISCRIMINATION HAS OCCURRED
There are strict time limits for filing charges of employment discrimination. To preserve the ability of EEOC to act on your behalf and to protect your right to file a private lawsuit, should you ultimately need to, you should contact EEOC promptly when discrimination is suspected.
The U.S. Equal Employment Opportunity Commission (EEOC), 1-800-648-6800 (toll-free) or 1-800-648-6800 (toll-free TTY number for individuals with hearing impairments). EEOC will offer information in Braille at www.eeoc.gov or in most telephone directories in the U.S. Government or Federal Government series. Additional information about EEOC, including information about charge filing, is available at www.eeoc.gov.

Other Responsibilities – Workers' Comp.

- Get workers' compensation insurance
 - Obtain coverage through an insurance company, absorb claim costs through self-insurance, or buy into your state's assigned risk fund
 - Laws vary by state



Where to Find Worker's Compensation Info

For information on worker's compensation forms, insurance, and laws in your state, go to www.workerscompensation.com. For information on Intuit's Pay-As-You-Go Worker's Compensation service, go to <http://insurance.intuit.com/>.

Other Responsibilities – Necessary Forms

What forms do you need for employees?



Other Responsibilities – Necessary Forms

..... Separate here and give Form W-4 to your employer. Keep the top part for your records.

Form W-4 Department of the Treasury Internal Revenue Service		Employee's Withholding Allowance Certificate <small>► Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</small>		OMB No. 1545-0074 2014
1 Your first name and middle initial		Last name		2 Your social security number
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. <small>Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.</small>		
City or town, state, and ZIP code		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. <input type="checkbox"/>		
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)				5
6 Additional amount, if any, you want withheld from each paycheck				6 \$
7 I claim exemption from withholding for 2014, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here				
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.				
Employee's signature (This form is not valid unless you sign it.) ►				Date ►
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional)		10 Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form **W-4** (2014)

W-4 indicates the employee's marital status and number of allowances so you can determine the amount of federal income tax to withhold

Other Responsibilities – Necessary Forms



Employment Eligibility Verification

Department of Homeland Security
U.S. Citizenship and Immigration Services

USCIS
Form I-9

OMB No. 1615-0047
Expires 03/31/2016

► **START HERE.** Read instructions carefully before completing this form. The instructions must be available during completion of this form.
ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers **CANNOT** specify which document(s) they will accept from an employee. The refusal to hire an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Attestation (Employees must complete and sign Section 1 of Form I-9 no later than the **first day of employment**, but not before accepting a job offer.)

Last Name (Family Name)		First Name (Given Name)		Middle Initial	Other Names Used (if any)	
Address (Street Number and Name)			Apt. Number	City or Town		State ▼
Zip Code			Date of Birth (mm/dd/yyyy)		U.S. Social Security Number	
E-mail Address			Telephone Number			

I-9 verifies and documents that employees are eligible to work in the United States

Other Responsibilities – Necessary Forms

- State and local forms
- States without income tax*:

- Alaska
- Florida
- Nevada
- New Hampshire
- South Dakota
- Tennessee
- Texas
- Washington
- Wyoming



*Check your state's Department of Revenue for current guidelines

Other Responsibilities – Record Retention

- **W-4** for every current employee and for four years after the employee leaves or is terminated
- **I-9** for every current employee, and if the employee leaves or is terminated, for three years after the hire date or one year after the employee leaves, whichever is longer

Independent Contractors vs. Employees - I

- Payroll tax implications:
 - Employees = payroll taxes (W-2)
 - Contractors = no payroll taxes (Form 1099)



Independent Contractors vs. Employees - II

- Classify workers correctly
- Answer these questions:
 1. Do you guide the work for them?
 2. Will the work be performed on company premises?
 3. Will the individual work only for you?
 4. Will you provide tools for your worker to do his or her job?
 5. Do you control the hours the person works?
- **"Yes"** to any of these questions = probably a W-2 employee, not a 1099 independent contractor

Chapter 2- Setting Up Payroll-I

*Mastering QuickBooks
Payroll*

Payroll Services

Perform these three steps to set up payroll from scratch:

- 1) Select a Payroll Service
- 2) Complete the Payroll Setup Interview
- 3) Create Payroll Schedules

Basic Payroll

A *Basic Payroll* subscription is designed for companies who pay their employees directly, but have an accountant file tax forms. With this service you set up payroll, enter employee time, process paychecks, and make tax deposits. The service gives you up-to-date federal and state tax tables. This allows QuickBooks to calculate taxes automatically. Updates are available online. You may also receive tax table updates on CD for an additional fee. Because tax regulations change, it is recommended that you check for updates each time you pay your employees, or at least every 45 days. Basic Payroll requires a subscription, a unique EIN, Internet access to download tax table updates, and a current version of QuickBooks*. Additional fees apply and internet access is required for the optional Direct Deposit service. Checks are sold separately. Terms, conditions, features, pricing and service options are subject to change.

Enhanced Payroll

Enhanced Payroll offers all the features of *Basic Payroll*, plus additional features that make running payroll faster and easier. You can print federal and state tax forms directly from QuickBooks. There is also a built-in method for tracking, reporting, and calculating workers compensation. A service called E-pay lets you electronically pay federal and selected state taxes. And you can do net-to-gross calculations easily when preparing paychecks. Enhanced Payroll requires a subscription, a unique EIN, Internet access to download tax table updates, and a current version of QuickBooks*.

Full Service Payroll

With a *Full Service Payroll* subscription, all you need to do is enter hours for your employees and Intuit does the rest of the work for you.

After you enter employee hours into QuickBooks, the data is sent to Intuit via the Internet. Intuit creates paychecks and calculates and files payroll taxes for you. You can either print the paychecks or use the optional free direct deposit service. Each quarter, Intuit sends you a copy of the filed federal and state payroll tax forms. At the end of the year, Intuit prints and mails you the W-2's. To use Full Service Payroll, you must have an internet connection, a unique employer id number, state withholding and unemployment tax id numbers, and a current version of QuickBooks*.

Direct Deposit

With the *Direct Deposit* option, you enter bank account information for each employee. Then, you enter paychecks in the normal fashion. Finally, you send the paycheck information to Intuit. The funds are directly deposited in each employee's bank account.

* Intuit's payroll services are compatible with the latest version(s) of QuickBooks. However, supported versions are subject to change.

Payroll Setup Information

Gather the following items before you start setting up payroll. You'll need this information to quickly and accurately set up payroll and avoid problems later when you start using QuickBooks Payroll. Please note, if you plan on changing your payroll service, it is best to do so at the beginning of the calendar year.

(1) Company Information

Even though you've already set up your company file in QuickBooks, the payroll setup interview requires the following information about your company:

- ☐ Company bank account information; only required if you'll be paying employees by direct deposit or e-paying taxes (use a voided check, not a deposit slip, of the bank account you'll use to pay employees)
- ☐ Types of compensation you give to your employees, such as hourly wages, salaried wages, bonuses, commissions, and tips
- ☐ Types of benefits you offer your employees, such as health insurance, dental insurance, 401k retirement plan, vacation/sick leave, Flexible Spending Account (FSA)
- ☐ Types of other additions and deductions you provide for your employees, such as cash advances, mileage reimbursements, union dues, and wage garnishments

(2) Employee Information

For each employee who worked for you this calendar year (including active, inactive, and terminated employees), you'll need:

- ☐ Employee's completed W-4 form
- ☐ Pay rate (hourly, salary, commission, etc.)
- ☐ Paycheck deductions (401(k), insurance, garnishments, etc.)
- ☐ Sick/vacation hours balance (if applicable)
- ☐ Direct deposit information (use a voided check, not a deposit slip, of the employee's bank account)
- ☐ Hire date
- ☐ Termination date (if applicable)

(3) Tax Information

The following tax information is available from your state or local agency. For contact information for each state tax agency, visit: <http://payroll.intuit.com/support/compliance/>

- ☐ State unemployment insurance (SUI) contribution rate: _____. Contact state unemployment insurance office to obtain your rate.
- ☐ State agency ID number(s). For unemployment and/or state tax withholding; contact the appropriate state agency directly if you do not have an ID number for them.
- ☐ State assessment, surcharge, administrative or training tax rates (if applicable)
- ☐ Copies of both state and federal tax forms for each closed quarter this year.
- ☐ Tax deposits/filing schedule (monthly or quarterly)

(4) Payroll History Information

If you are starting payroll in:

The first quarter of the calendar year (January 1 through March 31):

- ☐ Payroll summaries for each paycheck issued during the quarter.

The second, third, or fourth quarter of the calendar year (April 1 through December 31):

- ☐ For each closed quarter: payroll summaries by quarter.
- ☐ For the current quarter: payroll summaries by paycheck.

Note: Employee payroll summaries should contain gross wages, taxes withheld (Social Security, Medicare, state withholding) and all other deductions (medical insurance, 401(k) or other retirement deductions, union dues, wage garnishments, etc.)

Payroll Setup Wizard

The QuickBooks Payroll Setup Interview walks you through the process of setting up your payroll. If you have not started using QuickBooks payroll, we recommend that you use the Interview. If you cannot complete the wizard in one sitting, click Finish Later and QuickBooks saves your place so you can complete it later. Please note, if you've already set up QuickBooks and need to add employees or benefits, see Chapter 4.



Start QuickBooks Payroll Setup

- 1) Select **Employees:Payroll Setup** from the menu.
- 2) Click the **Continue** button.
- 3) Enter appropriate information into the windows displayed by QuickBooks.

(1) Company Setup

In the Company Setup section of the Payroll Setup wizard, enter the types of compensation, benefits, and other deductions and additions you use for employees.

Select Compensation Information

Add New

Tell us how you compensate your employees

Choose all that apply:

- ☒ Salary
- ☒ Hourly wage and overtime
- ☒ Bonus, award, or one-time compensation

Other compensation

- ☐ Commission
- ☐ Tips
- ☐ Piecework [Explain](#)

[Can I make changes later?](#)

[How do I set up wages for special situations?](#)

Add Compensation Item

QuickBooks Payroll Setup

QuickBooks Payroll Setup

- ☒ 1 Introduction
- ☒ 2 Company Setup
- ☒ **Compensation**
- ☐ Employee Benefits
- ☐ 3 Employee Setup
- ☐ 4 Taxes
- ☐ 5 Year-to-Date Payrolls
- ☐ 6 Data Review
- ☐ 7 Finishing Up

[Free Payroll Support](#)

[New Employer Guide](#)

[Payroll Setup Checklist](#)

Review your Compensation list

Compensation	Description
Hourly	Hourly
Overtime	Overtime Hourly
Salary	Salary

UPS3.1474

Add Insurance Benefit

Add New

Set up the payment schedule for health insurance

Payee (Vendor) [Explain](#)

Account #
(The number the payee uses to identify you. Example: 99-99999X)

Payment frequency

☐ Weekly, on for the previous week's liabilities

☒ Monthly, on the day of the month for the previous month's liabilities

☐ Quarterly, on the day of the month for the previous quarter's liabilities

☐ Annually, on for the previous year's liabilities

☐ I don't need a regular payment schedule for this item

UDSF 2 2698

Add Retirement Benefit

Add New

Tell us about your company retirement benefits

What **retirement benefits** do you provide your employees? Select all that apply.

☐ My company does not provide retirement benefits

☒ 401(k) (most common)

☐ My 401(k) plan includes a designated Roth contribution. (Roth 401(k))

☐ Simple IRA

☐ 403(b)

☐ My 403(b) plan includes a designated Roth contribution. (Roth 403(b))

☐ 408(k)(6) SEP

☐ 457(b) Plan

☐ My 457(b) plan includes a designated Roth contribution. (Roth 457(b))

[What are these retirement benefits?](#)

UDSF 1 1738

Add Paid Time Off

Add New

Set up paid time off

What kinds of **paid time off** do you provide for your employees? Choose all that apply:

☐ My employees do not get paid time off
☒ Paid sick time off
☐ Paid vacation time off

[What if my company offers paid time off that can be used for any reason?](#)

Cancel
Finish

Add Miscellaneous Additions/Deductions

QuickBooks Payroll Setup

QuickBooks
Payroll Setup

☒ 1 Introduction
☒ 2 Company Setup
☒ Compensation
☒ Employee Benefits

☒ Insurance Benefits
☒ Retirement Benefits
☒ Paid Time Off
☒ Miscellaneous

☐ 3 Employee Setup
☐ 4 Taxes
☐ 5 Year to Date Payrolls
☐ 6 Data Review
☐ 7 Finishing Up

[Free Payroll Support](#)
[New Employer Guide](#)
[Payroll Setup Checklist](#)

Finish Later

Review your Additions and Deductions list

Miscellaneous Item	Description
Cell Phone Reimbursement	Special reimbursement

Add New...
Edit...
Delete

Continue >

(2) Employee Setup

In the Employee Setup section of the Payroll Setup wizard, you enter your employee's information such as compensation type, benefits, and deductions.

Set up Your Employees

The screenshot shows the 'QuickBooks Payroll Setup' window. On the left is a sidebar with a list of steps: 1 Introduction (checked), 2 Company Setup (checked), 3 Employee Setup (highlighted with a right arrow), 4 Taxes (unchecked), 5 Year-to-Date Payrolls (unchecked), 6 Data Review (unchecked), and 7 Finishing Up (unchecked). Below the list are links for 'Free Payroll Support', 'New Employer Guide', and 'Payroll Setup Checklist', and a 'Finish Later' button. The main area is titled 'Set up your employees' and contains an icon of a person with a document. Below the icon, it says 'In this section, you'll provide specific payroll-related information for each of your employees.' A tip states: 'Tip: Be sure to gather the W-4 forms for all the employees you need to set up.' At the bottom of the main area is a link 'How do I pay independent contractors or owners?'. In the bottom right corner, there is a 'Continue >' button with a mouse cursor pointing to it. The window title bar says 'QuickBooks Payroll Setup' and the bottom left corner has the text 'UP59.1310'.

Enter Employee Information

The screenshot shows the 'Employee Pete Smith' window. The title bar says 'Employee Pete Smith'. The main heading is 'Enter employee's name and address'. There are two sections: 'Legal name' and 'Contact information'. In the 'Legal name' section, there are fields for 'First name' (Pete), 'M.I.' (empty), '* Last name' (Smith), 'Print on check as' (Pete Smith), and 'Employee status' (Active with a dropdown arrow and an 'Explain' link). In the 'Contact information' section, there are fields for '* Home Address' (1278 Main St.), '* City' (Palo Alto), '* State' (CA - California with a dropdown arrow), and '* Zip Code' (94301). At the bottom left is a '* required field' note and a 'Cancel' button. At the bottom right is a 'Next >' button with a mouse cursor pointing to it. The window title bar has a close button (X) and the bottom left corner has the text 'UP510.1.148'.

Enter Employee Hiring Information

Employee Pete Smith

Enter Pete Smith's hiring information

Employee type: Regular [Explain](#)

Other hiring information

* Social Security #: 123-45-6789

* Hire date (mm/dd/yyyy): 1/31/2014

Release date:
 Last day of employment

Birth date: 9/28/1974

Gender: Male

* required field

[Cancel](#) [< Previous](#) [Next >](#)

UP510.2-1295

Enter Employee Compensation Information

Employee Pete Smith

Tell us how you plan to pay Pete Smith

How often?: Twice a month (Semimonthly)

☐ Hourly
☒ **Salary**
☐ No base compensation (i.e. commission only, piecework, etc.)

Salary amount: 50,000.00 Per: Year

	Regular wages	Amount	Description
<input type="checkbox"/>	Overtime		\$ per hour

[One of the ways I pay this employee isn't on this list. What should I do?](#)

[Cancel](#) [< Previous](#) [Next >](#)

UP510.2-1173

Enter Employee Benefit Information

Employee Pete Smith

Tell us about additional items for Pete Smith

For each item below, check the box in the Use column if you will need the item for this employee. Enter a dollar amount or percentage (e.g., \$100 or 10%) in the Amount column to have this item added or deducted on every paycheck.

#	Use	Item	Description	Amount (\$ or %)	Annual Limit (\$)
1	<input checked="" type="checkbox"/>	401k Emp.		3%	16,500.0
2	<input checked="" type="checkbox"/>	401k Co. Match		2%	45,000.0
3	<input checked="" type="checkbox"/>	Cell Phone Reimbursement		\$75.00	0.00
4	<input checked="" type="checkbox"/>	Health Insurance		\$150.00	0.00

[A paycheck item related to this employee is not listed. What should I do?](#)
[What's the annual limit?](#)

Cancel < Previous Next >

Enter Employee PTO Information

Employee Pete Smith

How is sick time off calculated for Pete Smith?

Calculation

Pete Smith earns 40:00 hours per year

Unused sick hours have an accrual limit

Maximum hours 0:00

Pete Smith earns no time off until...

Earn sick time hours starting 3/31/2014

Current balances

Hours available as of 9/3/2014 0:00

Hours used as of 9/3/2014 0:00

Cancel < Previous Next >

Enter Employee Payment Method

Employee Pete Smith

Set Up Pete Smith's direct deposit information

☒ Pay Pete Smith by Direct Deposit

How many accounts do you want to use? ☐ One account ☐ Two accounts

Before you continue, have you considered **faster ways to pay your employee?**

Direct Deposit to a bank account:


- Deposit paycheck directly into your employee's bank account
- Avoid the cost of printing and mailing paychecks
- Reduce paperwork

[Learn more](#)

Direct Deposit to NetSpend Visa Prepaid Card:

- Deposit paycheck directly to NetSpend Visa Prepaid Card
- No cost to you as the employer
- Use everywhere Visa debit cards are accepted

[Learn more](#)



[Request New NetSpend Card](#)

* required field

[Cancel](#) [< Previous](#) [Next >](#)

UPD10.7.2117

Enter Employee Tax Information-I

Employee Pete Smith

Tell us where Pete Smith is subject to taxes

* State subject to withholding [Explain](#)
Usually where the employee lives

* State subject to unemployment tax [Explain](#)
Usually where the employee works

While working for you in 2014, did Pete Smith live or work in another state?

☒ No ☐ Yes

[When should an employee be marked as exempt from a tax?](#)

* required field

[Cancel](#) [< Previous](#) [Next >](#)

UPD10.9.1505

Enter Employee Tax Information-II

Employee Pete Smith

Enter federal tax information for Pete Smith

Tip: You can find some of this information on the employee's Form W-4.

Filing Status: Single [Explain](#)

Allowances: 2 [Explain](#)

Extra Withholding: [Explain](#)

Nonresident Alien Withholding: Does not apply [Explain](#)

HIRE Act Exemption: Not a qualified employee [Explain](#)

Withholdings and Credits:

Most employees' wages are subject to the three withholdings; the Advance Earned Income Credit can no longer be given. Changing the selections below inappropriately will cause your taxes to be calculated incorrectly, resulting in penalties. If you are unsure, check with your accountant or the IRS.

☒ Subject to Medicare [Explain](#)

☒ Subject to Social Security [Explain](#)

☒ Subject to Federal Unemployment

☐ Subject to Advance Earned Income Credit [Explain](#)

Cancel [< Previous](#) [Next >](#)

UD510-11-1477

Enter Employee Tax Information-III

Employee Pete Smith

Enter state tax information for Pete Smith

CA - California state taxes

Filing Status: Single [Explain](#)

Regular Withholding Allowances: 1 [Explain](#)

Estimated Deductions: [Explain](#)

Extra Withholding: [Explain](#)

Most employees' wages are **subject to the following withholdings. Incorrectly changing the selections below will cause your taxes to be calculated incorrectly, resulting in penalties; be sure to check with your tax agency or accountant if you are unsure.**

☒ Subject to CA - Unemployment

☒ Subject to CA - Employment Training Tax

☒ Subject to CA - Disability

Is this employee subject to any special local taxes not shown above?

☒ No

☐ Yes [Some of the taxes for employees who changed locations aren't listed here. Why?](#)

Cancel [< Previous](#) [Next >](#)

UD510-12-1388

Enter Employee Tax Information-IV

Employee Pete Smith

Setup wage plan information for Pete Smith

Select a California wage plan code for this employee.

Wage Plan Code P (Personal Income Tax Purposes Only)

[Get code information](#)

P (Personal Income Tax Purposes Only)

Employee is covered for Personal Income Tax Withholding purposes only.

Cancel < Previous Finish

UPS10.17.2318

Employee Setup Complete

QuickBooks Payroll Setup

QuickBooks Payroll Setup

- ☒ 1 Introduction
- ☒ 2 Company Setup
- ☒ 3 Employee Setup
- ☒ **Employee List**
- ☐ 4 Taxes
- ☐ 5 Year-to-Date Payrolls
- ☐ 6 Data Review
- ☐ 7 Finishing Up

[Free Payroll Support](#)

[New Employer Guide](#)

[Payroll Setup Checklist](#)

Finish Later

Review your Employee list

Employee	Social Security	Summary
Pete Smith	123-45-6789	

Add New... Edit... Delete Summary...

UPS10.1198

Continue >

Chapter 3- Setting Up Payroll-II

*Mastering QuickBooks
Payroll*

(3) Taxes

In the Taxes section of the Payroll Setup, you enter information about what taxes your company files and enter payment schedules for each tax.

Review Federal Taxes

QuickBooks Payroll Setup

QuickBooks Payroll Setup

- ☒ 1 Introduction
- ☒ 2 Company Setup
- ☒ 3 Employee Setup
- ☒ 4 Taxes
 - ☒ 941/944 Form
 - ☐ Federal taxes
 - ☐ State taxes
 - ☐ Schedule payments
 - ☐ E-pay accounts
 - ☐ Enrollments
- ☐ 5 Year-to-Date Payrolls
- ☐ 6 Data Review
- ☐ 7 Finishing Up

Free Payroll Support
New Employer Guide
Payroll Setup Checklist

Finish Later

Tell us which federal tax form you file

Do you file Federal Form 941 or Federal Form 944?

☒ **Federal Form 941 (Employer's Quarterly Federal Tax Return)**
Select Form 941 if you are a new employer.

☐ Federal Form 944 (Employer's Annual Federal Tax Return)
Only select Form 944 if the IRS has informed you that your business is eligible to file annually.

☐ Neither of these [Explain](#)

Sample 941 and 944 forms

Form 944 for 2010: Employer's ANNUAL Federal Tax Return

Form 941 for 2010: Employer's QUARTERLY Federal Tax Return

UPS12.1314

Continue >

Federal Taxes Set Up

QuickBooks Payroll Setup

QuickBooks Payroll Setup

- ☒ 1 Introduction
- ☒ 2 Company Setup
- ☒ 3 Employee Setup
- ☒ 4 Taxes
 - ☒ 941/944 Form
 - ☒ **Federal taxes**
 - ☐ State taxes
 - ☐ Schedule payments
 - ☐ E-pay accounts
 - ☐ Enrollments
- ☐ 5 Year-to-Date Payrolls
- ☐ 6 Data Review
- ☐ 7 Finishing Up

Free Payroll Support
New Employer Guide
Payroll Setup Checklist

Finish Later

Here are the federal taxes we set up for you

Click **Edit** if you need to review or make changes to any of these taxes.

* Federal Tax	Description
Federal Withholding	Also known as Federal Withholding Tax
Advance Earned Income Credit	Also known as AEIC
Federal Unemployment	Also known as FUTA
Medicare Company	Medicare Tax
Medicare Employee	Medicare Tax
Medicare Employee Addl Tax	Medicare Additional Tax
Social Security Company	Also known as FICA
Social Security Employee	Also known as FICA

How do I view or change a federal tax rate?

UPS13.1658

Edit...

Continue >

Set up State Taxes

Edit: CA - Unemployment

Tell us about this payment

Tax Year 2014

* Company Rate 3.4% [Explain](#)

☐ One or more of these tax rates changed in 2014

* required field

11/05/14 2:17PM

[Cancel](#) [< Previous](#) [Finish](#)

Schedule Tax Payments

Schedule Payments

Set up payment schedule for Federal 940

Federal 940 payments include Federal Unemployment Insurance Tax. [Why are these grouped?](#)

Payment (deposit) method ☒ Check ☐ E-pay
[What payment method can I use?](#)

* Payee United States Treasury
[Who is the right payee?](#)

* Payment (deposit) frequency Quarterly (usual frequency)
[How often should I pay these taxes?](#)

Due the last day of the month following end of quarter. Liability of \$500 or less can be carried to the next quarter. (E-pay due dates adjust to reflect Intuit's processing time.) [More...](#)

☐ Let me use a different payment (deposit) frequency

[Where can I see the due dates for my deposits?](#)

* required field

11/05/14 2:17PM

[Cancel](#) [Next >](#)

Enter Year-to-Date Payroll

If you start using QuickBooks Payroll during a calendar year, you must enter all paychecks and tax payments you've made so far. This ensures that future paychecks and tax payments are accurate.

In some cases, early in the calendar year, you may consider entering the actual paychecks instead of using the Year-to-Date Payrolls section of the Payroll Setup Wizard. This is also great to "practice" entering paychecks.

Enter Paychecks by Employee

Enter the paychecks you paid this year before using QuickBooks Payroll

1. Select the name of the employee whose checks you want to enter.
2. If you need to add, move or rearrange columns, click **Customize Columns**. You can also copy, paste, or insert a row by right-clicking.
3. When you finish entering checks for one employee, select the next employee's name.
Tip: Information is saved as you enter it.
4. When you finish entering checks for all employees, click **Done Entering Paychecks**.

[Show Steps](#) Click for a step-by-step guide to completing this task.

[Can I enter a summary instead of all the individual paychecks?](#)

[What if an employee isn't in the list?](#)

[How do I customize this window to match my payroll records?](#)

You're entering paychecks for: Pete Smith III Customize Columns

Check Date	Check #	Salary (Pay)	Cell phone reimbursement (Addition)	Gross Pay	Federal Withholding (Tax)	Social Security Employee (Tax)	Medicare Employee (Tax)	Net Pay
▼ January								
01/31/14	123	2,083.33	50.00	2,083.33	-200.00	-129.17		1,773.85
Jan Total		2,083.33	50.00	2,083.33	-200.00	-129.17		1,773.85
► February								
► March								
Q1 Total		2,083.33	50.00	2,083.33	-200.00	-129.17		1,773.85
► April								
▼ May								
2014 Total		2,083.33	50.00	2,083.33	-200.00	-129.17		1,773.85

[View Reports](#) [Finish Later](#) [Done Entering Paychecks](#)

Payroll Summary

QuickBooks Payroll Setup

QuickBooks Payroll Setup

☒ 1 Introduction

☒ 2 Company Setup

☒ 3 Employee Setup

☒ 4 Taxes

☒ 5 Year-to-Date Payrolls

☒ Determine If Needed

☒ Payroll Summary

☐ 6 Data Review

☐ 7 Finishing Up

[Free Payroll Support](#)

[New Employer Guide](#)

[Payroll Setup Checklist](#)

Finish Later

Payroll Summary

Before continuing with payroll setup, make sure you've entered all the paychecks, tax payments and non-tax payments you've issued so far this year.

- Click **Edit** if you need to enter more year-to-date transactions.
- Click **Continue** when you finish entering **all** your year-to-date transactions.

2014

Paychecks	<div><div></div><div></div><div></div><div></div></div> Complete	Edit
Tax Payments	<div><div></div><div></div><div></div><div></div></div> Complete	Edit
Non-Tax Payments	<div><div></div><div></div><div></div><div></div></div> Complete	Edit

What are non-tax payments?

View Reports

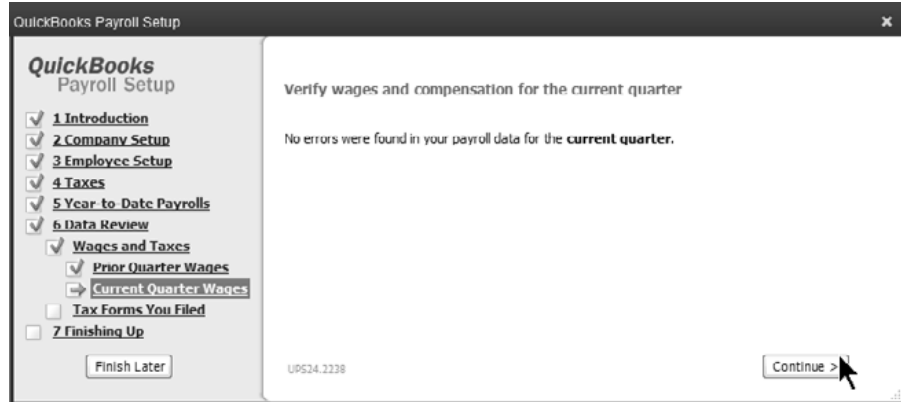
UP520.1517

Continue >

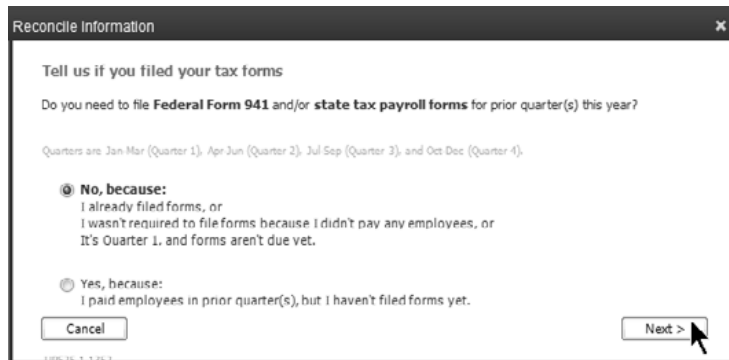
Data Review

You're almost done! In the sixth step of the Payroll Setup Interview, QuickBooks reviews your data for errors. In the seventh step, QuickBooks helps you backup the data file.

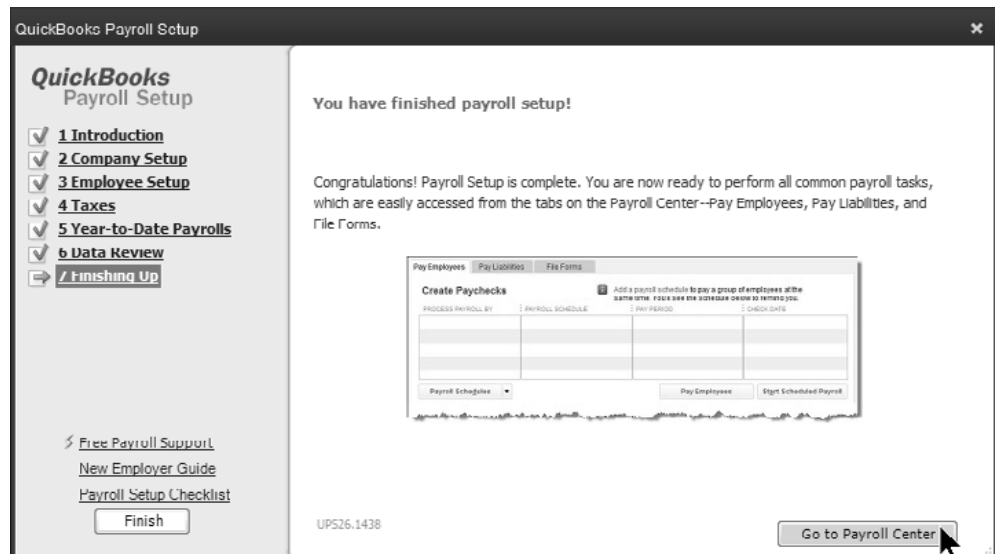
Verify Wages and Compensation



Reconcile Information



Payroll Setup Complete



Payroll Preferences

Use payroll preferences to make changes to your payroll setup.



Set Payroll Preferences

- 1) Select **Edit:Preferences** from the menu.
- 2) Click **Payroll & Employees** in the list to the left.
- 3) Click the **Company Preferences** tab.
- 4) Change appropriate information in the **Preferences** window.
- 5) Click **OK**.

Payroll & Employees Preferences

The screenshot shows the 'Preferences' window with the 'Company Preferences' tab selected. The left sidebar lists various categories, with 'Payroll & Employees' highlighted. The main area contains settings for 'QUICKBOOKS PAYROLL FEATURES' and 'SET PREFERENCES FOR'. Under 'QUICKBOOKS PAYROLL FEATURES', 'Full payroll' is selected. Under 'SET PREFERENCES FOR', buttons for 'Pay Stub & Voucher Printing', 'Workers Compensation', and 'Sick and Vacation' are visible. There are also checkboxes for 'Enable ViewMyPaycheck', 'Copy earnings details from previous paycheck', 'Recall quantity field on paychecks', 'Recall hour field on paychecks', and 'Job Costing and item tracking for paycheck expenses'. A section titled 'Changing the employee name display preferences...' includes a 'DISPLAY EMPLOYEE LIST BY:' section with 'First Name' selected and a button for 'Employee Defaults...'. Other checkboxes include 'Mark new employees as sales reps' and 'Display employee social security numbers in headers on reports'. On the right, there are 'OK', 'Cancel', 'Help', and 'Default' buttons, along with an 'Also See:' section listing 'General' and 'Tax1099'.

Employee Defaults

The screenshot shows the 'Employee Defaults' window. It has two main sections: 'EARNINGS' and 'ADDITIONS, DEDUCTIONS AND COMPANY CONTRIBUTIONS'. The 'EARNINGS' section includes a table with columns 'ITEM NAME' and 'HOURLY/ANNUAL RATE'. To the right of this table are dropdown menus for 'Payroll Schedule' and 'Pay Frequency' (set to 'Semimonthly'), and a 'Class' dropdown. Below these is a button for 'What is a payroll schedule?'. The 'ADDITIONS, DEDUCTIONS AND COMPANY CONTRIBUTIONS' section includes a table with columns 'ITEM NAME', 'AMOUNT', and 'LIMIT'. To the right of this table are buttons for 'Taxes...' and 'Sick/Vacation...'. At the bottom, there is a checkbox for 'Employee is covered by a qualified pension plan'. On the right side of the window, there are 'OK', 'Cancel', and 'Help' buttons.

(4) Create Payroll Schedules

Payroll schedules define when you should run payroll so that you can pay employees on their payday. Using *Payroll Schedules* is optional.



Create Payroll Schedule

- 1) Click the **Employees** icon.
- 2) Click the **Payroll** tab.
- 3) In the **Create Paychecks** section, click **Payroll Schedules:New**.
- 4) Enter appropriate information into the window.
- 5) Click **OK**.
- 6) Click **Yes** to assign employees with the same pay frequency to the payroll schedule (if prompted).
- 7) Click **OK** in the **QuickBooks Information** window.

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?

A semimonthly payroll schedule consists of a first and second pay period end date, and corresponding first and second paycheck dates. Provide the day of the month for each of these four dates below.

1st Paycheck of the month:
Paycheck day of the month for pay period ending on

2nd Paycheck of the month:
Paycheck day of the month for pay period ending on

My next check date is for the next pay period end date on

☐ Schedule is inactive

Assign Payroll Schedule Window

Assign Payroll Schedule

Would you like QuickBooks to assign this payroll schedule to all of your employees with a Semimonthly pay frequency?

Chapter 4- Later Changes to Payroll

*Mastering QuickBooks
Payroll*

Employees

You may need to change or add elements to payroll AFTER you've set up payroll and processed paychecks. For example, you may hire new employees, add benefits, and so on. This chapter focuses on changes you might make AFTER you've completed the QuickBooks Payroll Setup wizard. Note: you can also add employees and payroll items in the Payroll Setup Wizard.



Add Employees

- 1) Click the **Employees** icon.
- 2) Click the **New Employee** button.
- 3) Enter appropriate information in the **New Employee** window.
- 4) Click **OK**.

Employee Center: Joe Sanders

New Employee... Manage Employee Information Print Enter Time Excel Word

Employees Transactions Payroll

Active Employees

NAME	ATTACH
Joe Sanders	
Pete Smith	

Employee Information

Full Name: Joe Sanders Main Phone: 650-652-9328
 Address: Joe Sanders 2431 South St Palo Alto, CA 94304 Main Email: joe@bulldem.com
 Map | Directions

REPORTS FOR THIS EMPLOYEE

QuickReport
 Payroll Summary
 Paid Time Off Report
 Payroll Transaction Detail
 Display Mandatory Labor Law Poster

Transactions To Do's Notes Sent Email

SHOW: All Transactions DATE: This Calendar Year 01/01/2014 - 12/31/2014

TRANSACTION TYPE	DATE	ACCOUNT	AMOUNT
There are no transactions of type "All Transactions" in date range "This Calendar Year".			

Add Hourly Employee

Personal Information

INFORMATION FOR **Joe Sanders**

Personal

LEGAL NAME: Mr. Joe Sanders M.I. Sanders

PRINT ON CHECKS AS: Joe Sanders

SOCIAL SECURITY NO.: 132-45-6689

GENDER: Male

DATE OF BIRTH: 04/08/1977

MARITAL STATUS: Single

U.S. CITIZEN: Yes

ETHNICITY: White

DISABILITY: DISABLED: No

DISABILITY DESCRIPTION:

I-9 FORM: ON FILE: Yes

WORK AUTHORIZATION EXPIRES:

MILITARY: U.S. VETERAN: No

STATUS:

☐ Employee is inactive

OK Cancel Help

Address and Contact Information

INFORMATION FOR **Joe Sanders**

Address & Contact

HOME ADDRESS:

ADDRESS: 2431 South St.

CITY: Palo Alto, CA 94304

STATE: CA ZIP: 94304

MAIN PHONE: 650-652-9328

MAIN EMAIL: joe@buildem.com

Work Phone: CC Email:

Mobile: Website:

Fax: Other 1:

EMERGENCY CONTACT INFO:

CONTACT NAME: CONTACT PHONE: RELATION:

Trevor Matheson 650-555-1212 Friend

Secondary Contact

☐ Employee is inactive

OK Cancel Help

Employment Info

Information for: New Employee

Left Sidebar: Personal, Address & Contact, Additional Info, Payroll Info, **Employment Info**, Workers' Comp

Tabs: Employment (selected), Leave of Absence, Termination

EMPLOYMENT DATES

HIRE DATE: 01/17/2014
 ORIGINAL HIRE DATE:
 ADJUSTED SERVICE DATE:
 RELEASE DATE (LAST DATE ON PAYROLL):

EMPLOYMENT DETAILS

EMPLOYMENT TYPE: Regular
 FULL/PART TIME: Part time
 EXEMPT: Exempt
 KEY EMPLOYEE:

JOB DETAILS

TITLE: Coordinator
 SUPERVISOR: Pete Smith
 DEPARTMENT:
 DESCRIPTION:
 TARGET BONUS:

☐ Employee is inactive

Buttons: OK, Cancel, Help

Payroll Information

Information for: Joe Sanders

Left Sidebar: Personal, Address & Contact, Additional Info, **Payroll Info**, Employment Info, Workers' Comp

Payroll Schedule: Semi-Monthly Regular
Pay Frequency: Semimonthly
Class: Dallas

Buttons: Direct Deposit, Taxes..., Sick/Vacation...

EARNINGS

ITEM NAME	HOURLY/ANNUAL RATE
Hourly	20.00
Overtime	30.00
PTO-hourly	20.00

☒ Use time data to create paychecks

ADDITIONS, DEDUCTIONS AND COMPANY CONTRIBUTIONS

ITEM NAME	AMOUNT	LIMIT
Health Insurance	-75.00	

☐ Employee is covered by a qualified pension plan

☐ Employee is inactive

Buttons: OK, Cancel, Help

Federal Taxes

Taxes for Joe Sanders

Federal | State | Other

Filing Status: Married

Allowances: 4

Extra Withholding: 0.00

SUBJECT TO

- ☒ Medicare
- ☒ Social Security
- ☐ Advance Earned Income Credit
- ☒ Federal Unemployment Tax (Company Paid)

What if this employee is subject to Nonresident Alien Withholding?

OK
Cancel
Help

State Taxes

Taxes for Joe Sanders

Federal | **State** | Other

STATE WORKED

State: CA

☒ SUI (Company Paid) ☒ SDI

STATE SUBJECT TO WITHHOLDING

State: CA Filing Status: Married (two incomes)

Allowances: 4 Extra Withholding: 0.00

MISCELLANEOUS DATA (DEPENDS ON STATE SELECTED)

Estimated Deductions: 0

PREVIOUS STATE DATA (FOR REFERENCE ONLY)

OK
Cancel
Help

Sick & Vacation Information

Sick and Vacation for Joe Sanders

SICK (PRINTS AS: PTO)

Hours available as of 01/17/2014: 0:00

Hours used in 2014: 0:00

Accrual period: Beginning of year

Hours accrued at beginning of year: 80:00

Maximum number of hours: 80:00

☒ Reset hours each new year?

Year begins on: January Day 1

Begin accruing sick time on: 01/17/2014

VACATION (PRINTS AS: VACATION)

Hours available as of 01/17/2014: 0:00

Hours used in 2014: 0:00

Accrual period: Beginning of year

Hours accrued at beginning of year: 0:00

Maximum number of hours:

☐ Reset hours each new year?

Year begins on: January Day 1

Begin accruing vacation time on: 01/17/2014

Buttons: OK, Cancel, Help

Add Salary Employee

Edit Employee

INFORMATION FOR **Pete Smith**

Personal

Payroll Schedule: Semi-Monthly Regular

Pay Frequency: Semimonthly

Class:

Buttons: Direct Deposit, Taxes..., Sick/Vacation...

Payroll Info

Employment Info

Workers' Comp

EARNINGS

ITEM NAME	HOURLY/ANNUAL RATE
Salary	35,000.00

☐ Use time data to create paychecks

ADDITIONS, DEDUCTIONS AND COMPANY CONTRIBUTIONS

ITEM NAME	AMOUNT	LIMIT
401k Emp.	-3.0%	-16,500.00
401k Co. Match	2.0%	45,000.00
Cell phone reimburs...	50.00	0.00
Health Insurance	-150.00	0.00

☒ Employee is covered by a qualified pension plan

☐ Employee is inactive

Buttons: OK, Cancel, Help

Payroll Items

QuickBooks uses Payroll Items for anything that affects the amount on a payroll check and for company expenses related to payroll. After turning on QuickBooks Payroll, you can add payroll items as needed.

When you add an item, you can use EZ Setup or Custom Setup. Real World Training recommends EZ Setup.

Payroll Item Types

Item Type	Description	Example
Compensation	Hourly or salary wage, commission, or bonus paid to employee	Straight Time, Salary, Sales Commission, Bonus
Insurance Benefits	Taxable and pre-taxable Insurance benefits	Health Insurance, Sec 125 Insurance, Dental Insurance
Retirement Benefits	Employee benefits related to retirement	401(K) Plans, Simple IRA
Paid Time Off	Vacation and sick time	Vacation Salary, Vacation Hourly, Sick Hourly
Other Additions	Other common additions to a paycheck	Mileage Reimbursement, Employee Advance
Other Deductions	Other common deductions from a paycheck	Wage Garnishments, Union Dues
Custom	Payroll items not falling within another type	State Income Tax, State Unemployment Tax

Payroll Item List

ITEM NAME	TYPE	AMOUNT	ANNUAL LIMIT	TAX TRACKING	PAYABLE TO	ACCOUNT ID
PTO-salary	Yearly Salary			Compensation		
Salary	Yearly Salary			Compensation		
Hourly	Hourly Wage			Compensation		
Overtime	Hourly Wage			Compensation		
PTO-hourly	Hourly Wage			Compensation		
Bonus	Bonus	0.00		Compensation		
Cell phone reimbursement	Addition	50.00		None		
401k Emp.	Deduction	0.0%		401(k)	401(k) administrator	7788776
Health Insurance	Deduction	-75.00		None	California Medical	7788654455
401k Co. Match	Company Contribution	0.00		401(k) Co. Match	401(k) administrator	7788776
Advance Earned Income Credit	Federal Tax			Advance EIC Payment	United States Treasury	75-1234567
Federal Unemployment	Federal Tax	0.6%	7,000.00	FUTA	United States Treasury	75-1234567

Payroll Item Activities Reports ☐ Include inactive

Add Payroll Additions



Add Payroll Items (Addition)

- 1) Select **Employees:Manage Payroll Items:New Payroll Item** from the menu.
- 2) Select **EZ Setup** and click **Next**.
- 3) Select one of the top payroll item types and click **Next**.
- 4) Enter remaining information in the **Add New** payroll item windows.
- 5) Click **Finish**.

Add Commission

Add New

Tell us how you compensate your employees

Choose all that apply:

☐ Salary

☐ Hourly wage and overtime

☐ Bonus, award, or one-time compensation

Other compensation

☒ Commission

☐ Tips

☐ Piecework [Explain](#)

[Can I make changes later?](#)

[How do I set up wages for special situations?](#)

Cancel Next >

Add Reimbursement

Edit payroll item (Addition:Cell phone reimbursement)

Name used in paychecks and payroll reports

Enter name for addition:

Cell phone reimbursement

For example, if you are creating an addition for an employee loan, you may want to call it 'Employee Loan'.

☐ Track Expenses By Job

To track expenses by customer and job, by class, and by service item, select the checkbox. For more information, click Help.

☐ Payroll item is inactive

To hide this item on the Payroll Item list, select the checkbox.

Back Next Finish Help Cancel

Add Payroll Deductions



Add Payroll Items (Deduction)

- 1) Select **Employees:Manage Payroll Items:New Payroll Item** from the menu.
- 2) Select **EZ Setup** and click **Next**.
- 3) Select one of the top payroll item types and click **Next**.
- 4) Enter remaining information in the **Add New** payroll item windows.
- 5) Click **Finish**.

Add Dental Insurance

Add New

Set up the payment schedule for dental insurance

Payee (Vendor) [Explain](#)

Account #
(The number the payee uses to identify you. Example: 99-99999X)

Payment frequency

☐ Weekly, on for the previous week's liabilities

☒ Monthly, on the day of the month for the previous month's liabilities

☐ Quarterly, on the day of the month for the previous quarter's liabilities

☐ Annually, on for the previous year's liabilities

☐ I don't need a regular payment schedule for this item

Add 401(k)-Employee Deduction

Edit payroll item (Deduction:401k Emp.)

Name used in paychecks and payroll reports


Enter name for deduction:

For example, if you are creating a deduction for employee 401(k) plan, you may want to call it '401(k)'.

☐ Track Expenses By Job
To track expenses by customer and job, by class, and by service item, select the checkbox. For more information, click Help.

☐ Payroll item is inactive
To hide this item on the Payroll Item list, select the checkbox.

Add Health Insurance



Edit payroll item (Deduction:Health Insurance)

Name used in paychecks and payroll reports

Enter name for deduction:

For example, if you are creating a deduction for employee 401(k) plan, you may want to call it '401(k)'.

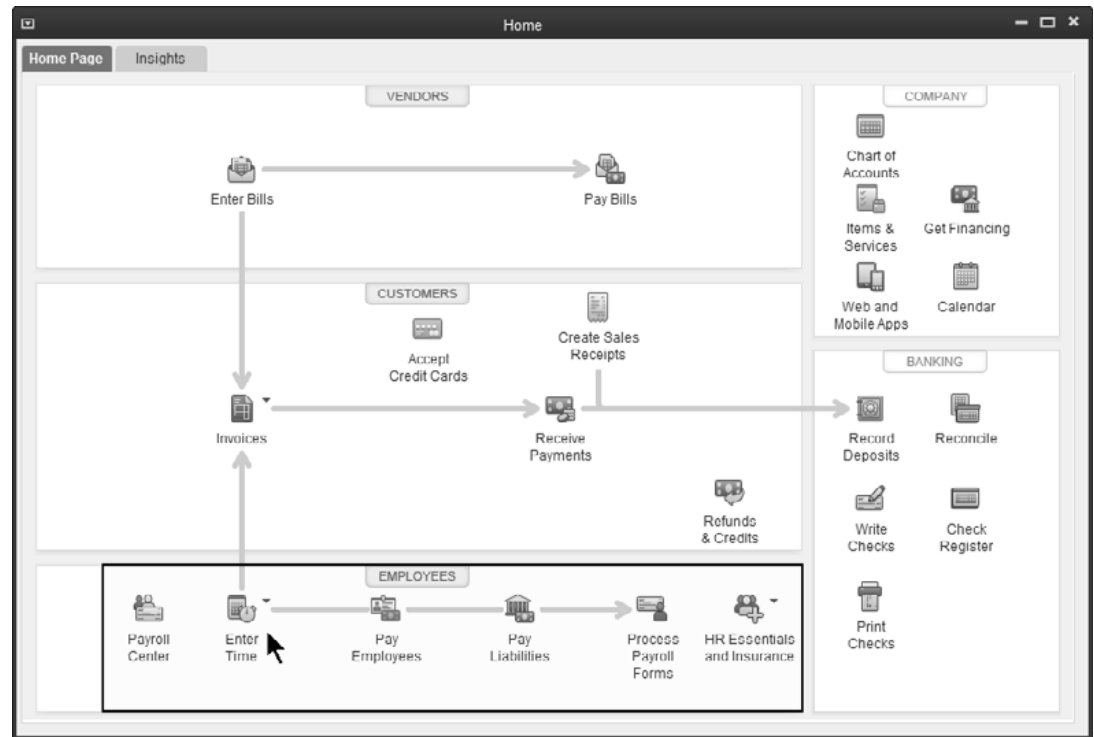
☐ Track Expenses By Job
To track expenses by customer and job, by class, and by service item, select the checkbox. For more information, click Help.

☐ Payroll item is inactive
To hide this item on the Payroll Item list, select the checkbox.

Chapter 5- Time Tracking

*Mastering QuickBooks
Payroll*

Set Up Time Tracking



Benefits of Time Tracking in QuickBooks

QuickBooks lets you track the time an employee, subcontractor, or owner spends on each job. Once you enter the time, you can use the information in several ways:

- 1) Invoice the customer for actual time worked on jobs
- 2) Print reports showing the time spent on jobs
- 3) Use the information to prepare employee paychecks

Set Time Tracking Preferences

Turn on Time Tracking and set the first day of your work week by setting time tracking preferences. If you have QuickBooks Premier or Enterprise Solutions, you can also activate invoicing from a list of time and expenses.



Set Time Tracking Preferences

- 1) Select **Edit:Preferences** from the menu.
- 2) Click the **Time & Expenses** icon in the list to the left.
- 3) Click the **Company Preferences** tab.
- 4) Change appropriate information in the **Preferences** window.
- 5) Click **OK**.

Enter Time

QuickBooks lets you track the time employees or subcontractors spend on each job. The time can be used to pay employees, pay subcontractors, and invoice customers. There are three primary ways you can enter time into QuickBooks.

- 1) Single Activity
- 2) Weekly Timesheet
- 3) Directly Onto Paycheck

Single Activity

The *Time/Enter Single Activity* window is one way to enter time. This window has a larger data entry area for notes. This is important for entities such as law firms that require detailed notes to be transferred to the invoice. Plus, the stopwatch feature allows time entry as the work is being done.



Time/Enter Single Activity

- 1) Click the **Enter Time** icon on the **Home** page and select **Time/Enter Single Activity** from the drop-down list.
- 2) Click the **Name** drop-down list and select the appropriate employee.
- 3) Enter remaining information in the **Time/Enter Single Activity** window.
- 4) Click **Save & Close**.

The screenshot displays the 'Time/Enter Single Activity' window. At the top, there are navigation buttons: 'Previous', 'Next', 'Spelling', and 'Timesheet'. The main form includes several dropdown menus: 'DATE' set to '01/20/2014', 'PAYROLL ITEM' set to 'Hourly', 'NAME' set to 'Joe Sanders', 'CUSTOMER:JOB' set to 'Crandall Contractors', and 'SERVICE ITEM' set to '11 Siding'. To the right of these fields is a 'NOT BILLED' status indicator with a clock icon and a 'Bilable' checkbox that is checked. Below the dropdowns is a 'DURATION' section featuring a stopwatch icon, a large digital display showing '8:00', and three buttons: 'Start', 'Stop', and 'Pause'. To the right of the duration section is a 'NOTES' text area containing the text 'Siding on north and south side of home.' At the bottom right of the window are three buttons: 'Save & Close', 'Save & New', and 'Clear'. A mouse cursor is pointing at the 'Save & Close' button.

Weekly Timesheet

This allows entry of an employee's time for a full week.



Enter Time on Timesheet

- 1) Click the **Enter Time** icon on the **Home** page and select **Use Weekly Timesheet**.
- 2) Click the **Name** drop-down list and select the appropriate employee.
- 3) Enter remaining information in the **Weekly Timesheet** window.
- 4) Click **Save & Close**.

Weekly Timesheet (Employee)

[illegible]

Weekly Timesheet (Subcontractor)

[illegible]

Print Timesheets



Print Timesheets

- 1) Click the **Enter Time** icon on the **Home** page and select **Use Weekly Timesheet**.
- 2) Click the **Print** drop-down list and select **Print**.
- 3) Enter appropriate **Dates** in the **Select Timesheets to Print** window.
- 4) Click on the individual timesheets to select for printing.
- 5) Click **OK**.
- 6) Click **Print**.

Print Timesheets

Select Timesheets to Print

Dated 01/20/2014 thru 01/26/2014

NAME	TYPE	HOURS
✓ Joe Sanders	Employee	42:00

Activity notes: ☒ Print first line only. ☐ Print full activity notes.

Buttons: OK, Cancel, Help, Preview, Select All, Select None

Timesheet

Timesheet												
Printed on: 01/31/2014												
Name: Joe Sanders												
Jan 20 to Jan 26, 2014												
Customer:Job	Service Item	Payroll Item	Notes	M	Tu	W	Th	F	Sa	Su	Total	Bill*
Crandall Contractors	11 Siding	Hourly	Siding on north and ...	8:00							8:00	B
Crandall Contractors	11 Siding	Hourly			8:00						8:00	B
Crandall Contractors	11 Siding	Overtime			2:00						2:00	N
Crandall Contractors	25 Cleanup	Hourly				8:00					8:00	B
Jupiter Homes	04 Concrete	Hourly					8:00	8:00			16:00	B
Totals				8:00	10:00	8:00	8:00	8:00	0:00	0:00	42:00	

Signature _____

Invoice Time & Expenses

QuickBooks makes it easier to invoice for time and expenses by setting a preference.



Set Time Preferences

- 1) Select **Edit:Preferences** from the menu.
- 2) Click **Time & Expenses** from the list of preferences.
- 3) Click the **Company Preferences** tab.
- 4) Click the box next to **Create invoices from a list of time and expenses**.



Invoice for Time

- 1) Click the **Invoices** icon on the **Home** page.
- 2) Click **Invoice for Time & Expenses** from the list.
- 3) Click the appropriate customer or job from the list.
- 4) Check the box next to **Let me select specific billables for this Customer:Job.**
- 5) Click **Create Invoice.**
- 6) Select the time to bill in the **Choose Billable Time and Costs** window.
- 7) Click **OK.**
- 8) Enter remaining information in the **Create Invoices** window.
- 9) Click **Save & Close.**

Invoice for Time & Expenses

[illegible]

Choose Billable Time & Costs

Choose Billable Time and Costs

Time and Costs For: **Crandall Contractors**

Time \$0.00 Expenses \$0.00 Mileage \$0.00 Items \$0.00

Select All

Click on Options... to customize how information from timesheets is brought into QuickBooks invoices

Options...

DATE	EMPLOYEE	SERVICE ITEM	HOU...	RATE	AMOUNT	NOTES	HIDE
01/20/2014	Joe Sanders	11 Siding	8.00	50.00	400.00	Siding on nor...	
01/21/2014	Joe Sanders	11 Siding	8.00	50.00	400.00		
01/22/2014	Joe Sanders	25 Cleanup	8.00	25.00	200.00		

☐ Print selected time and costs as one invoice item

Total billable time and costs 0.00

OK Cancel Help

Options for Transferring Billable Time

Options for Transferring Billable Time

When transferring billable time to an invoice:

- ☒ Enter a separate line on the invoice for each activity
 - ☐ Transfer activity notes
 - ☒ Transfer item descriptions
 - ☐ Transfer both notes and descriptions
- ☐ Combine activities with the same service items

OK Cancel Help

Customer Invoice

Create Invoices

Main Formatting Send/Ship Reports

Find New Save Delete Create a Copy Memorize Mark As Pending Print Email Email Later Attach File Add Time/Costs Apply Credits Receive Payments Create a Batch Refund/Credit

CUSTOMER/JOB: **Crandall Contractors** TEMPLATE: **Initial Product Invoice**

Invoice

DATE: 01/31/2014 INVOICE #: 1

BILL TO: **Crandall Contractors
77 3rd Street
Cheyenne, WY 80399**

SHIP TO:

P.O. NUMBER: TERMS: REP: SHIP: 01/31/2014 VIA: F.O.B.

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
8	11 Siding	Siding	50.00	400.00
8	11 Siding	Siding	50.00	400.00
8	25 Cleanup	Cleanup & Restoration	25.00	200.00

CUSTOMER MESSAGE:

MEMO:

TOTAL 1,000.00
PAYMENTS APPLIED 0.00
BALANCE DUE 1,000.00

Save & Close Save & New Clear

Productivity Reports



Review a Time by Name Report

- 1) Select **Reports:Jobs, Time & Mileage:Time by Name** from the menu.
- 2) Click the **Customize Report** button.
- 3) Below **Add subcolumns for**, click the boxes next to **Billed**, **Unbilled**, and **Not Billable**.
- 4) Click **OK**.

	Billed	Unbilled	Not Billable	Jan 14
Joe Sanders				
Amy Conoly	0:00	24:00	2:00	26:00
James April	0:00	16:00	0:00	16:00
Total Joe Sanders	0:00	40:00	2:00	42:00
TOTAL	0:00	40:00	2:00	42:00



Review a Time by Job Detail Report

- 1) Select **Reports:Jobs, Time & Mileage:Time by Job Detail** from the menu.

Date	Name	Billing Status	Duration
Crandall Contractors			
11 Siding			
01/20/2014	Joe Sanders	Billed	8:00
01/21/2014	Joe Sanders	Billed	8:00
01/21/2014	Joe Sanders	Not Billable	2:00
Total 11 Siding			10:00
25 Cleanup			
01/22/2014	Joe Sanders	Billed	8:00
Total 25 Cleanup			8:00
Total Crandall Contractors			26:00

Chapter 6-

Payroll Cycle

Mastering QuickBooks
Payroll

Create Paychecks



Create Paychecks

- 1) Click the **Pay Employees** icon on the **Home** page. Or click the **Payroll Center** icon on the **Home** page.
- 2) If using payroll schedules, select the appropriate payroll schedule for payment. Then click **Start Scheduled Payroll**.
- 3) If not using payroll schedules, click **Start Unscheduled Payroll**. Then, select the employees to pay in the **Enter Payroll Information** window.
- 4) Enter and review hours in the **Enter Payroll Information** window.
- 5) Click **Continue**.
- 6) Review information in the **Review and Create Paychecks** window.
- 7) To make a change, click the employee's name.
- 8) Click **OK** to save changes.
- 9) Click the **Create Paychecks** button.
- 10) Select whether to **Print Paychecks** and/or **Print Pay Stubs** in the **Confirmation and Next Steps** window.
- 11) Click **Close**.

Employee Center: Payroll Center

Employee Center: Payroll Center (QuickBooks Enhanced Payroll for unlimited employees)

My Payroll Service | Time Tracking | Payroll Updates | Payroll Items | Hiring Forms | Payroll Setup | Preferences | Support | Help

Employees | Transactions | Payroll

SUBSCRIPTION STATUSES

Enhanced Payroll | Manage Account

Free Payroll Support

January 2014

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	

February 2014

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

Create Paychecks

PROCESS PAYROLL BY	STATUS	PAYROLL SCHEDULE	PAY PERIOD	CHECK DATE
01/31/2014	Due	Semi-Monthly Regular	01/16/2014 - 01/31/2014	01/31/2014

Payroll Schedules | Start Unscheduled Payroll | Start Scheduled Payroll

Recent Payrolls

DATE	STATUS	PAYCHECK COUNT	GROSS PAY	NET PAY

Quick Guides

- Before You Hire
- Payroll Tips
- Direct Deposit

Other Activities

- Set Up Direct Deposit
- Add Employee
- Edit/Void Paycheck
- Print Paychecks
- Create Termination Check

Reports

- Payroll Summary
- Summarize Payroll Data
- Report Center...

Supplies & Services

- Order Checks
- Order Labor Law Posters
- Get Workers' Comp Quote

Enter Payroll Information Window

Enter Payroll Information

1 Enter Payroll Information → 2 Review & Create Paychecks → 3 Print & Distribute Paychecks

How do I pay my employees?

PAYROLL INFORMATION

PAYROLL SCHEDULE: Semi-Monthly Regular PAY PERIOD ENDS: 01/31/2014 BANK ACCOUNT: Checking

EMPLOYEES SELECTED TO PAY: 2 CHECK DATE: 01/31/2014 BANK ACCOUNT BALANCE: 20,000.00

CHECK OPTIONS

☒ Print paychecks on check stock First Check#: 1

☐ Handwrite & Assign check numbers

Uncheck All Open Paycheck Detail... SORT BY: Employee Name Show/Hide Columns

✓ EMPLOYEE	HOURLY	OVERTIME	DOUBLE-TIME	SALARY	BONUS	TOTAL HOURS
✓ Joe Sanders	40:00	2:00				42:00
✓ Pete Smith						

How do I use this window to enter payroll information?

Finish Later Continue

Review and Create Paychecks

Review and Create Paychecks

1 Enter Payroll Information → 2 Review & Create Paychecks → 3 Print & Distribute Paychecks

How do I pay my employees?

PAYROLL INFORMATION

PAYROLL SCHEDULE: Semi-Monthly Regular PAY PERIOD ENDS: 01/31/2014 BANK ACCOUNT: Checking

NUMBER OF PAYCHECKS: 2 CHECK DATE: 01/31/2014 BANK ACCOUNT BALANCE: 20,000.00

CHECK OPTIONS

☒ Print paychecks on check stock First Check#: 1

☐ Handwrite & Assign check numbers

Open Paycheck Detail...

Employee	Gross Pay	Taxes	Deductions	Net Pay	Employer Tax	Contributions	Total Hours	Direct Dep
Joe Sanders	860.00	-113.25	0.00	821.75	89.01	0.00	42:00	
Pete Smith	1,458.33	-284.99	-133.33	1,090.01	150.95	0.00		
	2,318.33	-398.24	-133.33	1,911.76	239.96	0.00	42:00	

< Back Finish Later Create Paychecks

Review Paycheck Amounts

Preview Paycheck

Pete Smith PAY PERIOD 01/16/2014 - 01/31/2014

☐ Use Direct Deposit

Earnings

ITEM NAME	RATE	HOURS	CUSTOMER JOB
Salary	1,458.33		
TOTALS 1,458.33 0:00 hrs			

SICK AVAILABLE 1:40
VACATION AVAIL. 0:00
SICK ACCRUED 1:40
VAC. ACCRUED
☐ Do not accrue sick/vac

Other Payroll Items

ITEM NAME	RATE	QUANTITY
401k Emp.	-4.0%	
Cell Phone Reim...	50.00	
Health Insurance ...	-75.00	

Company Summary

ITEM NAME	AMOUNT	YTD
CA- Employment Training...	1.40	1.40
Social Security Company	90.42	90.42
Medicare Company	21.15	21.15
Federal Unemployment	8.75	8.75

Employee Summary

ITEM NAME	AMOUNT	YTD
Salary	1,458.33	1,458.33
401k Emp.	-50.33	-50.33
Cell Phone Reimburse...	50.00	50.00
Health Insurance (taxable)	-75.00	-75.00
Medicare Employee Addl T...	0.00	0.00
Federal Withholding	-120.00	-120.00
Social Security Employee	-90.42	-90.42
Medicare Employee	-21.15	-21.15
CA- Withholding	-30.04	-30.04
CA- Disability	-14.50	-14.50
Check Amount:	1,090.01	

How are these items calculated?

Save & Previous Save & Next **Save & Close** Cancel Help ☐ Enter net/Calculate gross


Confirmation and Next Steps

Confirmation and Next Steps

1 Enter Payroll Information → 2 Review & Create Paychecks → 3 Print & Distribute Paychecks

☒ You have successfully created 2 paychecks:
2 for printing 0 for direct deposit [Learn more](#)

Next step:

 Print your paychecks/stubs, and distribute to employees.

Print Paychecks **Print Pay Stubs**

☐ Do not advance the dates of this payroll schedule in the Payroll Center
Do you want to pay your liabilities now?

Close

Print Paychecks

You can print a paycheck while reviewing it in the **Paycheck** window. This method works well if you are printing only one or two checks. If you are printing several paychecks at once, you can click the **Print Paychecks** button in the **Payroll Center** or select **File:Print Forms:Paychecks** from the menu.



Print Paychecks

- 1) Create paychecks as usual using the steps on page 50.
- 2) Click **Print Paychecks** in the **Confirmation and Next Steps** window.
- 3) Click **Print**.

Select Paychecks to Print

Select Paychecks to Print

Bank Account: Checking First Check Number: 1

Select Paychecks to print, then click OK.
There are 2 Paychecks to print for \$1,911.76.

✓	DATE	EMPLOYEE	AMOUNT
✓	01/31/2014	Joe Sanders	21.75
✓	01/31/2014	Pete Smith	1,090.01

Show: ☒ Both ☐ Paychecks ☐ Direct Deposit

Company message to be printed on all pay stubs:

Buttons: OK, Cancel, Help, Select All, Select None, Preferences

Print Checks

Print Checks

You have 2 checks to print for \$1,911.76

Settings | Fonts | Partial Page

Printer name: \\RWT01\Xerox WorkCentre 7120 PCL6 on I... Options...

Printer type: Page-oriented (Single sheets)

Note: To install additional printers or to change port assignments, use the Windows Control Panel.

CHECK STYLE

☒ Voucher ☐ Standard ☐ Wallet

Number of copies: 1

☐ Collate
☐ Print company name and address.
☒ Use logo
☐ Print Signature Image

Buttons: Print, Cancel, Help, Logo, Signature

Print Pay Stubs

Print pay stubs from the **Confirmation and Next Steps** window, or click the **Print:Print/Email Paystubs** button in the Payroll Center, or select **File:Print Forms:Pay Stubs** from the menu.



Print Pay Stubs

- 1) Create paychecks as usual using the steps on page 50.
- 2) Click **Print Pay Stubs** in the **Confirmation and Next Steps** window.
- 3) Select pay stubs to print, click **Print**, and click **Print** again.

Select Pay Stubs to Print

Bank Account: Checks Dated: thru

Select Pay Stubs, then click Print or E-mail.
There are 2 Pay Stubs to print for \$1,911.76

Employee:

✓	DATE	EMPLOYEE	AMOUNT
✓	01/31/2014	Pete Smith	1,090.01
✓	01/31/2014	Joe Sanders	821.75

Buttons: , , , ,

Show: ☒ Both ☐ Paychecks ☐ Direct Deposit

Company message to be printed on all pay stubs:

Buttons: , , ,

Pay Stub

Print Preview - Page 2 of 2

Buttons: , , , , ,

Joe Sanders
2431 South St
Palo Alto, CA 94304

Employee Pay Stub

Check number: _____ Pay Period: 01/15/2014 - 01/31/2014 Pay Date: 01/31/2014

Employee	SSN	Status (Fed/State)	Allowances/Extra
Joe Sanders, 2431 South St, Palo Alto, CA 94304	***-88-99	Single/Single	Fed 3/0/CA 0/0

Earnings and Hours	Qty	Rate	Current	YTD Amount	Paid Time Off	Earned	YTD Used	Available
Hourly	40.00	20.00	800.00	800.00	Sick	0.00		80.00
Overtime	2.00	30.00	60.00	60.00				
	42.00		800.00	800.00				

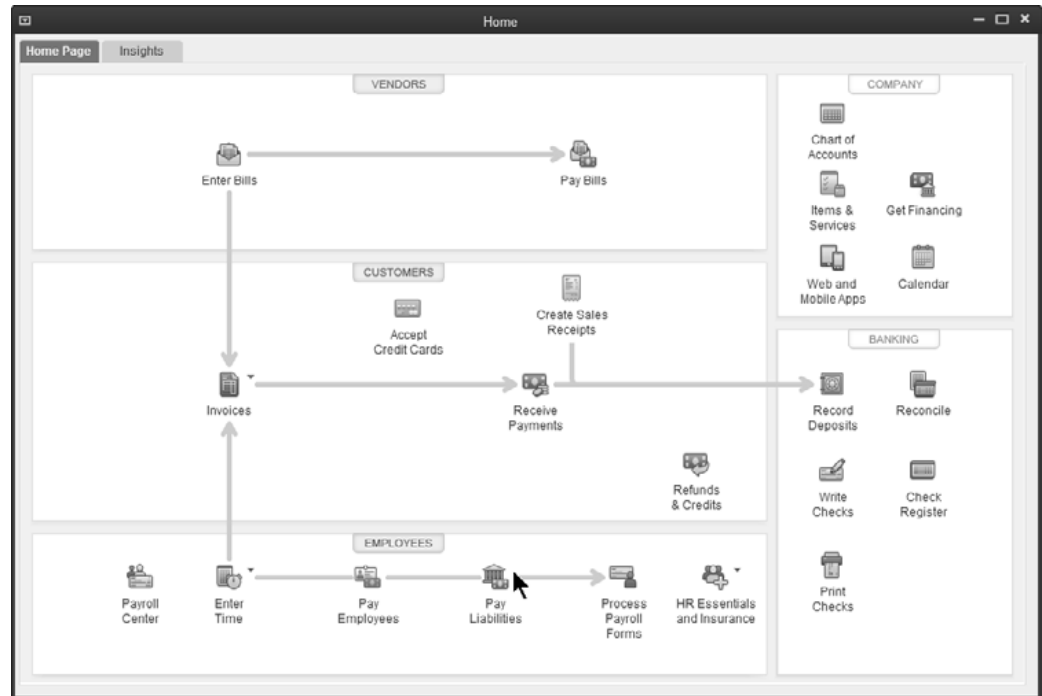
Taxes	Current	YTD Amount
Medicare Employee Add'l Tax	0.00	0.00
Federal Withholding	-27.00	-27.00
Social Security Employee	-53.32	-53.32
Medicare Employee	-12.47	-12.47
CA - Withholding	-11.88	-11.88
CA - Disability	-8.80	-8.80
	-113.25	-113.25

Adjustments to Net Pay	Current	YTD Amount
Cell Phone Reimbursement	75.00	75.00

Net Pay: 821.75 821.75

Pay Liabilities & Taxes

When you create paychecks, QuickBooks calculates taxes for you and calculates due dates based on your payment schedules. You enter the payment schedule for each liability when you add a payroll liability item. QuickBooks shows the due dates for the payments and warns you when your liability payments are overdue.



Pay Taxes/Liabilities

- 1) Click the **Pay Liabilities** icon on the **Home** page.
- 2) Select the tax or liability to pay in the list.
- 3) Click the **View/Pay** button.
- 4) Enter expenses and/or penalties in the **Liability Payment** window (if applicable).
- 5) Click **Save & Close**.
- 6) Click **Close** in the **Payment Summary** window.

Pay Liabilities

Employee Center: Payroll Center (QuickBooks Enhanced Payroll for unlimited employees)

My Payroll Service | Time Tracking | Payroll Updates | Payroll Items | Hiring Forms | Payroll Setup | Preferences | Support | Help

Employees | Transactions | Payroll

SUBSCRIPTION STATUSES

Enhanced Payroll | Manage Account

Free Payroll Support

January 2014

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	

February 2014

SU	MO	TU	WE	TH	FR	SA
					1	
2	3	4	5	6	7	8

Pay Taxes & Other Liabilities

SEND BY	STATUS	PAYMENT	METHOD	PERIOD	AMOUNT DUE
02/05/14	5 Days	CA Withholding and Disability ...	Check	1/29-1/31/14	65.88
02/05/14	5 Days	Federal 941/944/943	Check	1/29-1/31/14	509.72
02/15/14	2 Weeks	401k Emp.	Check	Jan 2014	58.33

Total Selected Items: 509.72

View/Print

Payment History

All Payments | E-Payments

DATE	TYPE	STATUS	CHECK N...	PERIOD E...	PAYEE	PAYMENT	ACCOUNT	AMOUNT

Quick Guides

- Payroll Tax Payments
- Electronic Payment
- Liability Management

Other Activities

- Start Paying Electronically
- Adjust Payroll Liabilities
- Change Payment Method
- Create Custom Payments
- Deposit a Tax Refund

Reports

- Payroll Liability Balances
- Payroll Liability Accruals & Payments
- Report Center...

Liability Payment

Liability Payment - Checking

Payment 1 of 1

Bank Account: Checking | Ending Balance: 18,088.24

No. To Print: 1 | Date: 01/31/2014

Pay to the Order of: United States Treasury | \$ 509.72

Five hundred nine and 72/100*****Dollars

Address: [Blank]

Memo: 75-1234567

Period: 01/29/14 - 01/31/14 | How do I e-pay? ☐ E-payment ☒ Check

Expenses: \$0.00 | Payroll Liabilities: \$509.72 | ☒ To be printed

PAYROLL ITEM	AMOUNT	MEMO
Federal Withholding	155.00	
Social Security Company	143.74	
Social Security Employee	143.74	

Recalculate | Save & Close | Save & Next | Cancel

Chapter 7- Quarter and Year-End

*Mastering QuickBooks
Payroll*

Quarterly Tax Forms



Federal Form 941

- 1) Click the **Process Payroll Forms** icon on the **Home** page.
- 2) Select **Quarterly Form 941/Schedule B**.
- 3) Click **Create Form**.
- 4) In the **File Form** window, select the appropriate filing period.
- 5) Click **OK**.
- 6) Answer all questions in the **Interview for your Form 941/Schedule B**, and click **Next** until finished.
- 7) Click the **Check for errors** button.
- 8) Correct any errors, if any. Then, click **Print for Your Records**.
- 9) Make appropriate selections in the **Printing** window.
- 10) Click **Print**.
- 11) Click **Save and Close**.

The screenshot shows the 'Payroll Tax Form' window. At the top, it says 'Tax Form for EIN 75-1234567'. The main title is 'Interview for your Form 941/Schedule B' with the subtitle 'Employer's Quarterly Federal Tax Return'. Below this, there are instructions: 'Instructions: Use this interview to help you fill out your Form 941 and Schedule B (if applicable). * QuickBooks uses your answers to complete your Form 941.' The form is divided into sections: 'Printing Schedule B for your records only?' with a checkbox; 'Tell us your IRS assigned deposit schedule' with a link 'What if I don't know my deposit schedule?' and a question 'Which deposit schedule should I select if I pay quarterly?'; and 'Answer the following questions for Form 941' with a checkbox 'If you do not have to file returns in the future, check here'. At the bottom, there are navigation buttons: '<<< Previous', 'Next >>>', 'Save and Close', 'Save as PDF...', 'Print for Your Records...', 'Check for Errors', and 'Submit Form...'. A checkbox at the very bottom is checked: 'Automatically create an archive when I e-file or print'.



State Unemployment

- 1) Click the **Process Payroll Forms** icon on the **Home** page.
- 2) Select the appropriate form from the list.
- 3) Click **Create Form**.
- 4) Enter the filing period.
- 5) Click **OK**.
- 6) Make any necessary changes.
- 7) Click **Save and Close**.

Payroll Tax Form

Check box if:

A No wages paid this quarter ☐

B Out of business/No employees **B1** Date ☐

C Total subject wages paid this quarter 2318.33

D Unemployment insurance (wages up to \$ 7,000)

Note: If you change tax rates on this form, the changes only apply to this form. They do **not** change tax rates for payroll items in QuickBooks. For more information, click "View details about this form" below.

2.00 % X	2318.33	46.37
E Employment training tax		
0.10 % X	2318.33	2.32
F State disability insurance (total employee wages up to a maximum limit)		
1.00 % X	2318.33	23.18
G California personal income tax withheld		42.70
H Subtotal		114.57
I Less previous payments (Note: Do not include penalty and interest payments)		
J Total taxes due or overpaid		114.57

[View details about this form](#) [View filing and printing instructions](#)

☒ Automatically create an archive when I e-file or print

Year-End Tax Forms



Submit Tax Form 940

- 1) Click the **Process Payroll Forms** icon on the **Home** page.
- 2) Select **Annual Form 940/Sch. A – Employer’s Annual Federal Unemployment (FUTA) Tax Return** from the list.
- 3) Click **Create Form**.
- 4) Enter the filing period.
- 5) Click **OK**.
- 6) Make any necessary changes.
- 7) Click **Save and Close**.

Payroll Tax Form

Name (not your trade name) Buildem, Inc. Employer Identification No. (EIN) 75-1234567

Trade Name (if any) Buildem Construction

Address 1245 Bel Air Ave. #100

City Mountain View State CA ZIP Code 94041

Foreign Country Name _____ Foreign Province/County _____ Foreign Postal Code _____

Type of Return

Check all that apply:

a ☐ Amended

b ☐ Successor employer

c ☐ No payments to employees in 2013

d ☐ Final: Business closed or stopped paying wages

Part I Tell Us About Your Return
If any line does Not apply, leave it blank

1 a If you had to pay state unemployment tax in one state only, enter the state abbreviation 1 a _____

b If you had to pay state unemployment tax in more than one state, you are a multi-state employer. Check here. Complete Schedule A (Form 940) 1 b ☐

2 If you paid wages in a state that is subject to Credit Reduction. Check here. Complete Schedule A (Form 940) 2 ☐

[View details about this form](#) [View filing and printing instructions](#)

☒ Automatically create an archive when I e-file or print

W-2s and W-3



Print W-2s and W-3

- 1) Click the **Process Payroll Forms** icon on the **Home** page.
- 2) Select **Annual Form W-2/W-3 - Wage and Tax Statement/Transmittal**.
- 3) Click **Create Form**.
- 4) Enter the appropriate information in the **File Form** window.
- 5) Click **OK**.
- 6) Click on individual employees to select for W-2 purposes.
- 7) Click the **Review/Edit** button to review the forms.
- 8) Click the **Next** button until the interview is complete.
- 9) Click the **Check for errors** button.
- 10) After all errors are corrected, click **Print forms**.
- 11) Click **Print**.
- 12) Click **Close Window**.
- 13) Click **Save and Close**.

Select Employees

Employee	SSN	Reviewed?	Printed?
<input checked="" type="checkbox"/> Sanders, Joe	132-45-6689	No	No
<input checked="" type="checkbox"/> Smith, Pete	123-45-6789	No	No

Employee W-2

Step 2: Form W-2 Worksheet 2013

Displaying: SANDERS, JOE | Employee 1 of 2

Employee's Name(s) as Shown on Forms: BUILDEM, INC.
Federal ID Number: 75-1234567

<p>a Employee's SSN 132-45-6689</p> <p>b Employer's ID number ... 75-1234567</p> <p>c Employer's name, address, and ZIP code</p> <p>BUILDEM, INC.</p> <p>BUILDEM CONSTRUCTION</p> <p>1245 BEL AIR AVE. #100</p> <p>MOUNTAIN VIEW State CA</p> <p>94041</p> <p>d Control number</p> <p>e Employee's name</p> <p>First JOE MI Suffix</p>	<p>1 Wages, tips, other compensation 860.00</p> <p>3 Social security wages 860.00</p> <p>5 Medicare wages and tips 860.00</p> <p>7 Social security tips</p> <p>9</p> <p>11 Nonqualified plans</p> <p>13 Statutory employee</p>	<p>2 Federal income tax withheld</p> <p>4 Social security tax withheld 53.32</p> <p>6 Medicare tax withheld 12.47</p> <p>8 Allocated tips</p> <p>10 Dependent care benefits</p> <p>12 Box 12 instr.</p> <p>a</p> <p>b</p>
--	--	---

View details about this form

Save and Close Save as PDF... Print for Your Records... Check for Errors Submit Form...

☒ Automatically create an archive when I e-file or print

Manually Adjust W-2s & W-3



Adjust & Print W-2s and W-3

- 1) Click the **Process Payroll Forms** icon on the **Home** page.
- 2) Select **Annual Form W-2/W-3 - Wage and Tax Statement/Transmittal**.
- 3) Click **Create Form**.
- 4) Enter the appropriate information in the **File Form** window.
- 5) Click **OK**.
- 6) Click on individual employees to select for W-2 purposes.
- 7) Click the **Review/Edit** button to review the forms.
- 8) Click **Next** twice to get to **Step 2: Form W-2 Worksheet**.
- 9) To enter information in empty fields, click on the field.
To edit existing information, right-click on the amount and select **Override**.
- 10) Enter appropriate information in the **Payroll Tax Form** windows.
- 11) Click **Next** until all forms are reviewed.
- 12) Click **Print forms** to print the appropriate form.
- 13) Click **Close Window** after printing all forms.
- 14) Click **Save and Close**.

Payroll Tax Form

1. Interview 2. Form W-2 3. Form W-3 4. Printing Instructions

Tax Form for EIN: 75-1234567 Employees with last names A through Z
2 of 2 employees selected

Step 2: Form W-2 Worksheet **2013**

Displaying: SANDERS, JOE Employee 1 of 2

Employer's Name(s) as Shown on Forms <u>BUILDEM, INC.</u>		Federal ID Number <u>75 1234567</u>
a Employee's SSN <u>132-45-6689</u>	1 Wages, tips, other compensation <u>860.00</u>	2 Federal income tax withheld <u>71.00</u>
b Employer's ID number ... <u>75-1234567</u>	3 Social security wages <u>860.00</u>	4 Social security tax withheld <u>53.32</u>
c Employer's name, address, and ZIP code <u>BUILDEM CONSTRUCTION</u> <u>1245 BEL AIR AVE. #100</u> <u>MOUNTAINVIEW</u> State <u>CA</u> <u>94041</u>	5 Medicare wages and tips <u>860.00</u>	6 Medicare tax withheld <u>12.47</u>
d Control number	7 Social security tips	8 Allocated tips
e Employee's name	9	10 Dependent care benefits
	11 Nonqualified plans <u>100.00</u>	12 Box 12 instrs. <u>a</u>

View details about this form

Select Employees... <<< Previous Next >>>

Save and Close Save as PDF... Print for Your Records... Check for Errors Submit Form...

☒ Automatically create an archive when I e-file or print

Reports



Review the Employee Contact List

- 1) Select **Reports>List:Employee Contact List** from the menu.

Employee	SS No.	Main Phone	Address	Gender
Joe Sanders	132-45-6689	650-652-9328	2431 South St. Palo Alto, CA 94304	Male
Pete Smith	123-45-6789		1278 Main St. Palo Alto, CA 94301	Male



Review Employee Withholding

- 1) Select **Reports:Employees and Payroll:Employee Withholding** from the menu.

Employee	SS No.	Federal Filing Status	Federal Extra...	State...	State Filing Status	State...	State Extra Am...
Joe Sanders	132-45-6689	Single	1	0.00 CA	Single	1	0.00
Pete Smith	123-45-6789	Single	1	0.00 CA	Single	1	0.00



Review a Payroll Summary

- 1) Select **Reports:Employees and Payroll:Payroll Summary** from the menu.

	Joe Sanders			Pete Smith			TOTAL		
	Hours	Rate	Jan 14	Hours	Rate	Jan 14	Hours	Rate	Jan 14
Employee Wages, Taxes and Adjustm.									
Gross Pay									
Salary			0.00			1,450.33			1,450.33
Hourly	40	20.00	800.00			0.00	40		800.00
Overtime	2	30.00	60.00			0.00	2		60.00
Bonus			0.00			0.00			0.00
Total Gross Pay	42		860.00			1,450.33	42		2,310.33
Deductions from Gross Pay									
401k Emp.			0.00			-58.33			-58.33
Total Deductions from Gross Pay			0.00			-58.33			-58.33
Adjusted Gross Pay	42		860.00			1,400.00	42		2,250.00



Review Payroll Transactions by Payee

- 1) Select **Reports:Employees and Payroll:Payroll Transactions by Payee** from the menu.

Buildem Construction
Payroll Transactions by Payee
January through March 2014

Date	Name	Num	Type	Memo	Account	Amount
United States Treasury						
01/31/2014	United States Trea...	To Pr...	Liability Check	75-1234567	Checking	-482.72
Total United States Treasury						-482.72
Joe Sanders						
01/31/2014	Joe Sanders	1	Paycheck		Checking	-848.75
Total Joe Sanders						-848.75
Pete Smith						
01/31/2014	Pete Smith	2	Paycheck		Checking	-1,090.01
Total Pete Smith						-1,090.01
TOTAL						-2,421.48



Review Employee Earnings Summary

- 1) Select **Reports:Employees and Payroll:Employee Earnings Summary** from the menu.

Buildem Construction
Employee Earnings Summary
January through March 2014

	Salary	Hourly	Overtime	Bonus	Cell Phone Reim...	Federal With...	Medicare Em...	Social Security ...	Federal Unem...	Medicare C...
Joe Sand...	0.00	800.00	60.00	0.00	75.00	0.00	-12.47	-53.32	5.16	12.47
Pete Sm...	1,458.33	0.00	0.00	0.00	50.00	-128.00	-21.15	-90.42	8.75	21.15
TOTAL	1,458.33	800.00	60.00	0.00	125.00	-128.00	-33.62	-143.74	13.91	33.62



Review Paid Time off List

- 1) Select **Reports:Employees and Payroll:Paid Time Off** from the menu.

Buildem Construction
Paid Time Off List
January 31, 2014

Employee	Sick Available	Sick Used	Vacation Avail...	Vacation Used
Joe Sanders	80:00	0:00	0:00	0:00
Pete Smith	1:40	0:00	0:00	0:00

Summarize Payroll Data in Excel®

QuickBooks allows you to send payroll data to Excel in powerful preformatted *Pivot Tables*.



Send Payroll Data to Excel

- 1) Select **Reports:Employees & Payroll:Summarize Payroll Data in Excel** from the menu.
- 2) Click **Enable Macros** in the **Security Warning** window (if asked).
- 3) Select appropriate dates in the **QuickBooks Payroll Workbook** window.
- 4) Click the **Get QuickBooks Data** button.

You can use the drop down arrows ▼ to change which views of your data you want. Select the worksheet tabs at the bottom of the Excel window to view the different reports. Click the Get QuickBooks Data button to update Excel with current payroll information.

The following reports are available:

- 1) Employee Journal by Check
- 2) Employee YTD Summary
- 3) Employee YTD Recap
- 4) Hours
- 5) Rates & Hours Worked
- 6) State Wage Listing
- 7) Compensation & Deferred Compensation by Tax Tracking Type
- 8) Quarterly Employee Summary
- 9) 943 Worksheet
- 10) Federal Form 8846-Social Security & Medicare Credit Worksheet
- 11) Effective Rates by Item & Employee

Employee Journal by Check

Q8_Payroll_Link1 [Compatibility Mode] - Microsoft Excel

HomeInsertPage LayoutFormulasDataReviewViewAdd-InsQuickBooks

ClipboardFontAlignmentNumber

General

Conditional Formatting as Table StylesFormat Cell StylesCells

InsertDeleteFormatCellsSort & Find & Filter Select Editing

A1Employee Journal by Check

1	Employee Journal by Check						Item Type	Pay Item	Compensation	Federal Tax	Social Security	Medicare	Medicare Additional Tax	State Tax
2	Name Type	Employee												
3	Payed by	Employee												
4	Summary													
5														
6														
7	SSN	Employee	Date	Num	Period Start	Period End								
8	123-45-6789	Pete Smith	1/16/2014	2	1/16/2014	1/31/2014	1,458.33	-128.00	-30.42	-21.15	0.00	-30.84		
9	Pete Smith Total						1,458.33	-128.00	-30.42	-21.15	0.00	-30.84		
10														
11	132-45-6789	Joe Sanders	1/16/2014	1	1/16/2014	1/31/2014	860.00	0.00	-53.32	-12.47	0.00	-11.86		
12	Joe Sanders Total						860.00	0.00	-53.32	-12.47	0.00	-11.86		
13														
14	Total						2,318.33	-128.00	-83.74	-33.62	0.00	-42.70		

Employee JournalYTD Summary 1YTD Summary 2HoursRates & Hours by JobState Wage ListingDefel

Visit Our Website
www.quickbookstraining.com

Chapter 8- Special Transactions

*Mastering QuickBooks
Payroll*

Net to Gross Calculation

QuickBooks Enhanced Payroll subscribers can easily create “net” bonus checks using the Net to Gross calculation feature. You enter the net check amount and let QuickBooks calculate the correct gross check amount.



Net to Gross

- 1) Click the **Pay Employees** icon on the **Home** page.
- 2) Click the **Start Unscheduled Payroll** button.
- 3) Click in the check mark column next to the appropriate employee's name.
- 4) Click **Continue**.
- 5) Click the employee's name in the **Review and Create Paychecks** window.
- 6) Enter the **Item Name** under **Earnings**.
- 7) Click the **Enter net/Calculate gross** box.
- 8) Enter the **Check Amount**.
- 9) Press **Tab** to see the gross amount in the **Rate** field.
- 10) Click **Save & Close**.
- 11) Click the **Create Paychecks** button.

Preview Paycheck

Pete J Smith PAY PERIOD 12/16/2013 - 12/31/2013

☐ Use Direct Deposit

Earnings

ITEM NAME	RATE	HOURS	CUSTOMER-JOB
Salary	1,250.67	27:00	
TOTALS 2,500.00 27:00 hrs			

SICK AVAILABLE 5:01
VACATION AVAILABLE 00:00
SICK ACCRUED 1:40
VAC. ACCRUED 0:00
☐ Do not accrue sick/vac

Other Payroll Items

ITEM NAME	RATE	QUANTITY

Employee Summary How are these items calculated?

ITEM NAME	AMOUNT	YTD
Salary	1,250.67	1,250.67
Medicare Employee Addl Tax	0.00	0.00
Federal Withholding	-155.00	-155.00
Social Security Employee	-77.54	-77.54
Medicare Employee	-10.13	-10.13
Check Amount 1,000.00		

Company Summary How are these items calculated?

ITEM NAME	AMOUNT	YTD
Social Security Company	77.54	77.54
Medicare Company	18.13	18.13
Federal Unemployment	7.50	7.50
TX - Unemployment Comp...	33.77	33.77

☒ Enter net/Calculate gross

Termination Paycheck

Whether an employee leaves your company voluntarily or you terminate them, the steps for entering their final paycheck are the same.



Set Employee's Release Date

- 1) Click the **Employees** icon on the icon bar.
- 2) Double-click to edit the employee to be terminated.
- 3) Click the **Employment Info** tab.
- 4) In the **Release Date** field, enter the last date the employee is on payroll.
- 5) Click **OK**.

The screenshot shows the 'Edit Employee' window for 'Thelma I Crabtree'. The 'Employment' tab is selected, showing the 'EMPLOYMENT DATES' section with the following fields:

- HIRE DATE: 02/01/1997
- ORIGINAL HIRE DATE: (empty)
- ADJUSTED SERVICE DATE: (empty)
- RELEASE DATE (LAST DATE ON PAYROLL): 01/31/2014
- ☐ Deceased

The 'EMPLOYMENT DETAILS' section shows:

- EMPLOYMENT TYPE: Regular
- FULL/PART TIME: (empty)
- EXEMPT: (empty)
- KEY EMPLOYEE: (empty)

The 'JOB DETAILS' section shows:

- TITLE: (empty)
- SUPERVISOR: (empty)
- DEPARTMENT: (empty)
- DESCRIPTION: (empty)
- TARGET BONUS: 0.00

At the bottom left, there is a checkbox labeled 'Employee is inactive'. At the bottom right, there are three buttons: 'OK', 'Cancel', and 'Help'. A mouse cursor is pointing at the 'OK' button.



Termination Paycheck

- 1) Click the **Pay Employees** icon on the **Home** page.
- 2) Click **Create Termination Check**.
- 3) Click to place a checkmark next to the appropriate employee's name.
- 4) Enter any time data if necessary.
- 5) Click **Continue**.
- 6) Click **Make Inactive** (Note: This removes the employee from the payroll list).
- 7) Click **Create Paychecks**.

The screenshot displays the 'Employee Center: Payroll Center' window. The left sidebar shows 'My Payroll Service' with options like 'Enhanced Payroll' and 'Free Payroll Support'. The main area is titled 'Pay Employees' and contains a 'Create Paychecks' section. This section includes a table for processing payroll by date, status, schedule, pay period, and check date. Below this is a 'Payroll Schedules' dropdown and buttons for 'Start Unscheduled Payroll' and 'Resume Scheduled Payroll'. A 'Recent Payrolls' table is also visible. At the bottom, there are four columns of links: 'Quick Guides', 'Other Activities' (including 'Create Termination Check'), 'Reports', and 'Supplies & Services'.

PROCESS PAYROLL BY	STATUS	PAYROLL SCHEDULE	PAY PERIOD	CHECK DATE
02/15/2014	Pending	Semi-Monthly Regular	02/01/2014 - 02/15/2014	02/15/2014

DATE	STATUS	PAYCHECK COUNT	GROSS PAY	NET PAY

Wage Garnishment

You may be asked by a court or government agency to deduct (garnish) money from an employee's wages. This can happen for child support, student loans in default, unpaid tickets, credit card debt, and so on. After you deduct the money from your employee's paycheck, you have to send it to the court or government agency. Follow the steps below to set up and pay a garnishment.

(1) Set up Garnishment Deduction Item



Add Payroll Items

- 1) Select **Employees:Manage Payroll Items:New Payroll Item** from the menu.
- 2) Select **EZ Setup** and click **Next**.
- 3) Select **Other Deductions (Garnishments, Union Dues...)** and click **Next**.
- 4) Enter remaining information in the **Add New** payroll item windows.
- 5) Click **Finish**.
- 6) (Optional) Open the Payroll Item list and double-click to edit the Garnishment.
- 7) (Optional) Click **Next** six times and click the Limit Type drop-down list and select Annual-restart each year.
- 8) Click **Finish**.

(2) Add Garnishment to Employee Record



Edit Employee (Add Wage Garnishment)

- 1) Click the **Employees** icon.
- 2) Double-click on the appropriate employee to add the garnishment to.
- 3) Click the **Payroll Info** tab.
- 4) In the **Additions, Deductions and Company Contributions** section, click on the next available line.
- 5) Click the drop-down list and select **Wage Garnishment**.
- 6) Enter the **Amount** and **Limit**.
- 7) Click **OK**.

(3) Deduct Garnishment from Employee

Run payroll as you normally do. QuickBooks automatically deducts the garnishment from the employee's paycheck.

(4) Pay Garnishment to Court/Government Agency



Pay Wage Garnishment

- 1) Click the **Pay Liabilities** icon on the **Home** page.
- 2) In the **Pay Taxes & Other Liabilities** section, select **Wage Garnishment**.
- 3) Click the **View/Pay** button.
- 4) Click **Save & Close**.

Liability Payment - Checking

Payment 1 of 1 Print

Bank Account: Checking Ending Balance: 387,972.29

Pay to the Order of: Friend of the Court No. To Print:
 Date: 02/28/2014 \$ 150.00
 One hundred fifty and 00/100* ***** Dollars

Address:

Memo:

Period: 02/01/14 - 02/28/14

Expenses: \$0.00 Payroll Liabilities: \$150.00 ☒ To be printed

PAYROLL ITEM	AMOUNT	MEMO
Child Support	150.00	

Recalculate
Save & Close
Save & Next
Cancel

Commissions

QuickBooks allows you to set up sales reps and track the dollar amount of their sales. You can use this information to calculate commissions to pay each of your sales reps.

To calculate this amount, set up a payroll item called Commission. You will enter a commission percentage when you add the commission payroll item to each employee. When your sales reps have made sales eligible for commission, run the Sales by Rep Detail (or Summary) report. Process payroll and enter the total sales for each rep. QuickBooks calculates the commission automatically.

(1) Set up Sales Reps



Set up Sales Reps

- 1) Select **Lists:Customer & Vendor Profile Lists:Sales Rep List** from the menu.
- 2) Click the **Sales Rep** button and select **New**.
- 3) Click the **Sales Rep Name** drop-down list and select the sales rep from the list. If the Sales Rep Name is not in the list, click **Add New** to add a new sales rep.
- 4) Modify the **Sales Rep Initials** and **Sales Rep Type** if necessary.
- 5) Click **OK**.

(2) Assign Sales Rep to Customer



Assign Sales Rep to Customer

- 1) Click the **Customers** icon.
- 2) Double-click on the customer to assign a sales rep.
- 3) Click the **Additional Info** tab.
- 4) Click the **Rep** drop-down list and select the sales rep from the list.
- 5) Click **OK**.

Edit Customer

CUSTOMER NAME

CURRENT BALANCE **4,949.27** How do I adjust the current balance?

Address Info

Payment Settings

Sales Tax Settings

Additional Info

CUSTOMER TYPE

REP

< Add New >

JS	Joe Sanders	Employee
----	-------------	----------

CUSTOM FIELDS

Define Fields

☐ Customer is inactive

OK **Cancel** **Help**

(3) Enter a Sale for Sales Rep

When you make a sale associated with a sales rep, QuickBooks adds the sales amount to the total sales for that sales rep. The Rep field must appear on your sales forms in order for the sales rep to receive a commission for the sale. You learn to customize sales forms in our two-day Mastering QuickBooks course.

Create Invoices

Customer: **Orlando Homes** | Template: **Intuit Product In...**

Invoice

DATE: 01/31/2014 | INVOICE #: 25

BILL TO: Orlando Homes, 33 North Orlando, FL 53740

SHIP TO: Orlando Homes, 33 North Orlando, FL 53740

P.O. NUMBER: | TERMS: Net 30 | REP: JS | SHIP: 01/31/2014 | VIA: UPS | F.O.B.: Build-Ern

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT	TAX
5	Cedar Door	Natural Cedar Door	500.00	2,500.00	Tax

TAX: Dallas County (8.25%) | TOTAL: 2,706.25 | PAYMENTS APPLIED: 0.00 | BALANCE DUE: 2,706.25

CUSTOMER MESSAGE: | MEMO: | CUSTOMER TAG CODE: Non

Buttons: Save & Close, Save & New, Revert

(4) Review Sales by Rep Detail Report



Review Sales by Rep Detail Report

- 1) Select **Reports:Sales:Sales by Rep Detail** (or **Summary**) from the menu.

Sales by Rep Detail

Customize Report | Comment on Report | Share Template | Memorize | Print | E-mail | Excel | Hide Header | Refresh

Dates: This Month-to-date | From: 01/01/2014 | To: 01/31/2014 | Sort By: Default

Buildem Construction
Sales by Rep Detail
January 2014

Type	Date	Num	Memo	Name	Item	Qty	Sales Price	Amount	Balance
Invoice	01/31/2014	25	Natural Ceda	Orlando Homes	Cedar D...	5	500.00	2,500.00	2,500.00
Total Joe Sanders						5		2,500.00	2,500.00
TOTAL						5		2,500.00	2,500.00

(5) Set Up Commission Payroll Item



Add New Payroll Item

- 1) Select **Employees:Manage Payroll Items:New Payroll Item** from the menu.
- 2) Select **EZ Setup**.
- 3) Click **Next**.
- 4) Select **Compensation**.
- 5) Click **Next**.
- 6) Under **Other Compensation**, select **Commission**.
- 7) Click **Next**.
- 8) Select the method your company uses to calculate commissions.
- 9) Click **Next**.
- 10) Click **Finish**.

(6) Assign Commission Item and Rate to Employee



Assign Commission Item and Rate to Employee

- 1) Click the **Employees** icon.
- 2) Double-click the employee to edit.
- 3) Click the **Payroll Info** tab.
- 4) Click on the first blank line under **Earnings**.
- 5) Click the drop-down list and select **Commission**.
- 6) Enter the commission percentage under **Hourly/Annual Rate**.
- 7) Click **OK**.

INFORMATION FOR **Joe Sanders**

Personal | **Address & Contact** | **Additional Info**

Payroll Info | **Employment Info** | **Workers' Comp**

PAYROLL SCHEDULE: **Semi-Monthly Regular** | **Direct Deposit** | **Taxes...**

PAY FREQUENCY: **Semi-monthly** | **Sick/Vacation...**

EARNINGS	
ITEM NAME	HOURLY/ANNUAL RATE
Hourly Rate	20.00
Overtime Rate	30.00
Vacation Hourly Rate	20.00
Sick Hourly Rate	20.00
Commission	10.0%

ADDITIONS, DEDUCTIONS AND COMPANY CONTRIBUTIONS		
ITEM NAME	AMOUNT	LIMIT
Medical Insurance	-50.00	

☒ Use time data to create paychecks | ☐ Employee is covered by a qualified pension plan

☐ Employee is inactive

OK | **Cancel** | **Help**

(7) Run Payroll

When you run payroll, click on the employee's name to have QuickBooks calculate their sales commission. Under Quantity, enter the total sales from the Sales by Rep Detail report. QuickBooks calculates the commission based on the percentage in the employee setup.

Preview Paycheck

Joe Sanders PAY PERIOD 01/16/2014 - 01/31/2014

☐ Use Direct Deposit

Earnings

ITEM NAME	RATE	HOURS	QUANTITY	CUSTOMER:JOB
Vacation Hourly Rate	20.00			
Sick Hourly Rate	20.00			
Commission	10.0%		2,500.00	
TOTALS 1,850.00 80:00 hrs				

SICK AVAILABLE 3:20
VACATION AVAIL 80:00
SICK ACCRUED 1:40
VAC. ACCRUED
☐ Do not accrue sick/vac

Other Payroll Items

ITEM NAME	RATE	QUANTITY
Medical Insurance	-50.00	

Employee Summary How are these items calculated?

ITEM NAME	AMOUNT	YTD
Hourly Rate	1,600.00	3,200.00
Overtime Rate	0.00	0.00
Vacation Hourly Rate	0.00	0.00
Sick Hourly Rate	0.00	0.00
Commission	250.00	250.00
Medical Insurance	-50.00	-100.00
Medicare Employee Addl Tax	0.00	0.00
Federal Withholding	-146.00	-254.00
Social Security Employee	-114.70	213.90
Medicare Employee	-26.83	-50.03
Check Amount	1,512.47	

Company Summary How are these items calculated?

ITEM NAME	AMOUNT	YTD
Social Security Company	114.70	213.90
Medicare Company	26.83	50.03
Federal Unemployment	11.10	20.70
TX - Unemployment Comp...	49.95	93.15

Save & Previous Save & Next Save & Close Cancel Help ☐ Enter net/Calculate gross

Void Paycheck

What happens if a paycheck is lost or damaged? It needs to be voided. We present two solutions to this problem below.

Void/Recreate Paycheck-Built-in Method

This first method uses the built-in **Edit/Void Paychecks** feature. The paycheck is voided in QuickBooks and then recreated through payroll.



Void Paycheck

- 1) Select **Employees>Edit/Void Paychecks** from the menu.
- 2) Enter the appropriate date range and sort order in the **Edit/Void Paychecks** window.
- 3) Select the appropriate paycheck.
- 4) Click the **Void** button.
- 5) Click **Done**.

Important! Avoid costly mistakes. Voiding paychecks cannot be undone. The only common reason to void a paycheck is if you created it by accident. Other situations should be handled differently. [Tell me how to handle other situations.](#)

Show paychecks dates from through Sort By

PAYCHECK DATE	CHECK NO.	EMPLOYEE	MEMO	NET AMOUNT
01/31/2014	1206	Joe Sanders		1,512.47
01/31/2014	1267	Pete J Smith		1,859.75

⚠ You may edit or void this check. If you have already given the check to the employee, use the Lock Net Pay feature when editing to ensure that you don't change the total wages or net check amount.

Void/Reprint Paycheck-A Faster Method

To save time, you can void and reprint a paycheck without recreating it through payroll using the following steps:

- 1) Reprint the original paycheck with the next available paycheck #
- 2) Create a new normal check and void it using the old check #



Reprint Original Paycheck

- 1) Find the appropriate paycheck in the **Write Checks** window.
- 2) Click **Print**.
- 3) Enter the next available paycheck number in the **Print Paycheck** window.
- 4) Click **OK**.
- 5) Select the appropriate **Check Style** in the **Print Checks** window.
- 6) Click **Print**.
- 7) Click **OK** in the **Print Checks - Confirmation** window.
- 8) Click **Save & Close**.

Paycheck - Checking

Main Reports

Find New Save Delete Memorize Create a Copy Print Print Later Attach File Select PO Enter Time Clear Splits Recalculate Batch Transactions Reorder Reminder Order Checks

BANK ACCOUNT: Checking ENDING BALANCE: 388,629.42

NO. 1287 DATE 01/31/2014

PAY TO THE ORDER OF: Pete J Smith \$ 1,859.75

One thousand eight hundred fifty-nine and 75/100***** DOLLARS

ADDRESS: Pete J Smith
25 Ross Road
Dallas, TX 75241

MEMO:

PAYCHECK SUMMARY

EARNINGS	2,500.00	PAY PERIOD	01/16/2014 - 01/31/2014
ADDITIONS	0.00	HOURS WORKED	27:00
TAXES	-620.25		
DEDUCTIONS	-20.00		

Paycheck Detail...

Save & Close Revert



Void Original Check Number

- 1) Click the **Write Checks** icon on the **Home** page.
- 2) Enter the employee's name as the **Pay to the Order of**.
- 3) Select **Edit:Void Check** from the menu.
- 4) Enter the original paycheck number as the **No**.
- 5) Enter an appropriate account on the **Expenses** tab*.
- 6) Click **Save & Close**.

*QuickBooks requires an account on voided checks. We suggest you create and use an Asset account on your Chart of Accounts named *Voided Checks*. This creates a register of all voided checks.

Special Liability Transactions



Custom Payroll Liability Payments

- 1) Click the **Pay Liabilities** icon on the **Home** page.
- 2) In the **Pay Taxes & Other Liabilities** section, click **Create Custom Payments**.
- 3) Enter appropriate dates in the **Select Date Range For Liabilities** window.
- 4) Click **OK**.
- 5) Click on the individual payroll items to pay.
- 6) Click the button indicating you will review the liability check.
- 7) Enter remaining information in the **Pay Liabilities** window.
- 8) Click the **Create** button.
- 9) Click **Save & Close**.



Deposit Refund of Payroll Liabilities

- 1) Select **Employees:Payroll Taxes and Liabilities:Deposit Refund of Liabilities** from the menu.
- 2) Click the drop-down list and select the **Vendor** who sent the refund check.
- 3) Enter the **Refund Date** (date you want the refund to affect your bank account).
- 4) Enter the **For Period Beginning** date (beginning date of the period you want the refund check to cover).
- 5) Enter the **Deposit total**.
- 6) Select whether to **Group with other undeposited funds** or **Deposit To** a specific account.
- 7) Enter the appropriate **Item Name**, **Amount**, and a **Memo** (if necessary).
- 8) Click **OK**.



Adjust Payroll Liabilities

- 1) Select **Employees:Payroll Taxes and Liabilities:Adjust Payroll Liabilities** from the menu.
- 2) Enter the **Date** of the adjustment (date you want to enter the adjustment).
- 3) Enter the **Effective Date** (date you want the adjustment to affect your liability balance).
- 4) Select whether the adjustment is for the **Company** or an **Employee**. If the adjustment is for an employee, click the drop-down list and select the appropriate employee.
- 5) Enter the appropriate **Item Name**, **Amount**, and a **Memo** (if necessary).
- 6) Click the **Accounts Affected** button and select **Affect liability and expense accounts** or **Do not affect accounts**.
- 7) Click **OK**.
- 8) Click **OK**.

Chapter 9- Advanced Transactions

*Mastering QuickBooks
Payroll*

Company & Employee Expenses

What if a payroll liability payment includes amounts deducted from paychecks plus amounts not deducted from paychecks? Consider an insurance plan in which an employee's premium is paid by the company. However, the cost for dependents is paid by the employee through payroll deductions. There are two ways to handle this situation:

- 1) Add the company-paid portion by adjusting the payroll liability check
- 2) Link the payroll deduction (employee portion) item to an expense account. Then, enter a bill or write a check for the full amount including both the employee and company portions.

Method 1-Pay as a Liability Check



Add Company Portion to Payroll Liability Payment

- 1) Click the **Pay Liabilities** icon on the **Home** page.
- 2) Select the tax or liability to pay in the list.
- 3) Click **View/Pay**.
- 4) On the **Expenses** tab, select the appropriate account and amount for the company portion of the liability payment.
- 5) Click **Save & Close**.

Liability Payment - Checking

Payment 1 of 1

Bank Account: Checking Ending Balance: 354,191.06

Pay to the Order of: Dental Insurers, Inc. No. To Print: 01/31/2014 Date: 01/31/2014 \$ 240.00

Two hundred forty and 00/100***** Dollars

Address: Dental Insurers, Inc. Whitey Teeth 938 Clean Road Louisville, TX 75883

Memo: REG-3399

Period: 01/01/14 - 01/31/14

Expenses: \$160.00 Payroll Liabilities: \$80.00 ☒ To be printed

ACCOUNT	AMOUNT	MEMO	CUSTOMER...	BILLAB...
Insurance:Dental	160.00			

Buttons: Recalculate, Save & Close, Save & Next, Cancel

Method 2-Pay with Bill/Check

This method records the paycheck deduction as a credit to an expense account. Then the bill or check includes the full amount of the payment as an expense. The resulting net expense will be the gross expense, minus the employee deduction amounts.



Link Payroll Deductions to Expense Account

- 1) Select **Lists:Payroll Item List** from the menu.
- 2) Click the **Payroll Item** button.
- 3) Select **New** from the menu.
- 4) Select **Custom Setup** and click **Next**.
- 5) Select **Deduction** as the **Payroll item type** and click **Next**.
- 6) Enter an appropriate name for the deduction and click **Next**.
- 7) Enter an appropriate **expense** account as the **Liability account**.
- 8) Enter remaining information in the **Add new payroll item** windows.
- 9) Click **Finish**.

Payroll Item Linked to Expense

Edit payroll item (Deduction Dental Insurance)

Agency for employee-paid liability

Enter name of agency to which liability is paid. Dental Insurers, Inc.

Enter the number that identifies you to agency. 30303

Liability account (employee-paid): Insurance:Dental

This liability account tracks deductions to be paid. You can change this account at any time.

Back Next Finish Cancel

Enter Bill/Check for Full Amount Owed

Enter Bills

Main Reports

Find New Save Delete Create a Copy Memorize Print Attach File Enter Time Clear Splits Recalculate Pay Bill

Bill

VENDOR: Dental Insurers, Inc. DATE: 01/31/2014

ADDRESS: Dental Insurers, Inc., Whitey Teeth, 930 Clean Road, Lewisville, TX 75883 REF. NO.: 890

AMOUNT DUE: 240.00

TERMS: Due on re... DISCOUNT DATE: BILL DUE: 01/31/2014

MEMO:

Expenses \$240.00 **Items** \$0.00

ACCOUNT	AMOUNT	MEMO	CUSTOMER:J...	BILLAB...
Insurance:Dental	240.00			

Save & Close Save & New Clear

Mapping Payroll Items

QuickBooks suggests using just one liability account for payroll-related liabilities (*Payroll Liabilities*), and one expense account named *Payroll Expenses*. However, mapping payroll items to appropriate subaccounts provides more meaningful and auditable financial statements. For proper payroll item mapping, follow these steps:

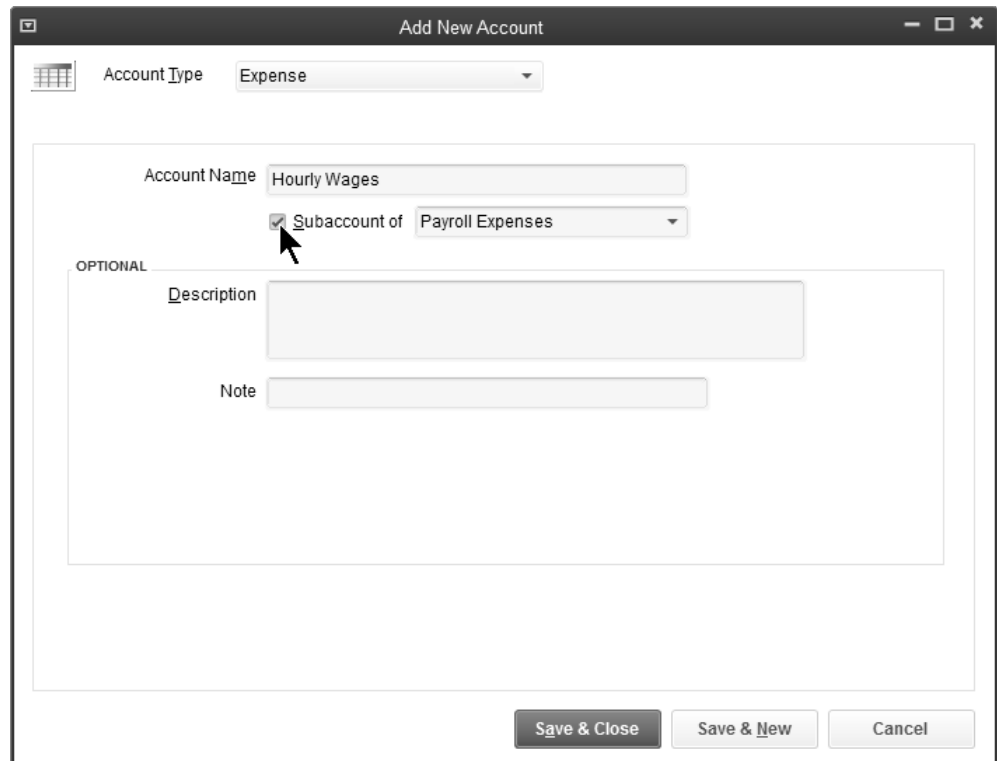
- 1) Create subaccounts of Payroll Liabilities for each type of payroll liability
- 2) Create subaccounts of Payroll Expenses for each type of payroll expense
- 3) Map payroll items to the appropriate subaccounts

This change is retroactive so adjusting prior transactions is automatic.

(1) Create Payroll Liability Subaccounts

The screenshot shows the 'Edit Account' window in QuickBooks. At the top, the 'Account Type' is set to 'Other Current Liability'. The 'Account Name' field contains 'Federal Withholding'. Below this, the 'Subaccount of' dropdown menu is set to 'Payroll Liabilities', and a mouse cursor is pointing at the checkbox next to it. The 'OPTIONAL' section contains fields for 'Description', 'Account No.', and 'Routing Number', all of which are currently empty. There is a 'Change Opening Balance...' button and a note: 'You can change the opening balance in the account register.' At the bottom, there is a checkbox for 'Account is inactive', a 'Set Up Online Services...' button, and 'Save & Close' and 'Cancel' buttons.

(2) Create Payroll Expenses Subaccounts



Add New Account

Account Type: Expense

Account Name: Hourly Wages

☒ Subaccount of: Payroll Expenses

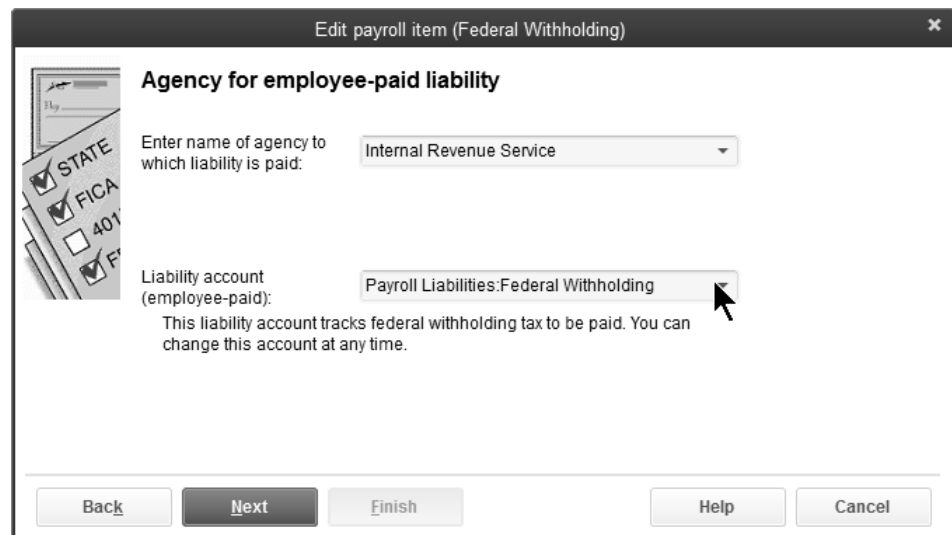
OPTIONAL

Description:

Note:

Save & Close Save & New Cancel

(3) Map Payroll Items to Subaccounts



Edit payroll item (Federal Withholding)

Agency for employee-paid liability

Enter name of agency to which liability is paid: Internal Revenue Service

Liability account (employee-paid): Payroll Liabilities:Federal Withholding

This liability account tracks federal withholding tax to be paid. You can change this account at any time.

Back Next Finish Help Cancel

Mapping Problems

Financial statements typically show problems with incorrectly mapped Payroll Items. Look for the financial statement lines “Payroll Liabilities:Other” or “Payroll Expenses:Other”. This indicates that a Payroll Item is mapped to a parent account instead of a subaccount.

Run the Payroll Item Listing report and review the account columns to see which payroll items are incorrectly mapped. You can also use this report to check the tax table rates and limits QuickBooks uses for Payroll Items.



Review Payroll Item Listing Report

- 1) Select **Reports:Lists:Payroll Item Listing** from the menu.

Payroll Item Listing

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Refresh Default

Buildem Construction
Payroll Item Listing

Payroll Item	Type	Amount	Limit	Expense Account	Liability Account	Tax Tracking
Salary	Yearly Salary			Payroll Expenses:Salaries		Compensation
Sick Salary	Yearly Salary			Payroll Expenses:Salaries		Compensation
Vacation Salary	Yearly Salary			Payroll Expenses:Salaries		Compensation
Hourly Rate	Hourly Wage			Payroll Expenses:Hourly Wages		Compensation
Overtime Rate	Hourly Wage			Payroll Expenses:Overtime		Compensation
Sick Hourly Rate	Hourly Wage			Payroll Expenses:Hourly Wages		Compensation
Vacation Hourly Rate	Hourly Wage			Payroll Expenses:Hourly Wages		Compensation
Bonus	Bonus	0.00		Payroll Expenses		Compensation
Expense Reimb	Addition	0.00		Miscellaneous		None
Piecework	Addition	10.00		Payroll Expenses		Compensation
401(k) Emp.	Deduction	0.00			Payroll Liabilities	401(k)
Dental Insurance	Deduction	20.00			Payroll Liabilities:Dental Insura...	None
Dental Insurers, Inc.	Deduction	0.00			Insurance:Dental	None
Health Insurance (pre-tax)	Deduction	0.00			Payroll Liabilities	Premium Only/125
Medical Insurance	Deduction	50.00			Payroll Liabilities:Medical ins. P...	None
401(k) Co. Match	Company Contribution	0.00		Payroll Expenses	Payroll Liabilities	None
Advance Earned Income Credit	Federal Tax				Payroll Liabilities	Advance EIC Paym...
Federal Unemployment	Federal Tax	0.6%	7,000.00	Taxes:Federal Payroll	Payroll Liabilities:Federal Unem...	FUTA
Federal Withholding	Federal Tax				Payroll Liabilities:Federal With...	Federal
Medicare Company	Federal Tax	1.45%		Taxes:Federal Payroll	Payroll Liabilities:Medicare Pay...	Comp. Medicare
Medicare Employee	Federal Tax	1.45%			Payroll Liabilities:Medicare Pay...	Medicare
Social Security Company	Federal Tax	6.2%	106,800.00	Taxes:Federal Payroll	Payroll Liabilities:Social Security	Comp. SS Tax
Social Security Employee	Federal Tax	4.2%	106,800.00		Payroll Liabilities:Social Security	SS Tax
TX - Unemployment Company	State Unemployment...	2.7%	9,000.00	Taxes:State Payroll	Payroll Liabilities:Texas Unemp...	Comp. SUI
Medicare Employee Addl Tax	Other Tax				Payroll Liabilities	Medicare Addl Tax

Tracking Benefits/Taxes to Classes/Jobs

QuickBooks lets you track wages, payroll taxes, and benefits by class and/or customer:job. To do this, several options must be set:

- 1) Class tracking must be turned on
- 2) The proper payroll preferences must be set
- 3) The *Payroll Item* needs to be set up to track expenses by job

(1) Turn Class Tracking On



Turn On/Off Classes

- 1) Select **Edit:Preferences** from the menu.
- 2) Click the **Accounting** icon in the list to the left.
- 3) Click the **Company Preferences** tab.
- 4) Check the box next to **Use class tracking for transactions**.
- 5) Click **OK**.

(2) Set Payroll Preferences



Set Payroll Preferences

- 1) Select **Edit:Preferences** from the menu.
- 2) Click the **Payroll & Employees** icon in the list to the left.
- 3) Click the **Company Preferences** tab.
- 4) Check the box next to **Job Costing, Class and Item tracking for paycheck expenses**.
- 5) Click **OK**.

(3) Set Up Payroll Item

Addition and Company Contribution payroll items must be set up to *Track Expenses By Job*.

Edit payroll item (Addition:Piecework)

Name used in paychecks and payroll reports

Enter name for addition:

For example, if you are creating an addition for an employee loan, you may want to call it 'Employee Loan'.

☒ **Track Expenses By Job**
 To track expenses by customer and job, by class, and by service item, select the checkbox.
 For more information, click Help.

☐ Payroll item is inactive
 To hide this item on the Payroll Item list, select the checkbox.

Back Next Finish Help Cancel

Job Cost for Salaried Employee

What if you need job costing for a salaried employee? This is confusing because the employee is not paid based on the number of hours worked. QuickBooks handles this by automatically allocating the salary based on the number of hours worked on each job. To job cost a salaried employee, do the following:

- 1) In the **Payroll Info** section of the **Edit Employee** window, select **Use time data to create paychecks**.
- 2) Use the **Weekly Timesheet** or **Time/Enter Single Activity** windows to enter time for the salaried employee.
- 3) Process the paycheck in the normal fashion.

Job Cost on Paycheck

Review Paycheck

Pete J Smith PAY PERIOD 01/16/2014 - 01/31/2014

☐ Use Direct Deposit

Earnings

ITEM NAME	RATE	HOURS	CUSTOMER-JOB	CLASS	SERVICE ITEM
Salary	555.56	6:00	Cecil's Lawn & Garden	Atlanta	Lock Install
Salary	462.96	5:00	Cecil's Lawn & Garden	Atlanta	Oak Install
Salary	740.74	8:00	Dallas Hardware and T...	Atlanta	Repair-Hinges
Salary	740.74	8:00	Jupiter Homes	Atlanta	Repair-Hinges
TOTALS			2,500.00	27:00 hrs	

SICK AVAILABLE 1:40
VACATION AVAILABLE 00:00
SICK ACCRUED 1:40
VAC. ACCRUED 0:00
☐ Do not accrue sick/vac

Other Payroll Items

ITEM NAME	RATE	QUANTITY
Dental Insurance	-20.00	

Employee Summary How are these items calculated?

ITEM NAME	AMOUNT	YTD
Salary	555.56	2,500.00
Salary	462.96	2,500.00
Salary	740.74	2,500.00
Salary	740.74	2,500.00
Dental Insurance	-20.00	-20.00
Medicare Employee Addl Tax	0.00	0.00
Federal Withholding	-429.00	-429.00
Social Security Employee	-155.00	-155.00
Medicare Employee	-36.25	-36.25
Check Amount:	1,059.75	

Company Summary How are these items calculated?

ITEM NAME	AMOUNT	YTD
Social Security Company	155.00	155.00
Medicare Company	36.25	36.25
Federal Unemployment	15.00	15.00
TX - Unemployment Comp...	67.50	67.50

OK Cancel Help

☐ Lock Net Pay ☒ Unlock Net Pay ☐ Enter net/Calculate gross

Track Employee Loans

Employee loans can be tricky. This example assumes that the loan is not taxable.

(1) Set Up Employee Loans Account



Set Up Employee Loans Account

- 1) Click the **Chart of Accounts** icon on the **Home** page.
- 2) Click the **Account** button.
- 3) Select **New** from the menu.
- 4) Click the **Other Account Types** drop-down list and select **Other Current Asset**.
- 5) Click **Continue**.
- 6) Enter **Employee Loans** as the **Account Name**.
- 7) Click **Save & Close**.

Account Type: Other Current Asset

Account Name: Employee Loans

Subaccount of: [dropdown]

OPTIONAL

Description: [text area]

Account No.: [text field]

Enter Opening Balance... Should I enter an opening balance?

☐ Account is inactive

Save & Close Cancel

(2) Write Check to Employee

If the loan is given on a paycheck, add an *Addition* payroll item. This item should not be taxable. If the loan is given on a regular check, use the *Employee Loans* account.



Write Check to Employee

- 1) Click the **Write Checks** icon on the **Home** page.
- 2) Click the **Pay to the Order of** drop-down list and select the employee.
(you can safely ignore the warning windows)
- 3) Click the **Account** drop-down list and select **Employee Loans**.
- 4) Enter remaining information in the **Write Checks** window.
- 5) Click **Save & Close**.

Write Checks - Checking

Main Reports

Find New Save Delete Memorize Create a Copy Print Print Later Pay Online Attach File Select PO Enter Time Clear Splits Recalculate Reorder Reminder Order Checks

BANK ACCOUNT: **Checking** ENDING BALANCE: **357,164.78**

NO. **1006** DATE **01/31/2014**

PAY TO THE ORDER OF **Joe Sanders** \$ **1,000.00**

One thousand and 00/100***** DOLLARS

ADDRESS
Joe Sanders

MEMO

Expenses **\$1,000.00** Items **\$0.00**

ACCOUNT	AMOUNT	MEMO	CUSTOMER JOB	BILLABLE?
Employee Loa...	1,000.00			

Save & Close Save & New Clear

(3) Add Employee Loan Repayment Payroll Item

If the loan is repaid via paychecks, add a *Deduction* payroll item. This item should not be taxable.



Add Employee Loan Repayment Payroll Item

- 1) Select **Lists:Payroll Item List** from the menu.
- 2) Click the **Payroll Item** button.
- 3) Select **New** from the menu.
- 4) Select **Custom Setup**.
- 5) Click **Next**.
- 6) Select **Deduction** as the **Payroll item type**.
- 7) Click **Next**.
- 8) Enter a name for the new payroll item.
- 9) Click **Next**.
- 10) Select the **Employee Loans asset** account as the **Liability account**.
- 11) Make additional selections in remaining windows.
- 12) Click **Finish**.

Add new payroll item (Deduction:Employee Loan Repayment)

Agency for employee-paid liability

Enter name of agency to which liability is paid:

Enter the number that identifies you to agency:

Liability account (employee-paid):

This liability account tracks deductions to be paid. You can change this account at any time.

(4) Edit Employee Setup

Add the relevant information to the employee setup for the repayment of the loan.



Edit Employee Setup: Add Employee Loan Repayment

- 1) Click the **Employees** icon.
- 2) Select the employee in the list to edit.
- 3) Click the **Edit Employee** button.
- 4) Click the **Payroll Info** tab.
- 5) Below **Additions, Deductions and Company Contributions**, add the **Employee Loan Repayment** payroll item, amount, and limit.
- 6) Click **OK**.

INFORMATION FOR **Joe Sanders**

Personal | **Address & Contact** | **Additional Info** | **Payroll Info** | **Employment Info** | **Workers' Comp**

PAYROLL SCHEDULE: Semi-Monthly Regular ☒ **Direct Deposit** **Taxes...**
 PAY FREQUENCY: Semimonthly **Sick/Vacation...**
 CLASS: Fort Worth

EARNINGS

ITEM NAME	HOURLY/ANNUAL RATE
Hourly Rate	10.00
Overtime Rate	15.00
Vacation Hourly Rate	10.00
Sick Hourly Rate	10.00

☐ Use time data to create paychecks

ADDITIONS, DEDUCTIONS AND COMPANY CONTRIBUTIONS

ITEM NAME	AMOUNT	LIMIT
Dental Insurance	-20.00	
Employee Loan Re...	-200.00	-1,000.00

☐ Employee is covered by a qualified pension plan

☐ Employee is inactive

OK **Cancel** **Help**

Balances/Limits

You can determine an employee's current loan balance by running a *QuickReport* from the Employee Loans account register.



Determine Employee's Loan Balance

- 1) Click the **Chart of Accounts** icon on the **Home** page.
- 2) Double-click on the **Employee Loans** account.
- 3) Click on any entry for the selected employee.
- 4) Click the **QuickReport** button.

You must decide how to treat the *Employee Loan Repayment* limit. Make this decision when setting up the *Payroll Item* deduction. You can click the *This is an annual limit* box to tell QuickBooks this is an Annual Limit. If you DO click the box, the amount paid toward the limit is reset to zero at the beginning of each year. That means you have to edit the employee record each year, and change the employee limit to reflect their unpaid balance.

If you do NOT click the box, QuickBooks continues deducting the repayments until the limit is reached on this first loan.

What if an employee receives a second loan? One approach is to create separate payroll items for the repayment of each loan. A more efficient approach is to change the *Limit* to the sum of the first and second loans.

Chapter 10- Resources

*Mastering QuickBooks
Payroll*

The Top Ten Payroll Mistakes

There are many possible errors you can make with payroll and human resources. For tips on how to avoid these mistakes, go to: quickbookstraining.com/docs/top10mistakes.pdf.

1) Employee Misclassification

Employees or contractors? This common misclassification can mean serious employment tax penalties.

2) W-2 Errors

This is the most common tax form employers file and naturally suffers the most frequent errors-both simple (which boxes to use?) and complex.

3) Paying and Filing Taxes Late

There are considerable penalties for missing the deadlines for depositing your payroll taxes and filing the required reports.

4) Form 1099-MISC Errors

The IRS finds businesses make many mistakes in the forms required for independent contractors.

5) Miscalculated State Unemployment Tax

The State Unemployment Tax is an employer-paid (also employee-paid in some states) but state-run program, and all the states have different rules.

6) Mishandled Garnishments, Levies, or Child Support

As part of your payroll, you may be legally required to pay money your employee owes to a third party.

7) Poor Record-Keeping and Data-Gathering

You are required to keep certain forms and records and they must be kept for a certain length of time. Check with your accountant or state for details.

8) Not Displaying Wage Posters

Yes, they are required, but you don't have to pay for them.

9) Breaches in Confidentiality

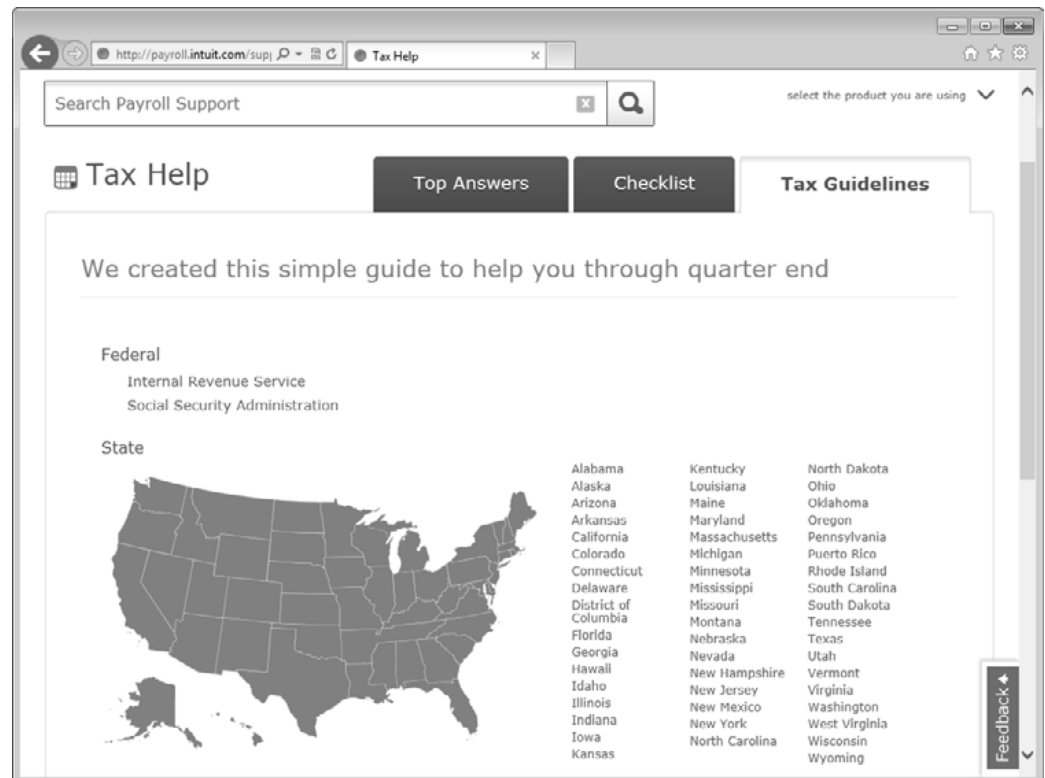
Discussing your salary or someone else's salary or commenting on the reasons someone was terminated within your company or to other prospective employers.

10) Claiming Ignorance

This is the most dangerous payroll mistake of all! It's your job to know.

Intuit Payroll Support

If you need further assistance with your QuickBooks payroll service or need more information on the proper forms to use when filing, visit payroll.intuit.com/support.



Switching Payroll Service

We've compiled the following list to help you find the information you'll need if you used a different payroll service provider prior to QuickBooks Payroll, or if you're switching from QuickBooks Basic or Enhanced Payroll to Assisted Payroll.

If you're switching from Paychex

Payroll information	Where to find it
UI Rate and ID	Payroll Summary
EE Info	Employee Earnings Record
YTD	End of Quarter YTD
QTD	Employee Earnings Record
Current Payroll	Payroll Journal or Payroll Register
Returns	941 and State return by quarter

If you're switching from ADP

Payroll information	Where to find it
UI Rate and ID	Statement of Deposits and Filings for the State
EE Info	Master List or Master Control
YTD	Master List or Master Control
QTD	Generally not available until well after the quarter, so will need to refer to Payroll Registers
Current Payroll	Payroll Register
Returns	Statement of Deposits and Filings for the State

If you're switching from QuickBooks Basic or Enhanced Payroll to Assisted Payroll

Payroll information	Where to find it
UI Rate and ID	Previous Quarter Returns or Payroll Item List
EE Info	Contact List
YTD	Payroll Summary
QTD	Payroll Summary
Current Payroll	Payroll Summary
Returns	941 and state returns

Glossary

Below are some of the most common terms related to payroll, benefits, human resources, and employment law. For current amounts or limits related to these terms, consult your accountant, employment law attorney, state agency, or the IRS.

125 Plan: Also known as "Cafeteria Plan" or "Flex Plan". Out-of-pocket costs an employee pays for certain benefit plans. If this is available to the employee, premium payments can be taken on a before-tax basis, reducing the employee's federal, social security, Medicare and most state taxes.

401(k) Plan: A cash or deferred arrangement that allows employees to authorize their employer to place pretax dollars in a retirement plan that invests the money. The contributions (including those matched by the employer) and any earnings on them are not subject to federal income tax (and most state income taxes) until they are withdrawn.

403(b) Annuity: An annuity or mutual fund that provides retirement income for employees of public schools and certain tax exempt organizations.

Accelerated Deposit Rule: This rule requires employers who accumulate a tax liability of \$100,000 or more during a deposit period to deposit withheld taxes within one banking day of the day the liability was incurred. This is also known as the one-day or \$100,000 rule.

Accrual: The recognition of assets, expenses, liabilities or revenues after the cash value has been determined, but before it is transferred.

Advance Earned Income Credit (AEIC): Payments of earned income credit during the year to employees who expect to be eligible for the credit. Employers make the payments out of federal income, Social Security and Medicare taxes withheld from the employees wages.

After-Tax Deduction: A deduction from an employees pay that does not reduce the employees taxable wages. It is taken out only after all applicable taxes and other deductions have been withheld (e.g., union dues, garnishments, charitable contributions).

Alien: A citizen of a country other than the U.S. or one of its territories or possessions.

Annual Wage Reporting (AWR): The Social Security Administrations system of recording wages reported annually by employers on Forms W-2.

Automated Clearing House (ACH): A Federal Reserve Bank or private financial institution acting as a clearinghouse for direct deposits. Entries are received and transmitted by the ACH.

Backup Withholding: Income tax withholding required from non-employee compensation when the payee fails to furnish the payer with a taxpayer identification number (TIN) or the payer is notified by the IRS that the payees TIN is incorrect.

Base Period: As it relates to unemployment compensation, it generally consists of 52 weeks or four of the last five quarters, immediately preceding the claimants benefit year.

Base Period Wages: Wages earned during the base period. The amount is generally one of several criteria used in determining a claimant's eligibility for unemployment compensation.

Cafeteria Plan: A plan that offers flexible benefits under the Internal Revenue Code 125. Employees choose their benefits from a "menu" of cash and benefits, some of which can be paid with pretax deductions from wages.

Child Support Withholding: The process of withholding amounts from an employees compensation to satisfy a child support order from a court or state child welfare administrative agency. The employer is responsible for withholding the amounts and paying them over to the party named in the withholding order.

Circular E: IRS Publication 15, Employers Tax Guide. This publication contains the basic rules, guidelines, and instructions for withholding, depositing, reporting, and paying federal employment taxes.

Compensation: All cash and non-cash remuneration given to an employee for services performed for the employer.

Compensatory Time: Paid time off granted to an employee for working extra hours. The Federal Wage-Hour Law places severe restrictions on the use of compensatory time to avoid paying overtime, although special exemptions are allowed for certain public sector employees (e.g., police officers and firefighters).

Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA): Federal law that requires employers with group health care coverage to offer continued coverage to separated employees and other qualifying beneficiaries. The person seeking coverage may be required to pay up to 102% of the premium for the coverage. COBRA also requires public sector employers to withhold and pay Medicare tax on the wages of all employees hired after 3-31-86 if the employer is not covered by a 218 agreement.

Credit: An accounting entry that increases liabilities and revenues and decreases assets and expenses.

Debit: An accounting entry that increases assets and expenses and decreases liabilities and revenues.

Deduction: An amount subtracted from an employee's gross pay to reach net pay, or an amount allowed to taxpayers as an offset against income.

Deferred Compensation: The postponement of a wage payment to a future date. Usually describes a portion of wages set aside by an employer for an employee and put into a retirement plan on a pretax basis.

Direct Deposit: The electronic transfer of an employee's net pay directly into financial institution accounts designated by the employee, thus avoiding the need to receive a "live" paycheck.

Earned Income Credit (EIC): A tax credit that is available to low-income employees with one or more qualifying children. It may be taken when the employee files his or her individual tax return, or partially paid in advance by the employer during the year.

EE Info: Employee Earnings information.

Electronic Funds Transfer (EFT): The transfer of money electronically from an account in one financial institution to an account in another financial institution.

Electronic Federal Tax Payment System (EFTPS): System that allows employers to make federal tax deposits electronically through the ACH network.

Electronic Filing: The process of filing tax and information returns directly from one computer to another.

Employee: Someone who performs services for an individual or an organization in return for compensation.

Employees Withholding Allowance Certificate: The federal Form W-4 or an equivalent state or local form on which the employee states their marital status and the number of withholding allowances he or she claims. The form is used by the employer to determine the amount of federal, state, and local income taxes to withhold from the employee's compensation.

Employer Identification Number (EIN): The employers account number with the Internal Revenue Service, consisting of nine (9) digits (00-0000000).

Exempt: See **White Collar Employees**.

Experience Rating: In the context of unemployment compensation, it is the employers past record of unemployment claims activity. This record is used to determine the employers unemployment tax rate (i.e., a high unemployment rate results in a higher tax rate).

Fair Labor Standards Act (FLSA): The Fair Labor Standards Act (1938) regulates minimum wage, overtime pay, and child labor laws for employers and employees covered by the law.

Family Medical Leave Act of 1993: Law guaranteeing 12 weeks of unpaid leave to most employees to care for newborn or newly adopted children, or to deal with a serious injury or illness suffered by an employee or an ailing child, spouse, or parent of the employee.

Federal Income Tax (FIT): A withholding tax levied against employees. The amount of withholding varies with the amount of earnings, frequency of pay, number of claimed exemptions, and marital status.

Federal Insurance Contributions Act (FICA): Combined tax levies for Social Security and Medicare.

Federal Unemployment Tax Act (FUTA): It requires employers to pay a certain percentage of their employees' wages (up to a maximum wage limit) as a payroll tax to help fund unemployment compensation benefits for separated employees.

Federal Employer Identification Number (FEIN): A number assigned to taxpayers and businesses by the federal government. This number is used for all tax transactions. Also referred to as EIN.

Fringe Benefit: Compensation other than wages provided to an employee such as health and life insurance, vacation, employer-provided vehicles, public transportation subsidies, etc., (taxable or non-taxable).

Garnishee: In a payroll context, an employer that receives an order requiring withholding from an employee's wages to satisfy a debt.

Garnishment: A legal authorization to involuntarily transfer employee wages to a creditor to satisfy a debt.

Gross-Up: An IRS-approved formula that employers can use to determine the taxable gross payment when the employer wishes to pay the employees share of the tax.

Group-Term Life Insurance (GTL): Term life insurance that is provided to employees, with the cost being borne by the employer, the employee, or both.

Guaranteed Annual Wage: A plan guaranteeing employees their annual income (regardless of the work available) or that they will be kept on the payroll (although possibly at a lower wage).

Immigration Reform and Control Act of 1986 (IRCA): Law enacted in 1986 that prohibits employers from hiring persons who are not authorized to work in the US and from discriminating against those who are because of national origin or citizenship.

Impute: The addition of the value of cash/non-cash compensation to an employee's taxable wages in order to properly withhold income and employment taxes from the wages.

Independent Contractor: A non-employee contracted by a business to perform services. Although the business specifies the result of the work to be performed, it has no right to control the details of when, how or who will ultimately perform the work.

Information Return: A return sent to the IRS (i.e., 1099 series) or Social Security Administration (i.e., W-2, Copy A), that indicates information relevant to tax liability.

Information Statement: A statement sent to a payee (i.e., 1099) or an employee (i.e., W-2) that indicates payments made and taxes withheld by the party issuing the statement.

Immigration and Naturalization Service (INS): Federal agency charged with enforcement of United States Immigration laws.

Internal Revenue Code (IRC): Federal tax laws.

Internal Revenue Service (IRS): Federal Agency charged with enforcement of United States tax laws and collection of taxes.

Leased Employees: Employees of a leasing (personnel) agency who are hired and trained for the client firm through the agency. Withholding, depositing, and reporting responsibilities remain with the leasing agency.

Levy: An attachment to satisfy a tax debt or a court judgment.

Liabilities: Debits of a business that have yet to be paid.

Lookback Period: A 12-month period beginning on July 1 and ending on June 30 of the previous calendar year. The amount of payroll taxes (Federal Withholding, Social Security, and Medicare without being reduced by any AEIC payments) in the lookback period determines the employer's deposit schedule of the payroll taxes for the current calendar year. These payroll taxes are located on quarterly Forms 941 (line 11).

Medicare: A federal hospital insurance program for individuals 65 or older and some disabled persons. It is funded through the hospital insurance component of FICA. Employer and employee pay matching amounts; no annual wage limit.

Minimum Wage: The lowest hourly amount an employer can pay employees under federal or state law.

New Hire Reporting: The reporting of newly hired/rehired employees to state agencies to assist in collecting child support and/or uncover abuse of the state's unemployment compensation, workers compensation or public assistance programs.

Net Pay: That part of an employee's wages that remains after all deductions have been subtracted (taxes, health insurance, benefits, etc.)

Non-cash Fringe Benefits: Benefits provided to employees in some form other than cash (i.e., company care, health or life insurance, parking) which may be taxable or nontaxable.

Nonexempt Employee: Employees who are covered by the minimum wage and overtime provisions of the Fair Labor Standards Act. They may be paid on an hourly or salary basis.

Nonqualified Plan: In the context of employee benefits, an employer plan that does not meet IRS qualification requirements.

Nonresident Alien: An individual from a foreign country working in the US who does not pass either the "green card" or "substantial presence" residency test, but is subject to federal income tax on US source income.

Originating Depository Financial Institution (ODFI): A financial institution that is qualified to initiate deposit entries submitted by an employer as part of the direct deposit process.

Other Compensation: Compensation other than wages that an employer must report on an employee's W-2.

Overtime: Hours worked in excess of maximum set by federal or state law that must be compensated.

Participating Depository Financial Institution: A financial institution that can accept direct deposits and transmit or receive entries.

Payroll Period: The period of service for which an employer pays wages to its employees.

Payroll Tax: Any tax levied by a government agency on employees wages, tips and other compensation.

Pretax Deduction: A deduction taken from gross pay that reduces taxable wages.

Pre-Notification: The process financial institutions require for individuals who are trying to establish electronic direct deposit services.

QTD: Quarter to Date.

Qualified Plan: A benefit plan that meets IRS qualification requirements for tax-favored treatment (i.e., nondiscrimination).

Receiving Depository Financial Institution (RDFI): A financial institution that qualifies to receive direct deposit entries from an Automated Clearing House.

Resident Alien: In the context of payroll, an individual who passes either the "green card" or "substantial presence" test for determining resident status in the US. Resident aliens are generally subject to federal income tax withholding and Social Security and Medicare taxes on the same basis as US citizens.

Resident Income Tax (RIT): Taxes an individual pays related to their state of residence. These taxes are separate from taxes related to the state in which an individual works.

Shift Differential: Extra pay received for working a less-than desirable shift (i.e., late nights, evenings).

Simplified Employee Pension (SEP): An Individual Retirement Arrangement (IRA) with special participation requirements that is available to certain small employers.

State Income Tax (SIT): State taxes paid by individuals to the state in which they work.

Social Security: The Old Age, Survivors, and Disability Insurance (OASDI) component of FICA.

Social Security Administration (SSA): The federal government agency that administers Social Security. It is part of the Department of Health and Human Services.

Social Security Number (SSN): An individual's taxpayer identification number, consisting of nine (9) digits (xxx-xx-xxxx).

State Unemployment Insurance (SUI): A quarterly tax paid to a state unemployment agency.

Statutory Employees: Special groups of employees identified by law (i.e., full-time life insurance salespeople, certain homeworkers) whose wages are not subject to FITW, but are subject to FICA and FUTA.

Straight Time: The standard number of work hours during a workweek for which an employee's regular rate of pay will be paid.

Supplemental Wages: Compensation received by employees other than their regular pay, such as bonuses, commissions, and severance pay. Income tax may be withheld from such payments at a flat rate under certain circumstances.

Table I: Refers to IRS Uniform Premium Table I, which is used to calculate the value of group-term life insurance over \$50,000.

Taxable Wage Base: The maximum amount of employee compensation subject to Social Security, FUTA, and state unemployment insurance taxes.

Taxpayer Identification Number (TIN): A Social Security number of employer identification number that serves as the taxpayer's account number with the IRS Taxpayer Identification Number (TIN): A Social Security number or employer identification number that serves as the taxpayer's account number with IRS and Social Security.

Third (3rd) Party Sick Pay: Payments made by a third party, such as a state or private insurer, to employees because of non job-related illness or injury.

Tip Credit: A reduction in the min. wage allowed for tipped employees earning at least \$30/month in tips.

Tipped Employee: An employee who works in an occupation in which the employee regularly receives \$30 or more a month in tips.

UI Rate: Unemployment Insurance Rate.

Wage Attachment: An involuntary transfer of an employee's wage payment to satisfy a debt.

Wage Continuation Sheet: A periodic report (i.e., quarterly) from an employer to the state unemployment agency containing employee information and unemployment taxable wages.

White Collar Employees: In the contest of the Federal Wage-Hour Law, these are executive, administrative, professional (including computer-related professionals), or outside sales employees who are exempt from the laws minimum wage, overtime pay, and certain record keeping requirements.

Withholding: Subtracting amounts from an employee's wages for taxes, garnishments or levies, and other deductions (i.e., medical insurance premiums, union dues). These amounts are then paid over to the government agency or other party to whom they are owed.

Work Week: The basis for determining an employee's regular rate of pay and overtime pay due under the Federal Wage-Hour Law. It can be any consecutive 7-day (168-hour) period.

YTD: Year to Date.

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