Intuit QuickBooks Training
by Real World Training

Mastering QuickBooks®

Payroll

Learning Manual

Mastering QuickBooks®
Payroll
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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

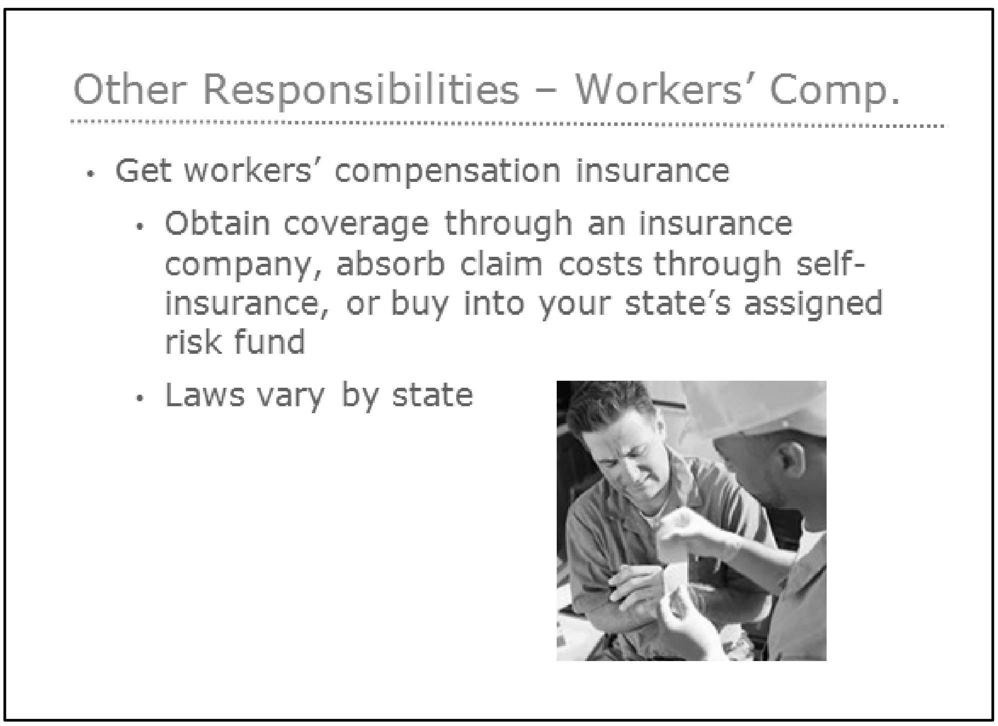
- Display the most current federal and state labor law posters at all company locations and in job applicant areas:
  - Minimum wage guidelines
  - Overtime standards
  - OSHA regulations
  - And more
- State and federal agencies such as the U.S. Department of Labor provide posters at no cost to employers

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/**.



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

▶ **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.**

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 ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate.
Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.

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.** ▶ ☐

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 . . . . ▶ 7

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*)

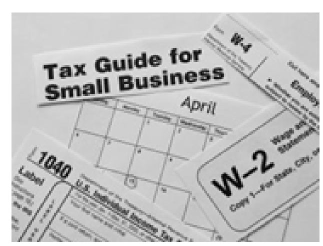
Address (*Street Number and Name*)	Apt. Number	City or Town	State	Zip Code

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



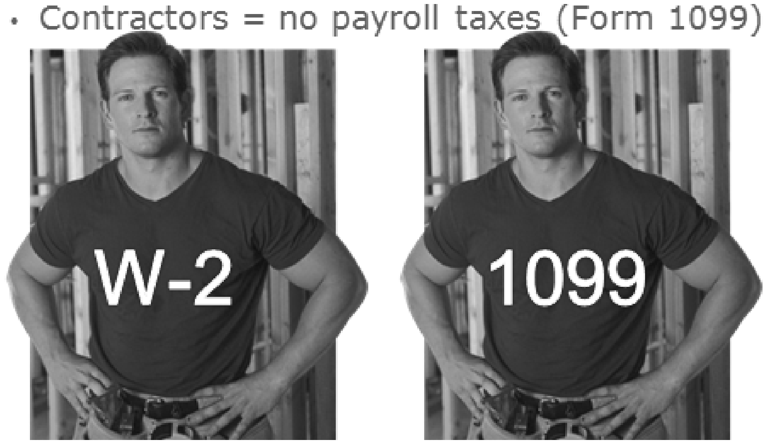
*Check your state's Department of Revenue for current guidelines

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.

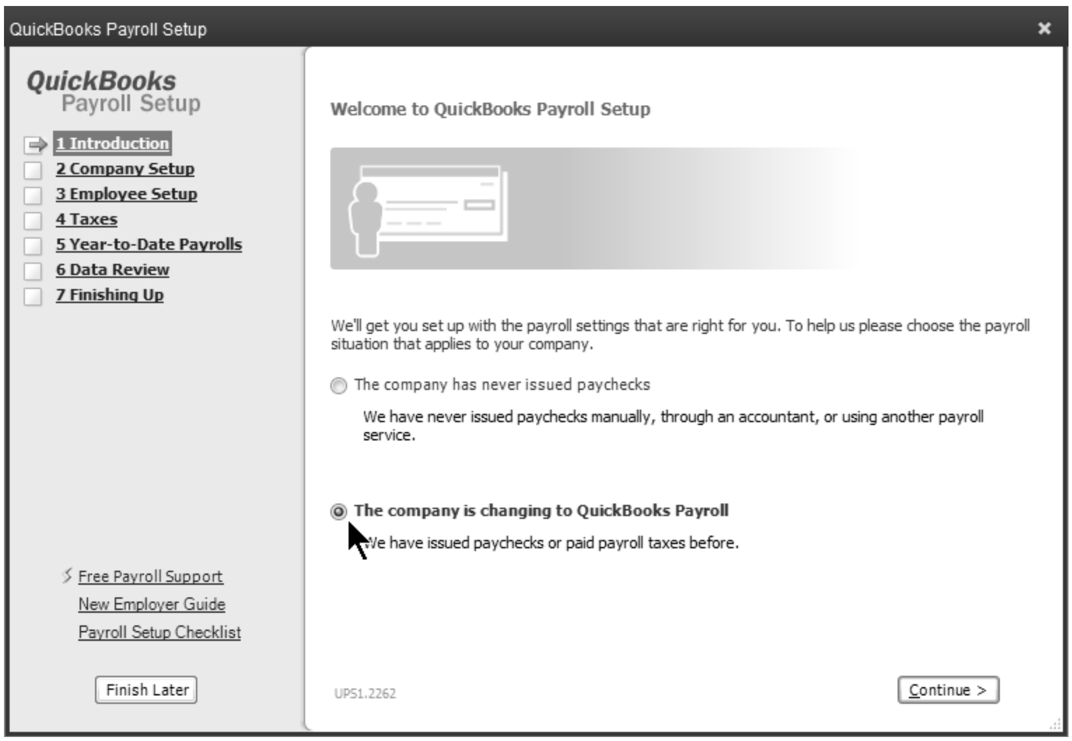
Note: Employee payroll summaries should contain gross wages, taxes withheld (Social Security, Medicare, state withholding) and all other deductions (medical insurance, 401(k) or other retirement deductions, union dues, wage garnishments, etc.)

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

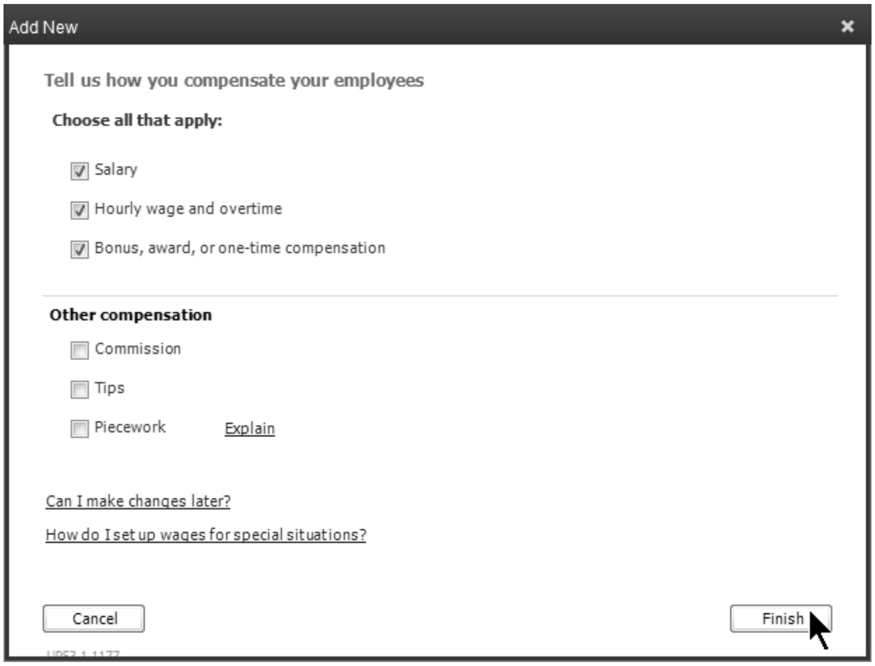
1) Select **Employees:Payroll Setup** from the menu.
2) Click the **Continue** button.
3) Enter appropriate information into the windows displayed by QuickBooks.



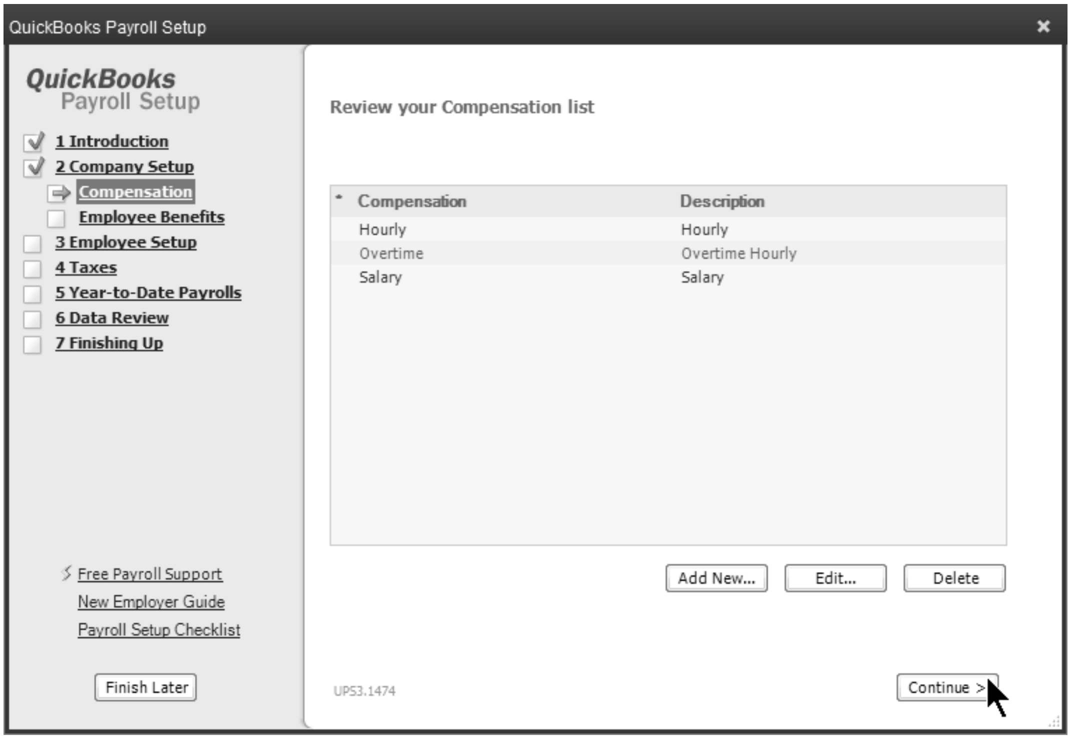
(1) Company Setup

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.

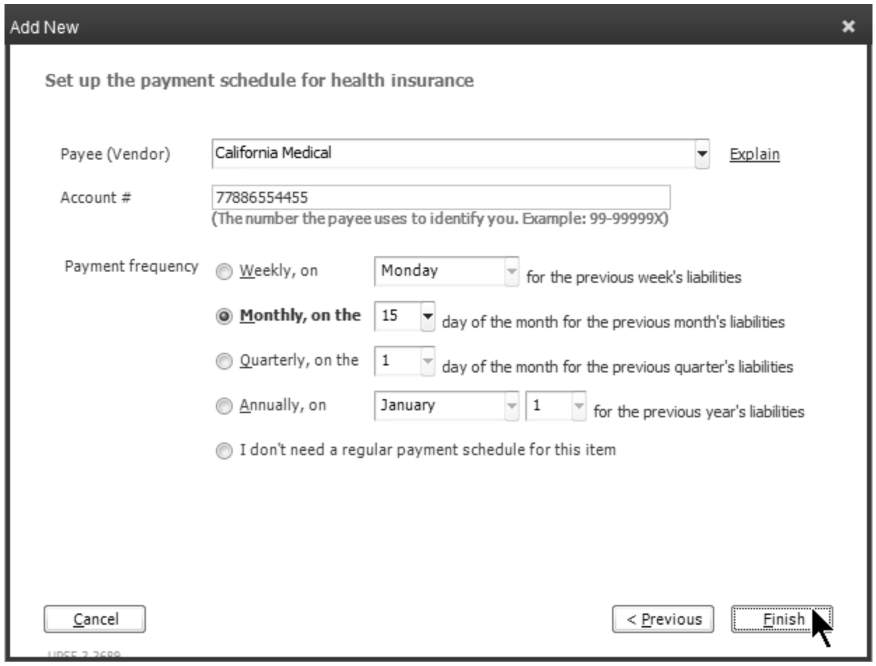
Select Compensation Information



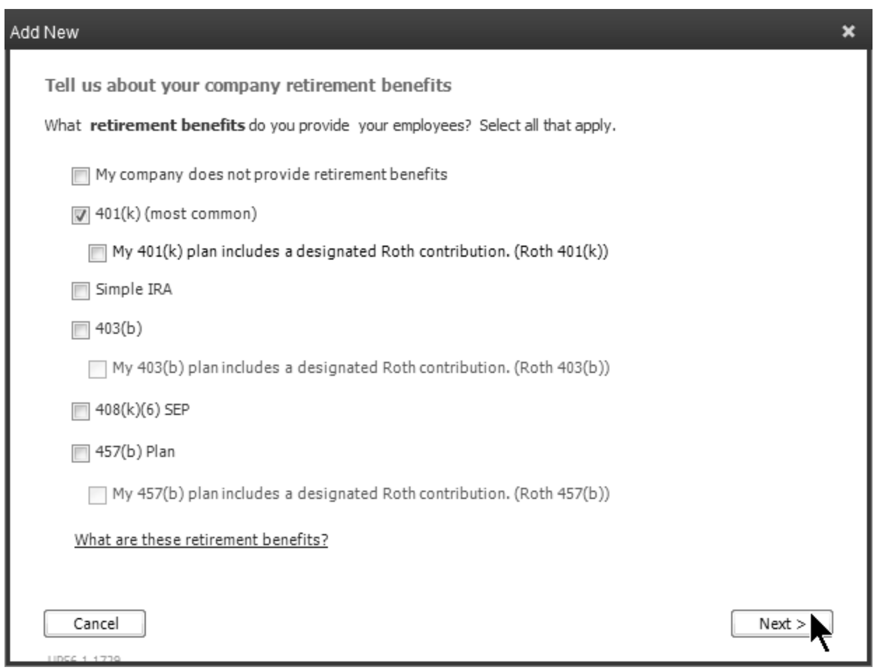
Add Compensation Item



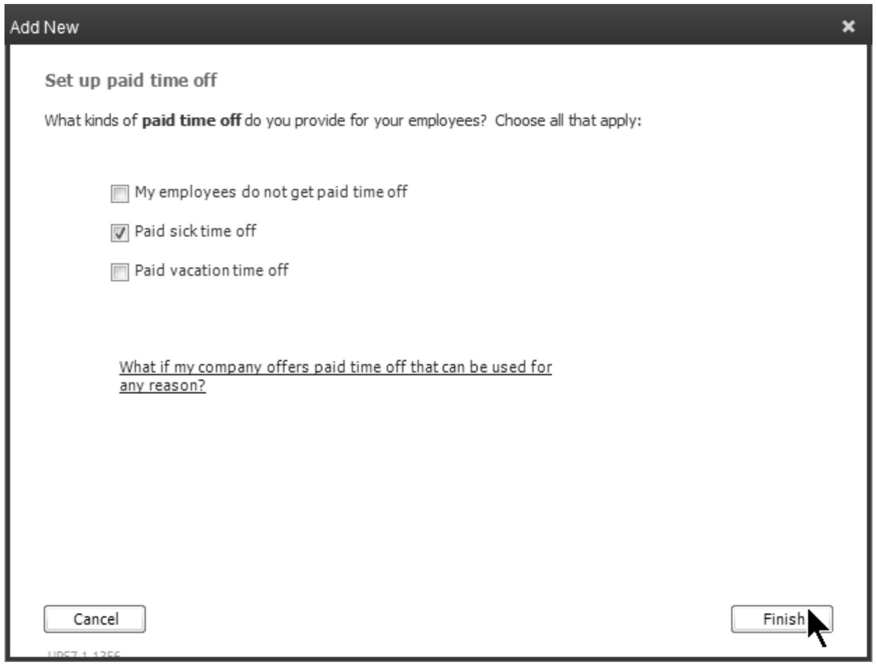
Add Insurance Benefit



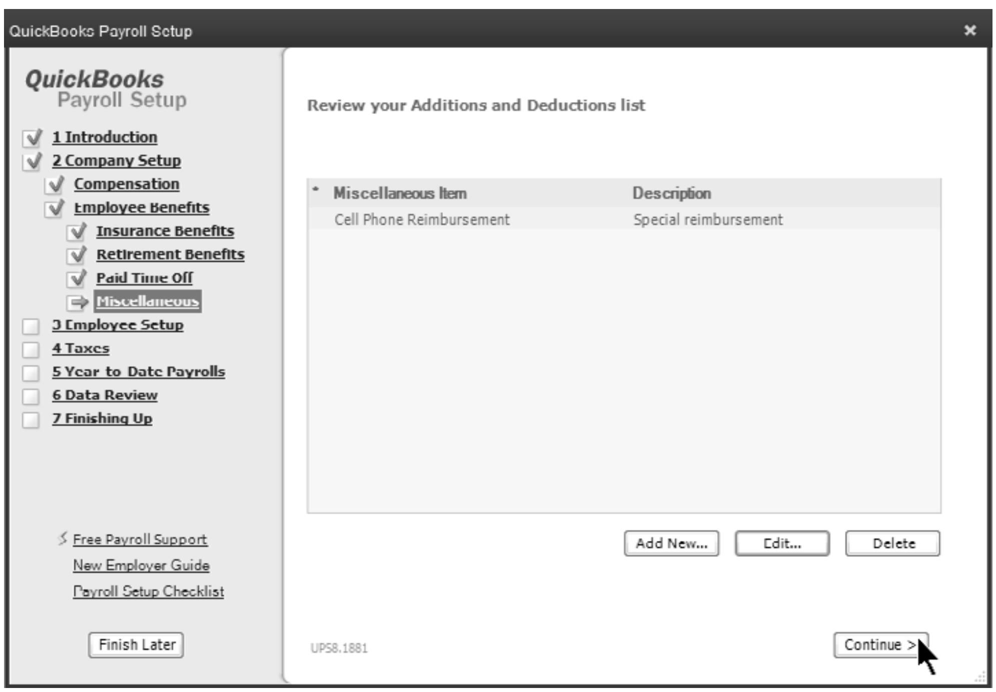
Add Retirement Benefit



Add Paid Time Off



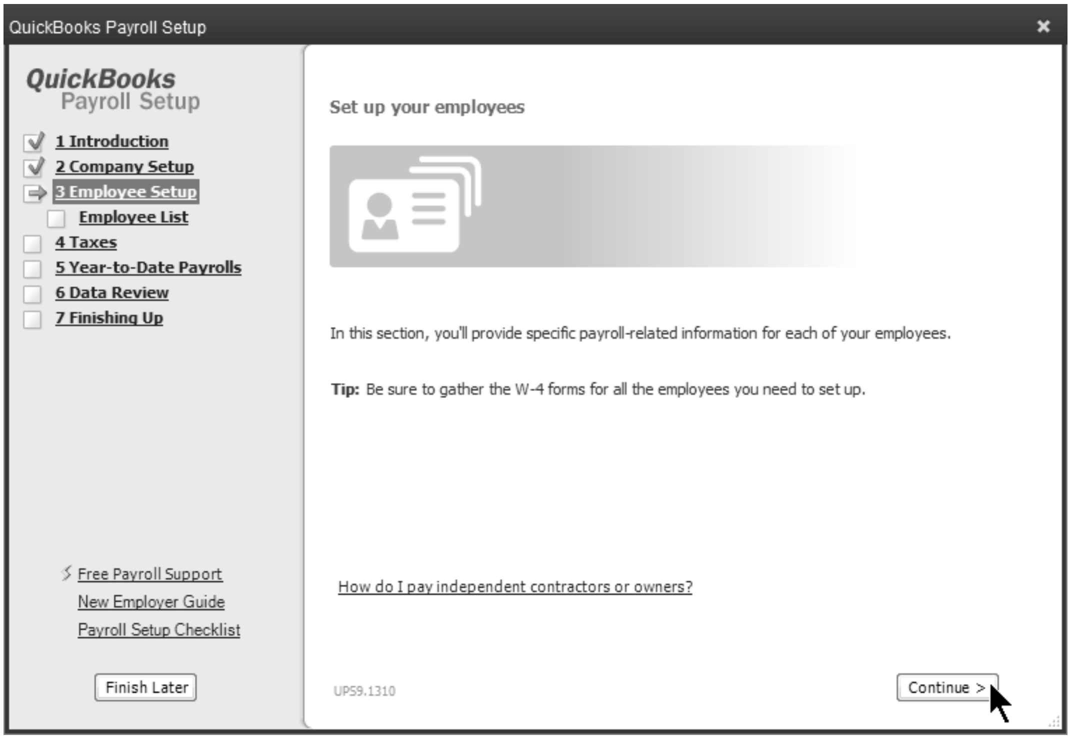
Add Miscellaneous Additions/Deductions



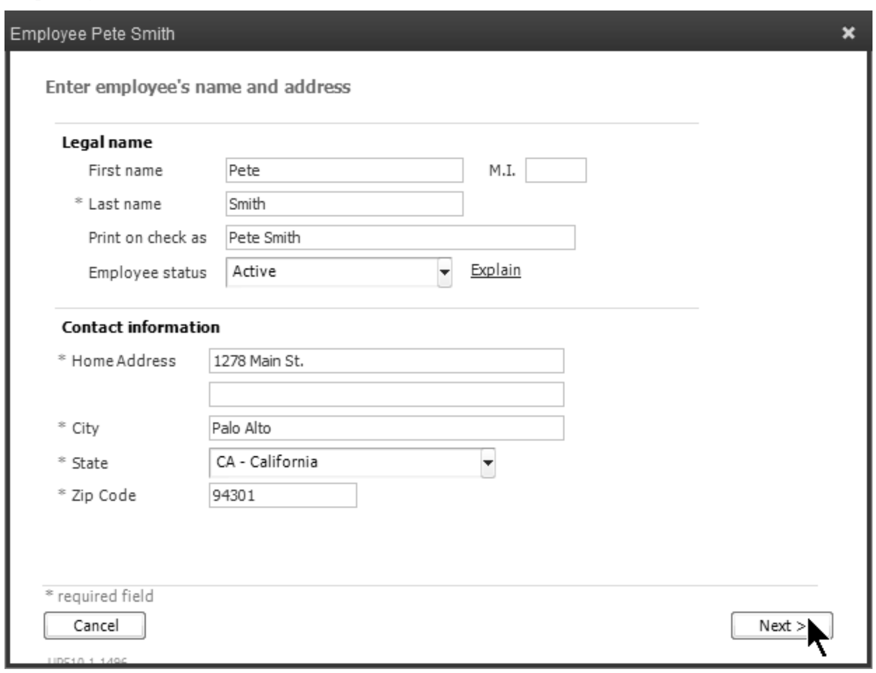
(2) Employee Setup

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

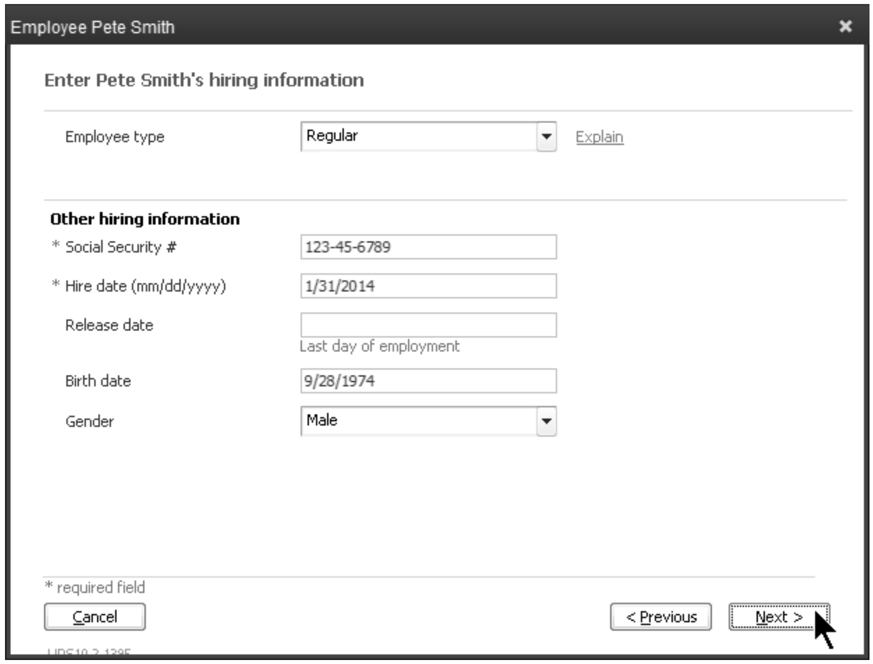
Set up Your Employees



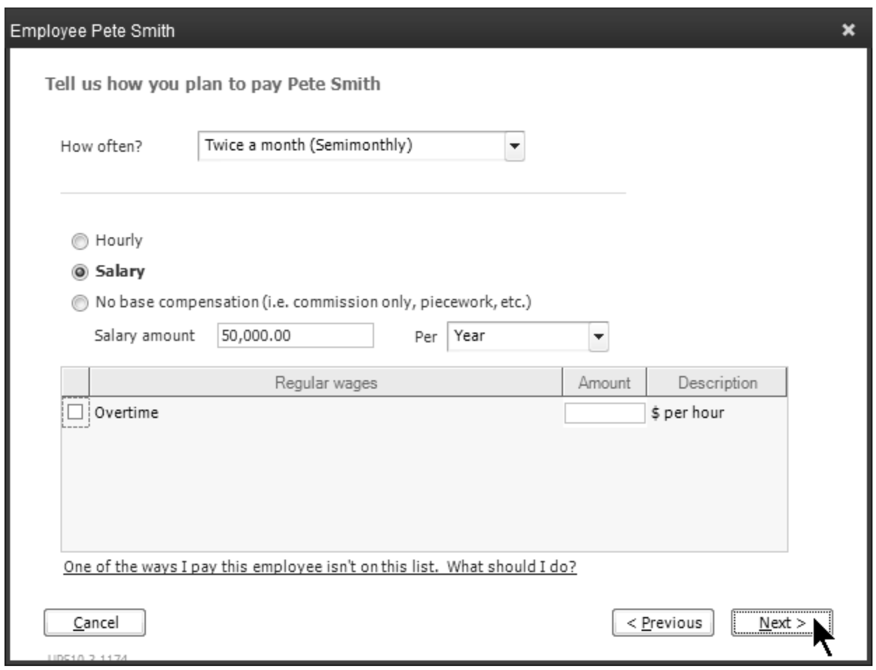
Enter Employee Information



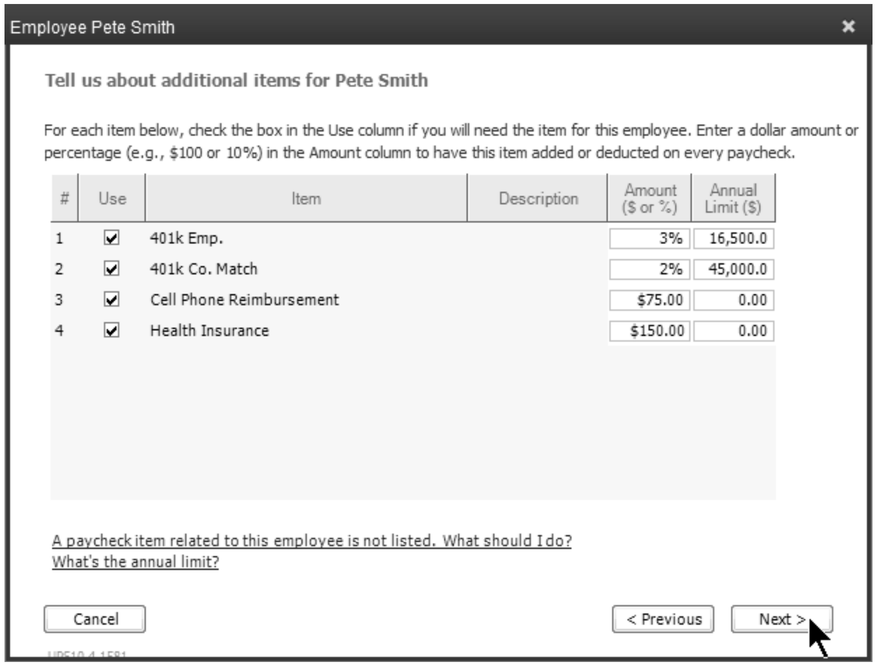
Enter Employee Hiring Information



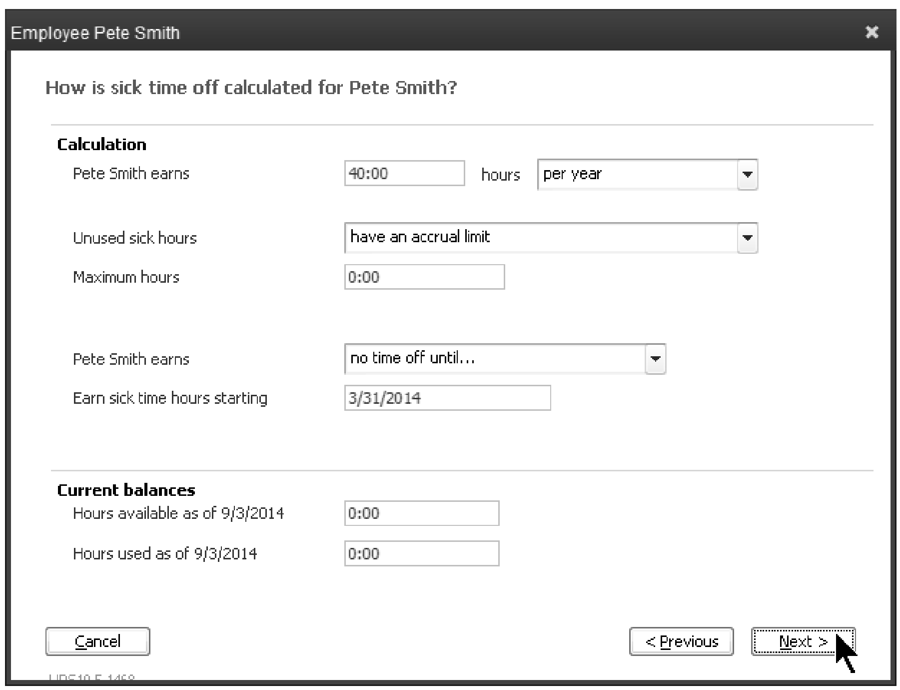
Enter Employee Compensation Information



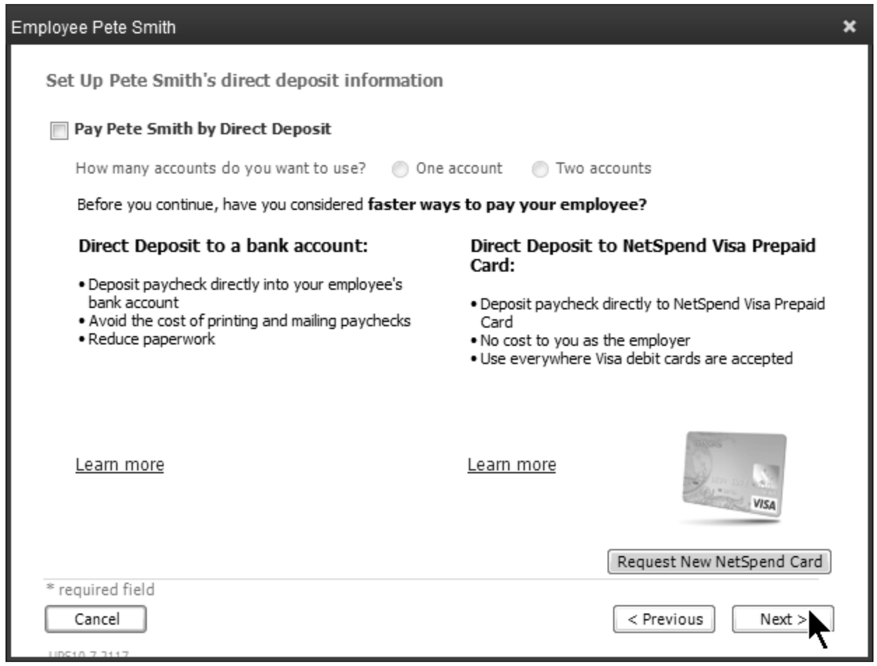
Enter Employee Benefit Information



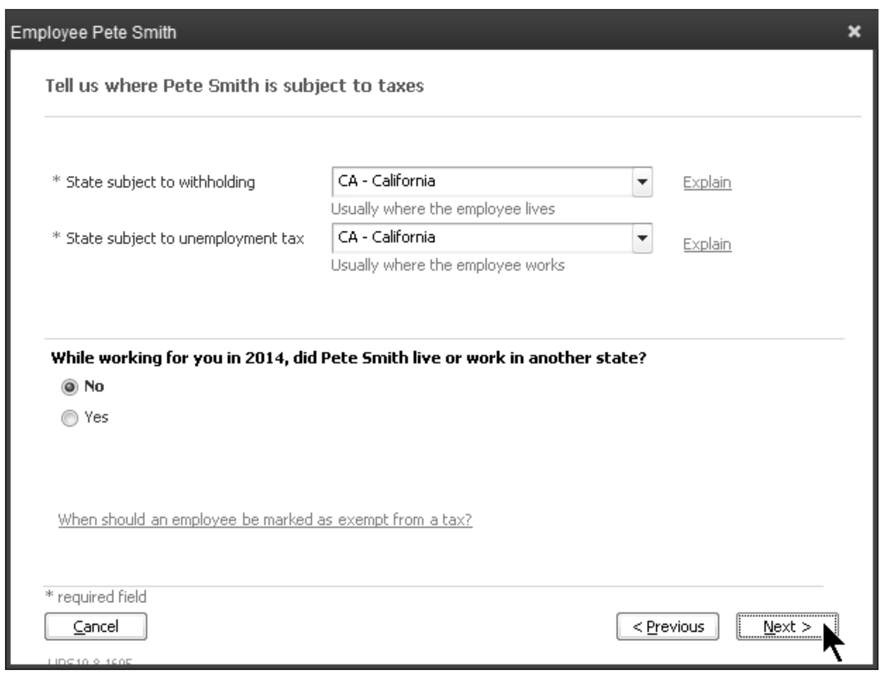
Enter Employee PTO Information



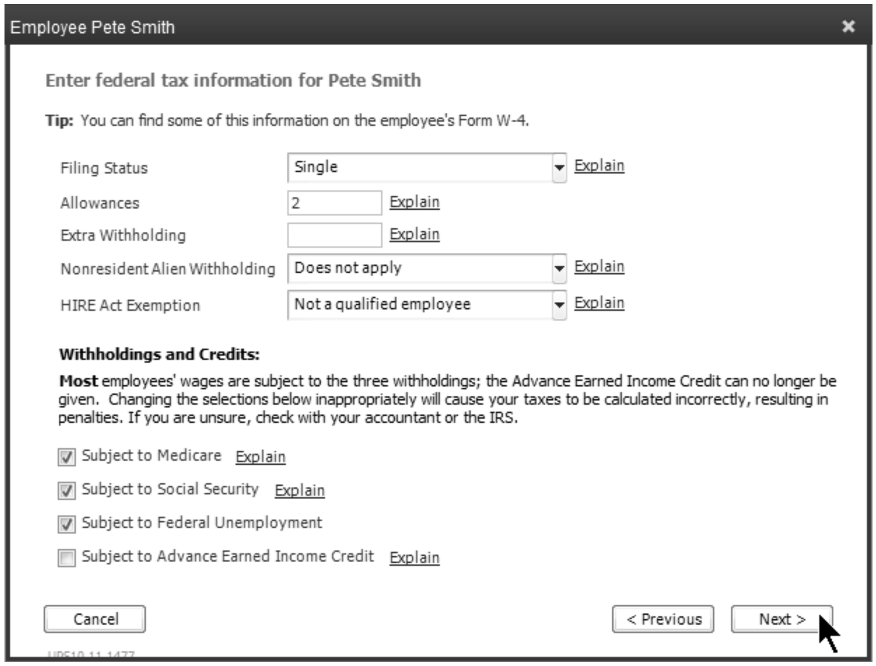
Enter Employee Payment Method



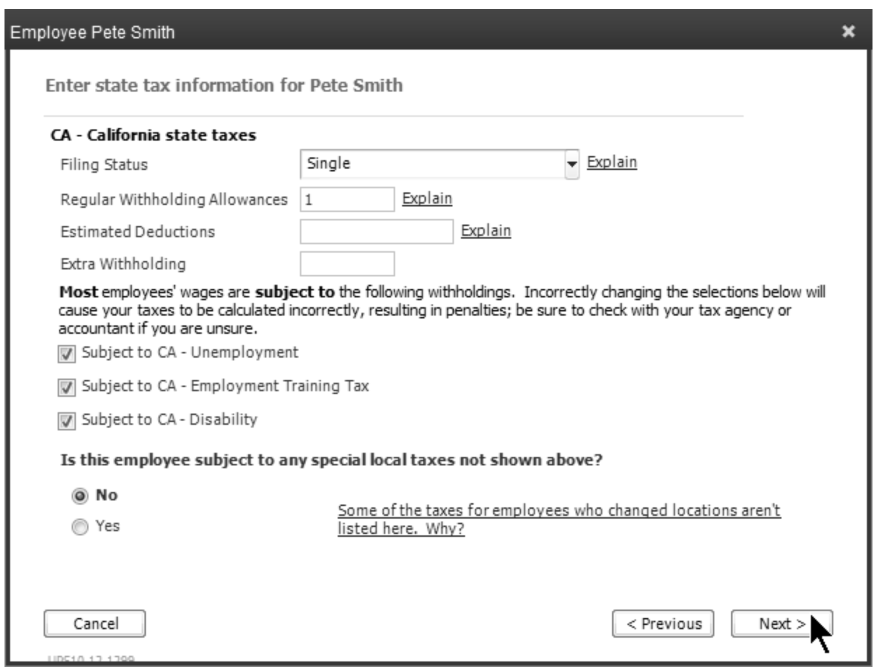
Enter Employee Tax Information-I



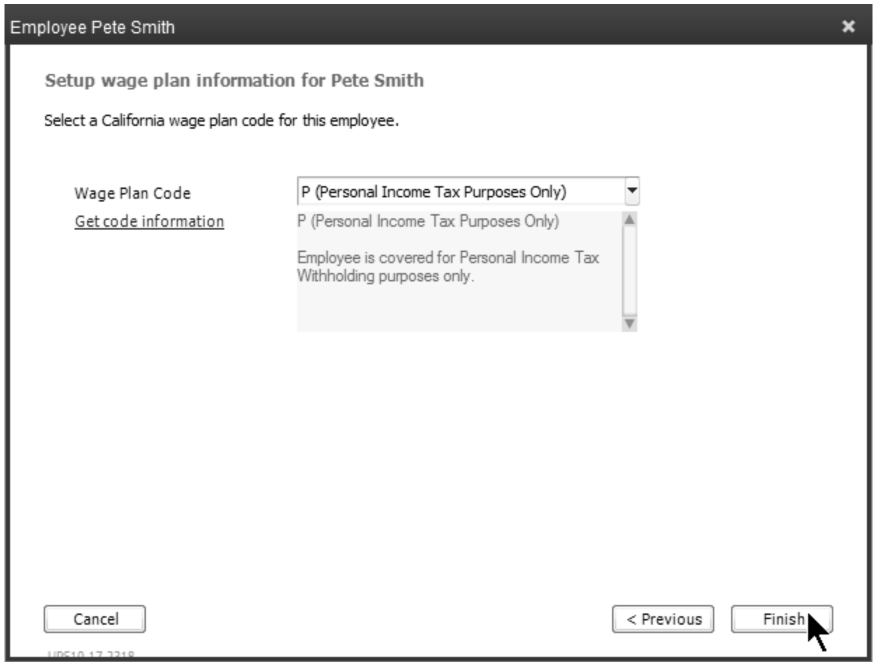
Enter Employee Tax Information-II



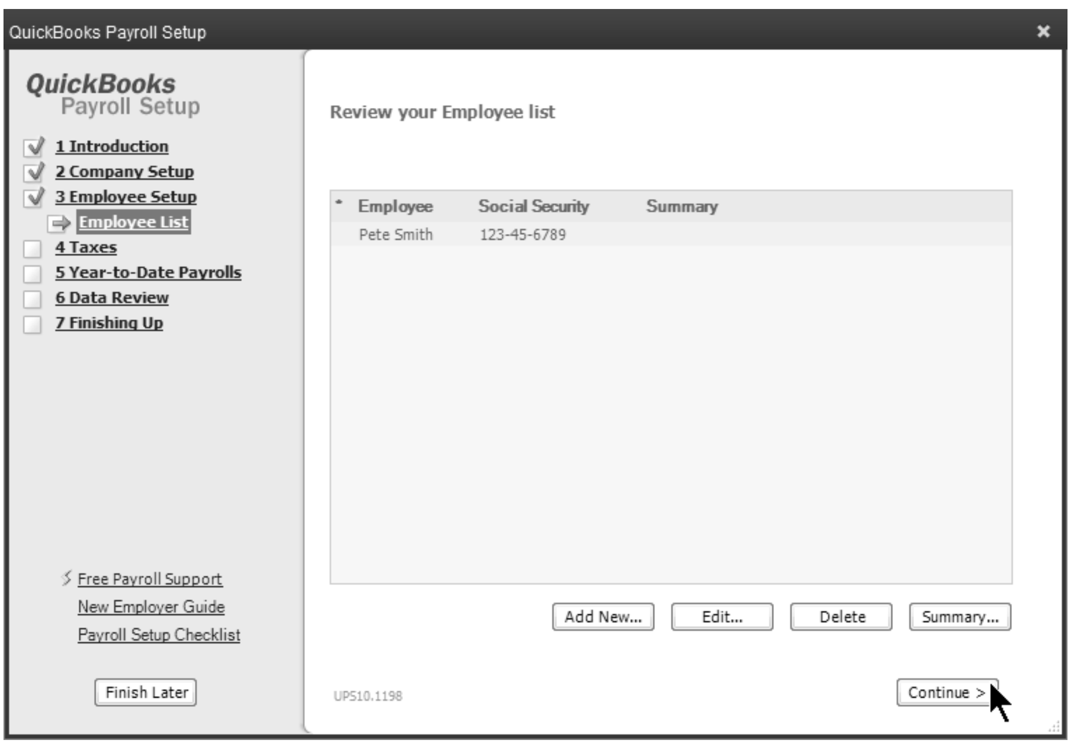
Enter Employee Tax Information-III



Enter Employee Tax Information-IV



Employee Setup Complete



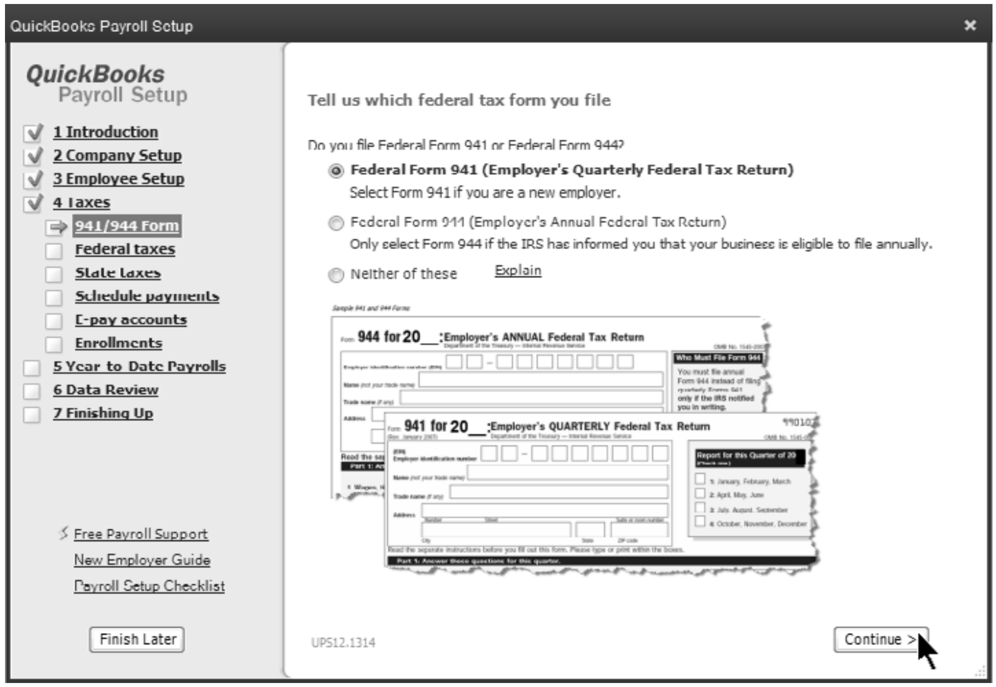
Chapter 3- Setting Up Payroll-II

Mastering QuickBooks Payroll

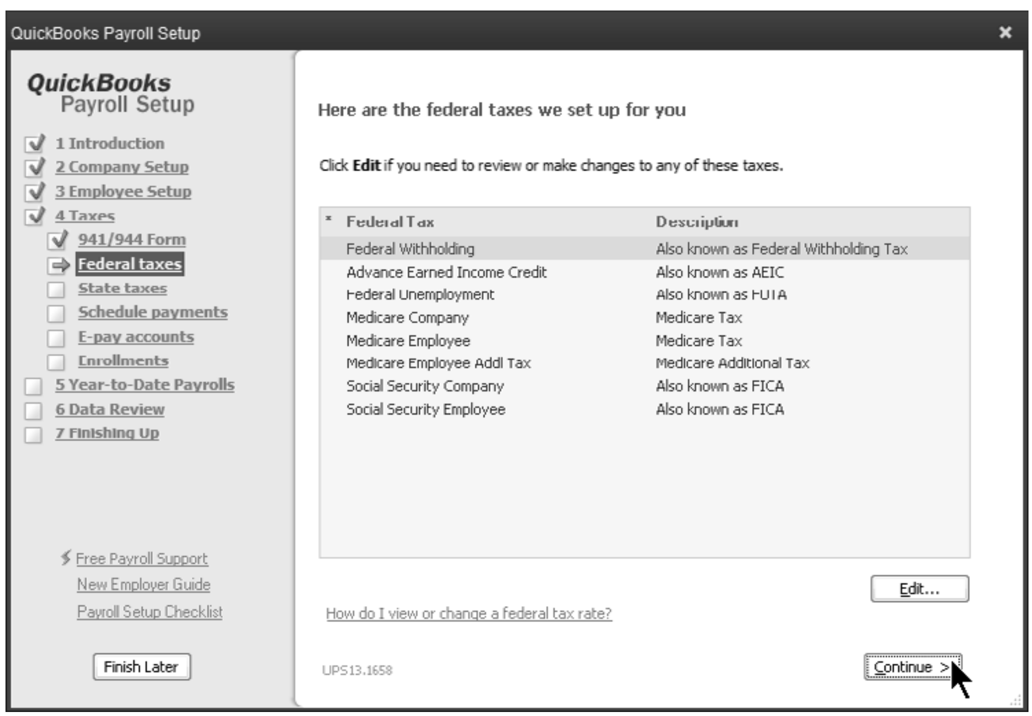
(3) Taxes

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

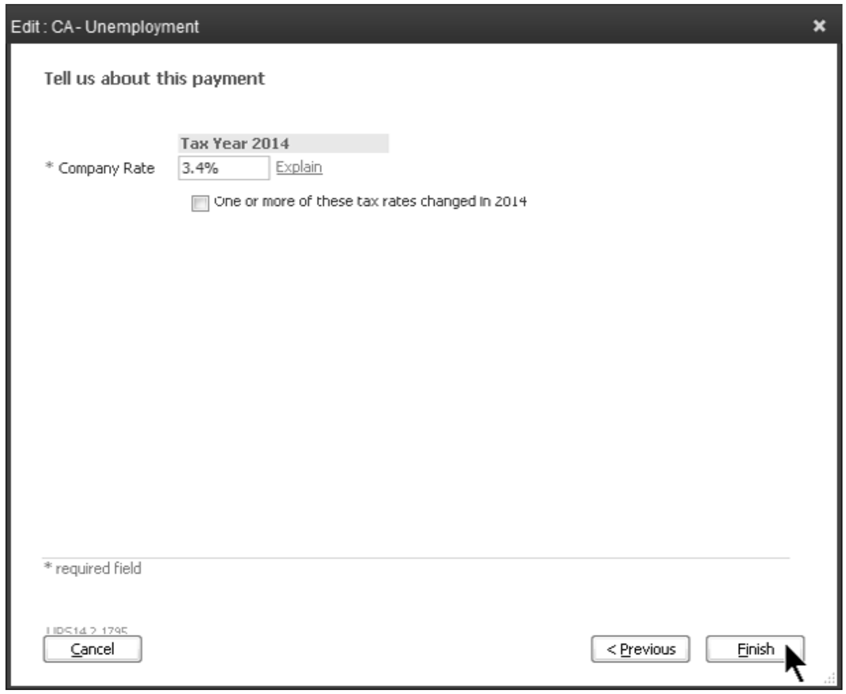
Review Federal Taxes



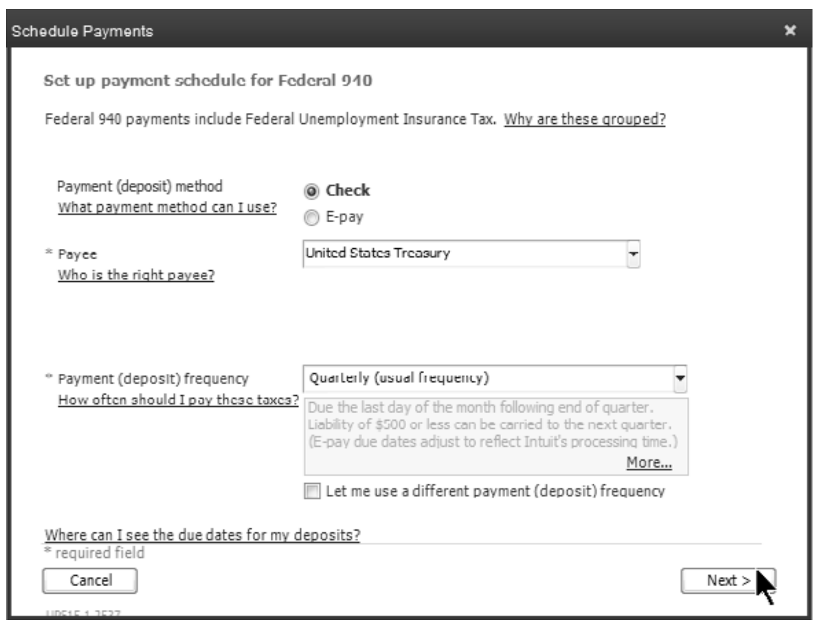
Federal Taxes Set Up



Set up State Taxes



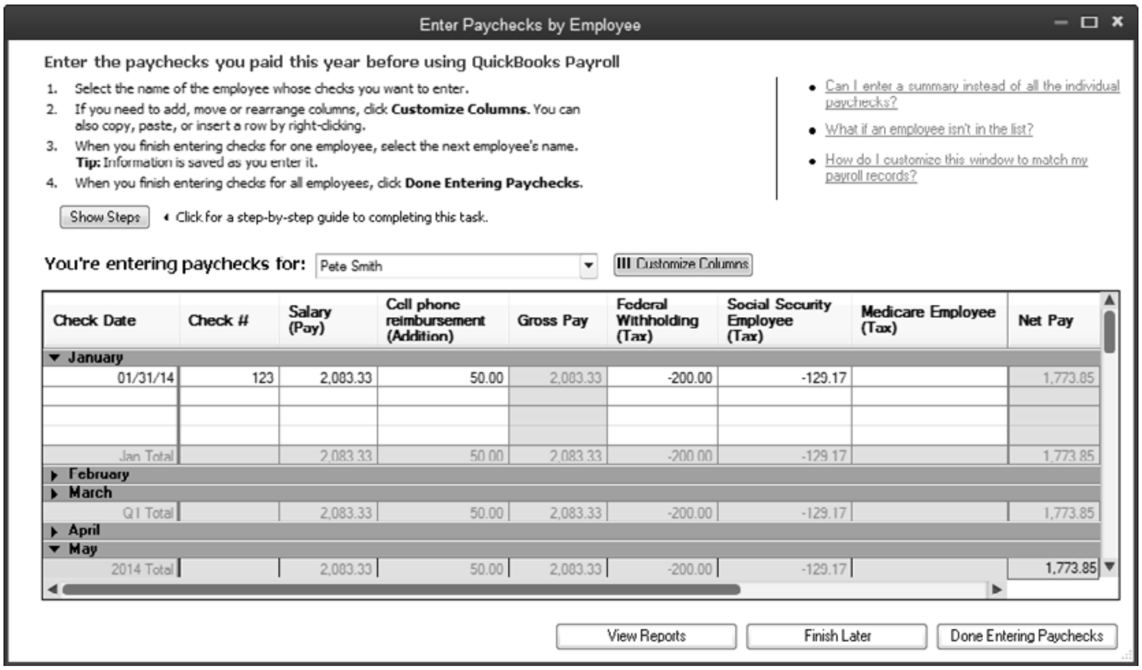
Schedule Tax Payments



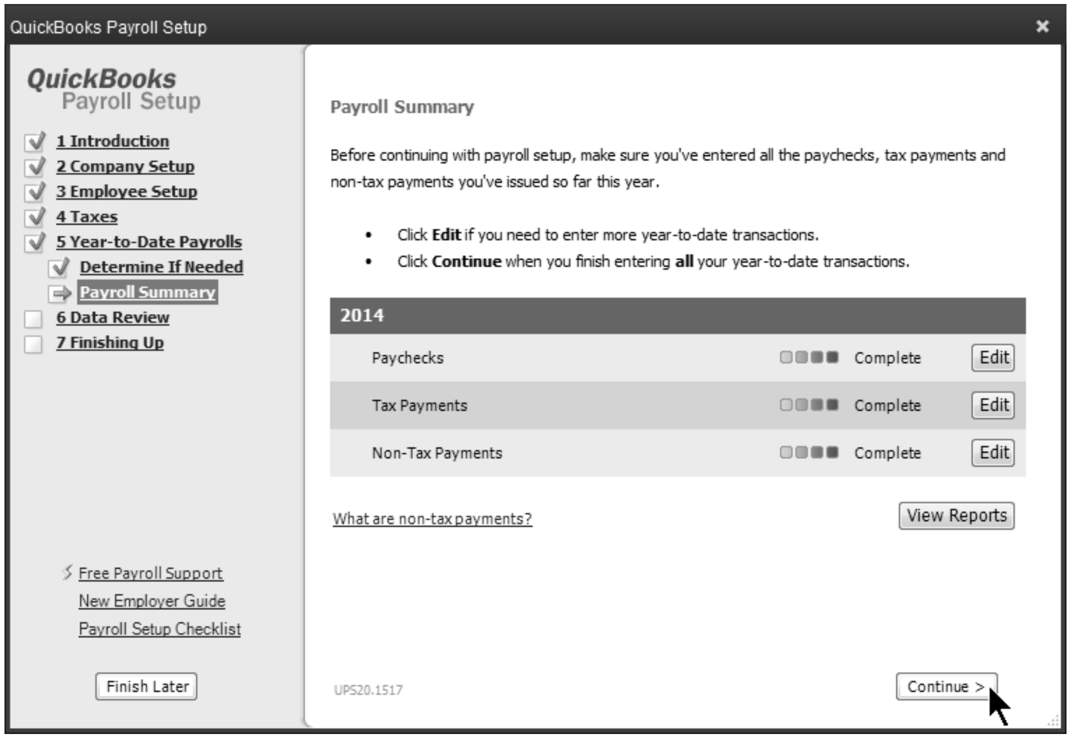
Enter Year-to-Date Payroll

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.



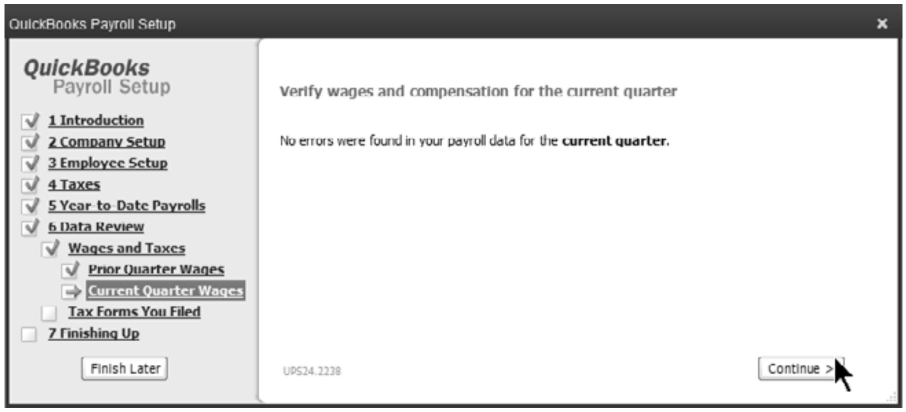
Payroll Summary



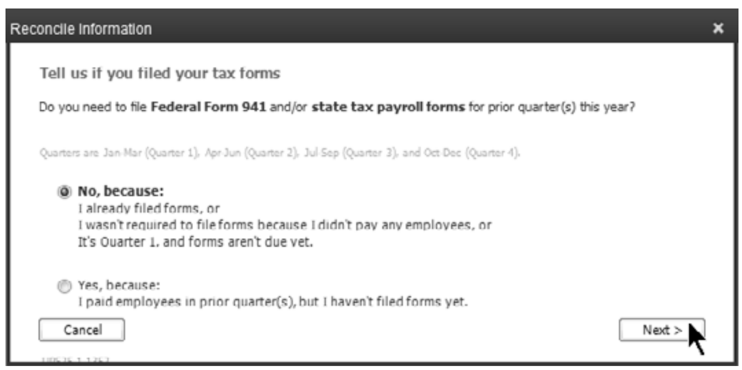
Data Review

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.

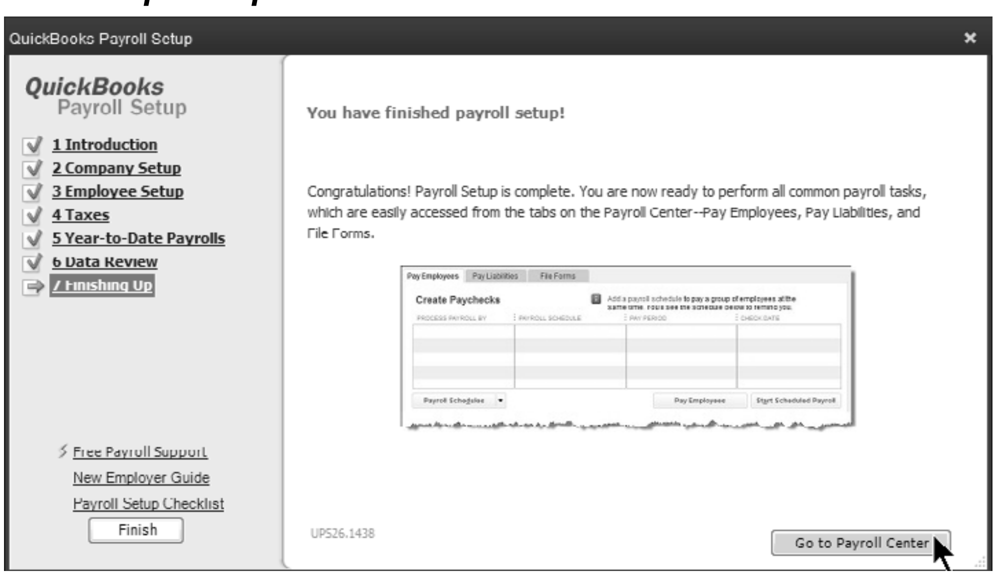
Verify Wages and Compensation



Reconcile Information



Payroll Setup Complete



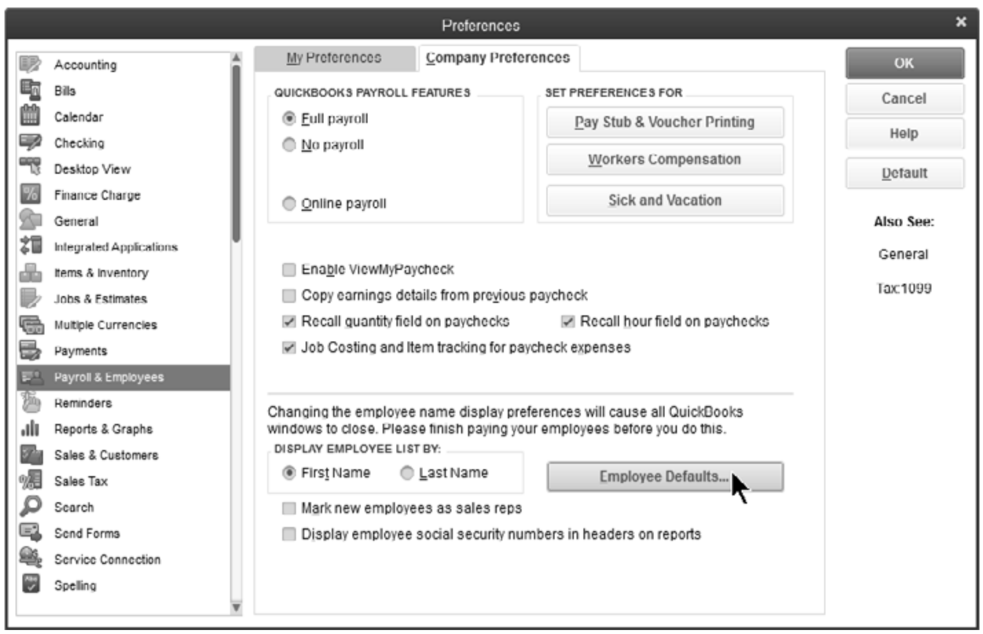
Payroll Preferences

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



Employee Defaults

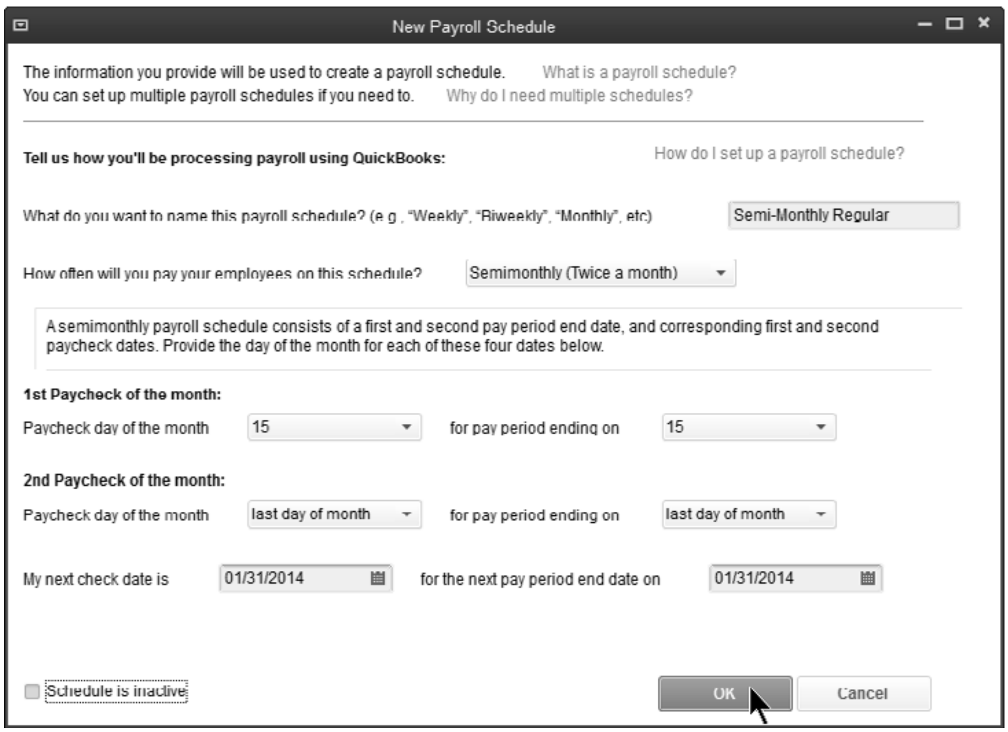
(4) Create Payroll Schedules

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

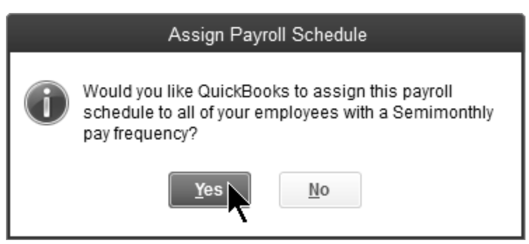
Create Payroll Schedule

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



Assign Payroll Schedule Window



Chapter 4- Later Changes to Payroll

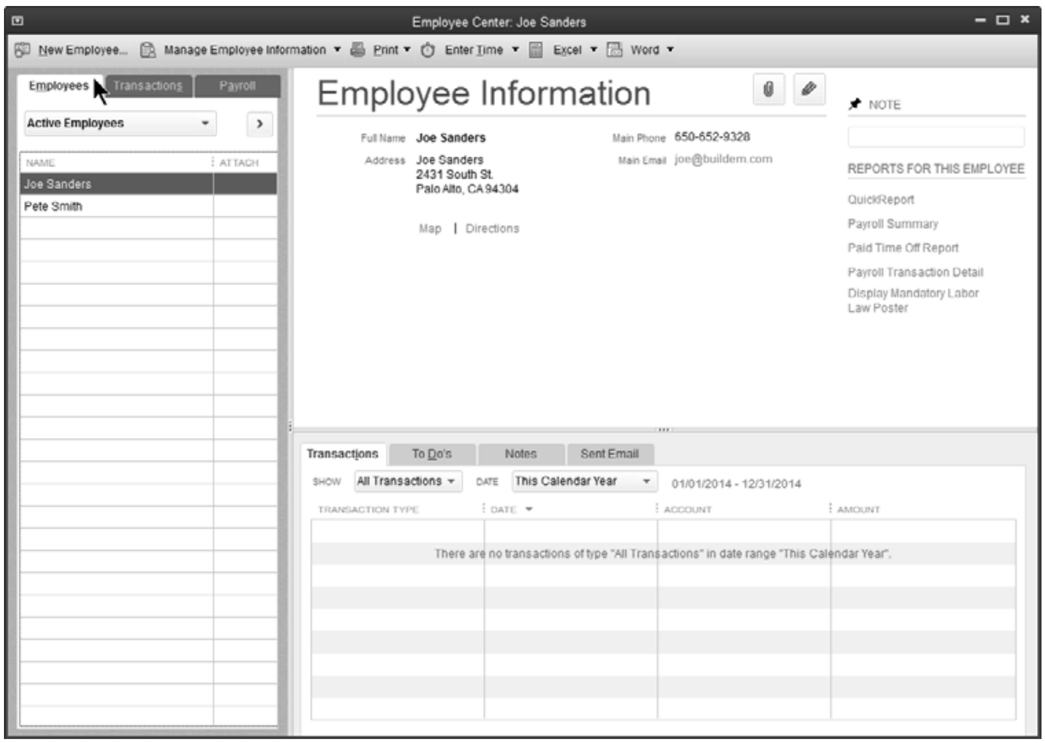
Mastering QuickBooks Payroll

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.

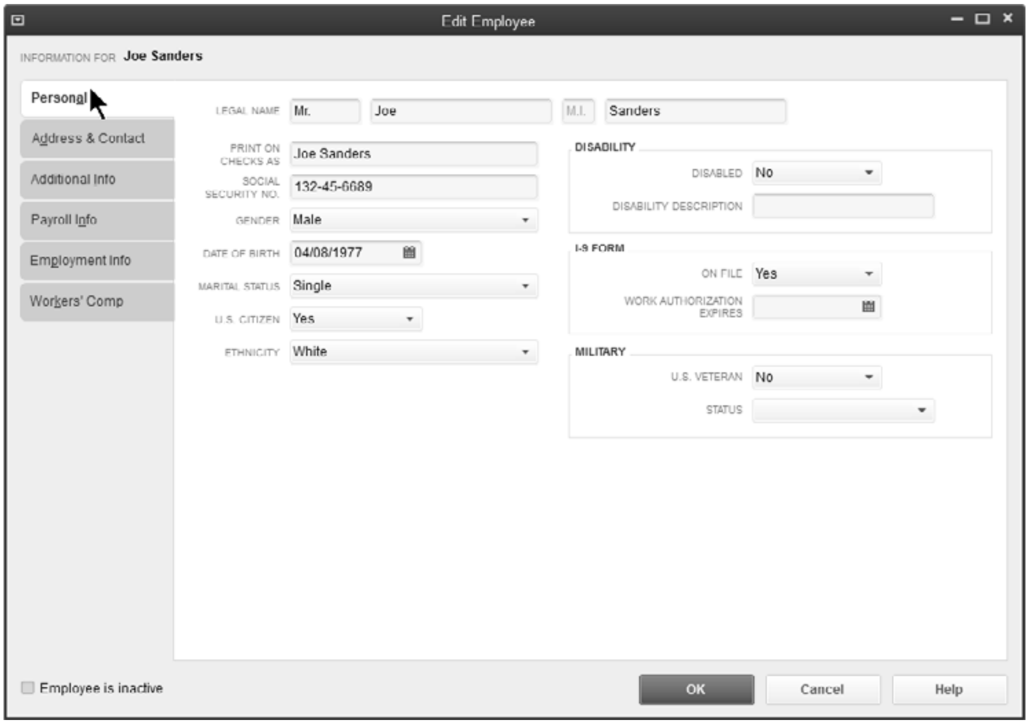
Add Employees

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

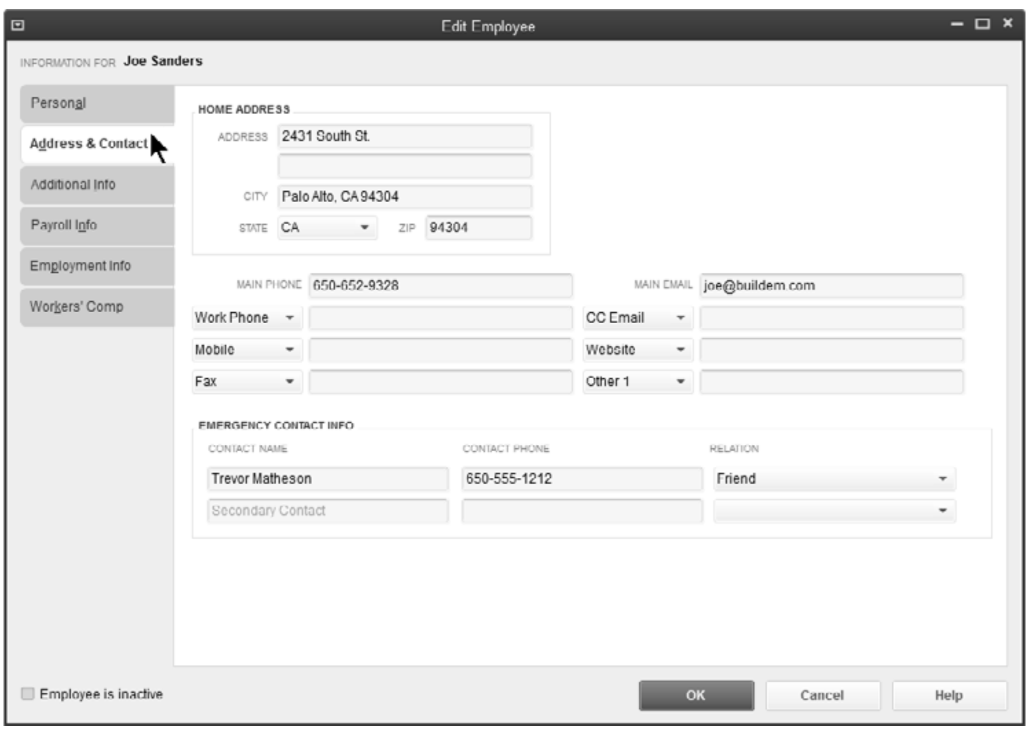


Add Hourly Employee

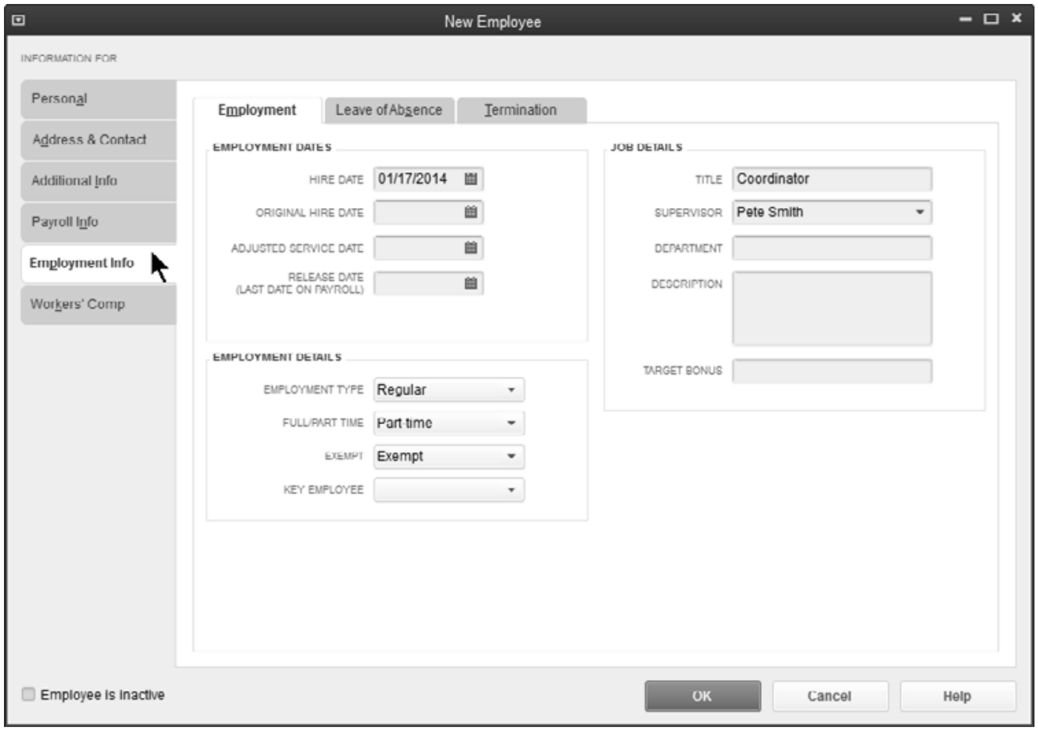
Personal Information



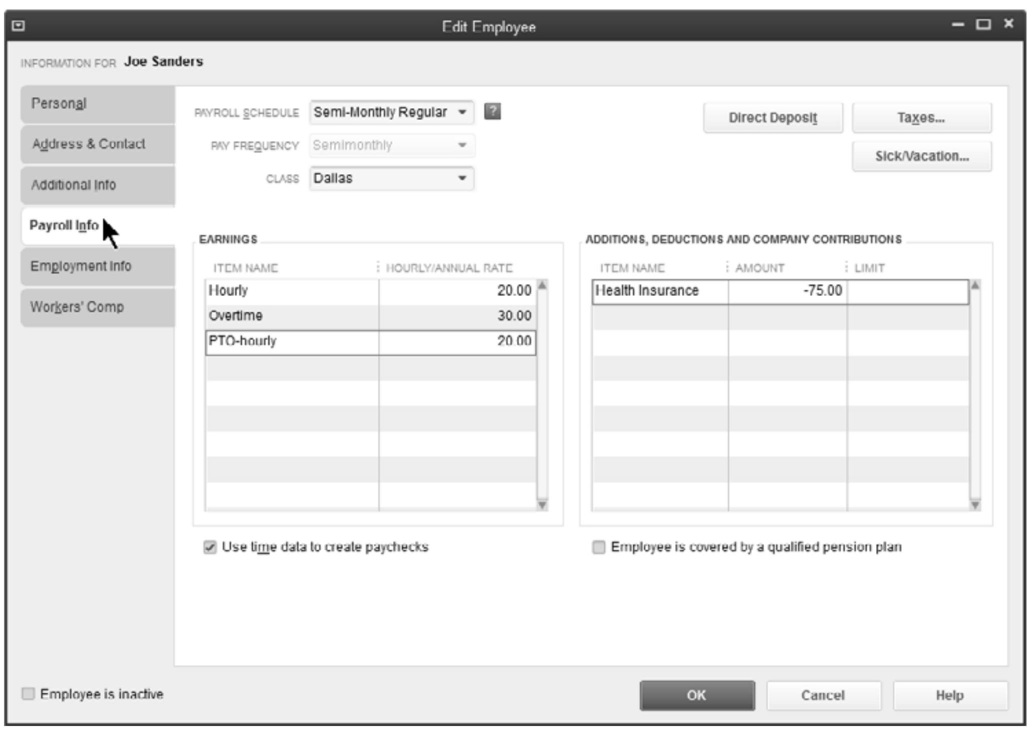
Address and Contact Information



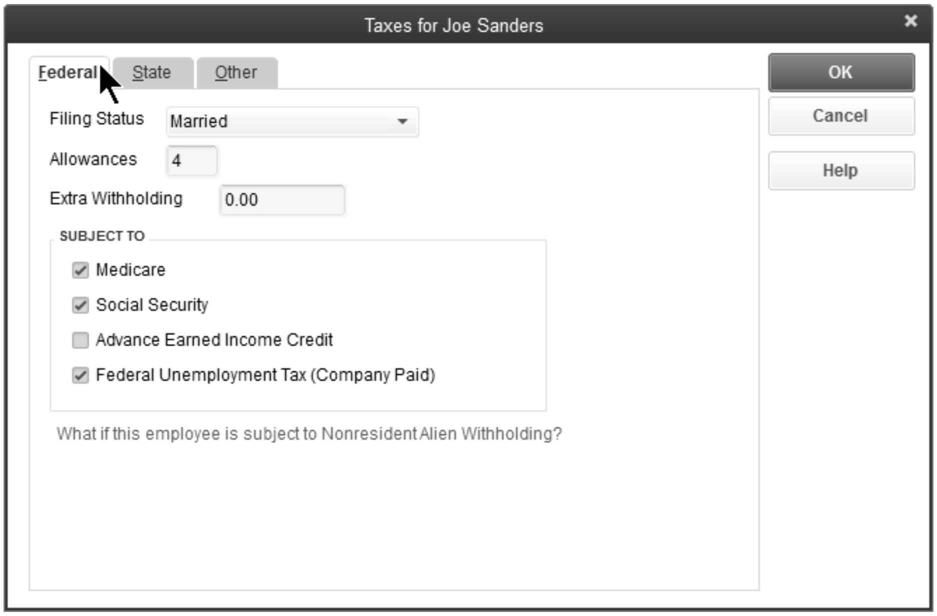
Employment Info



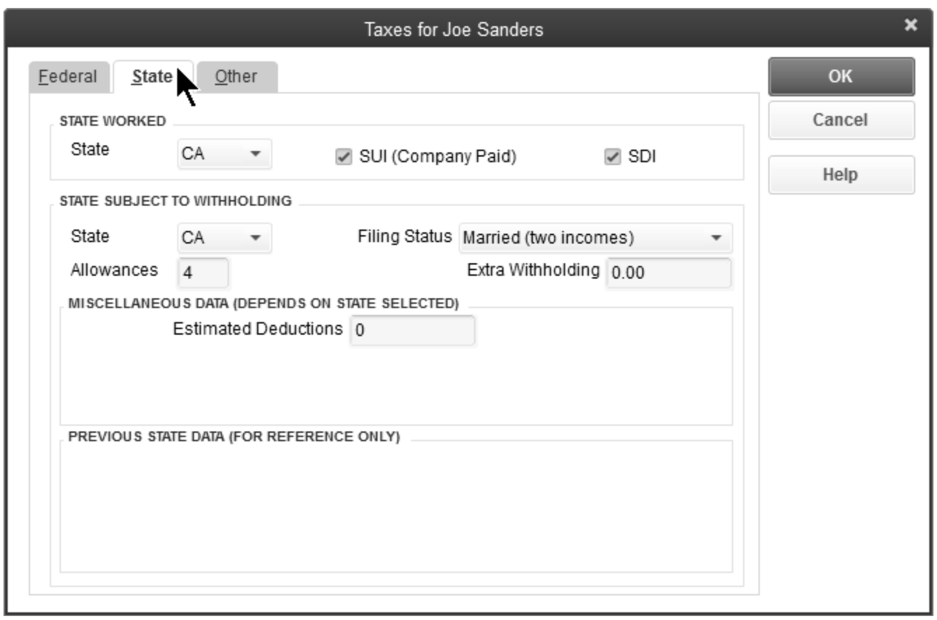
Payroll Information



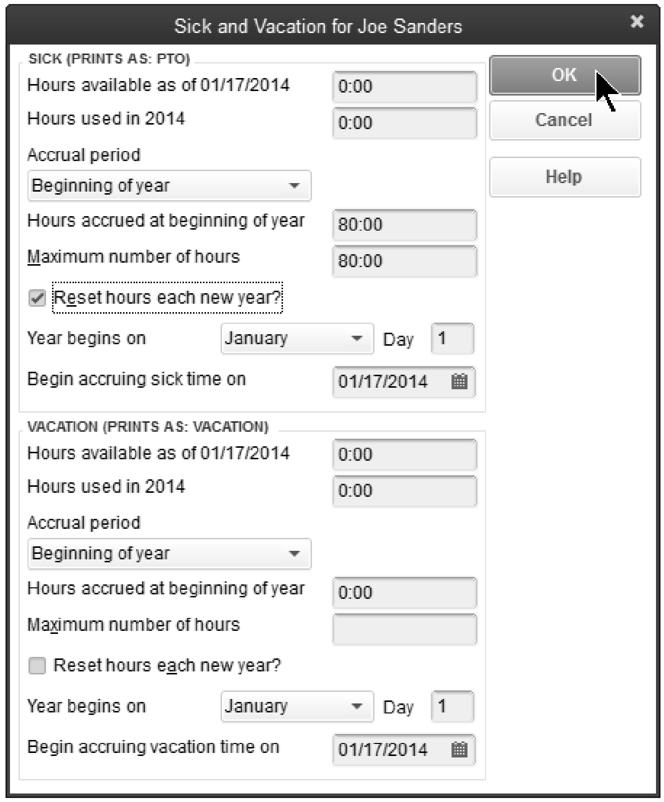
Federal Taxes



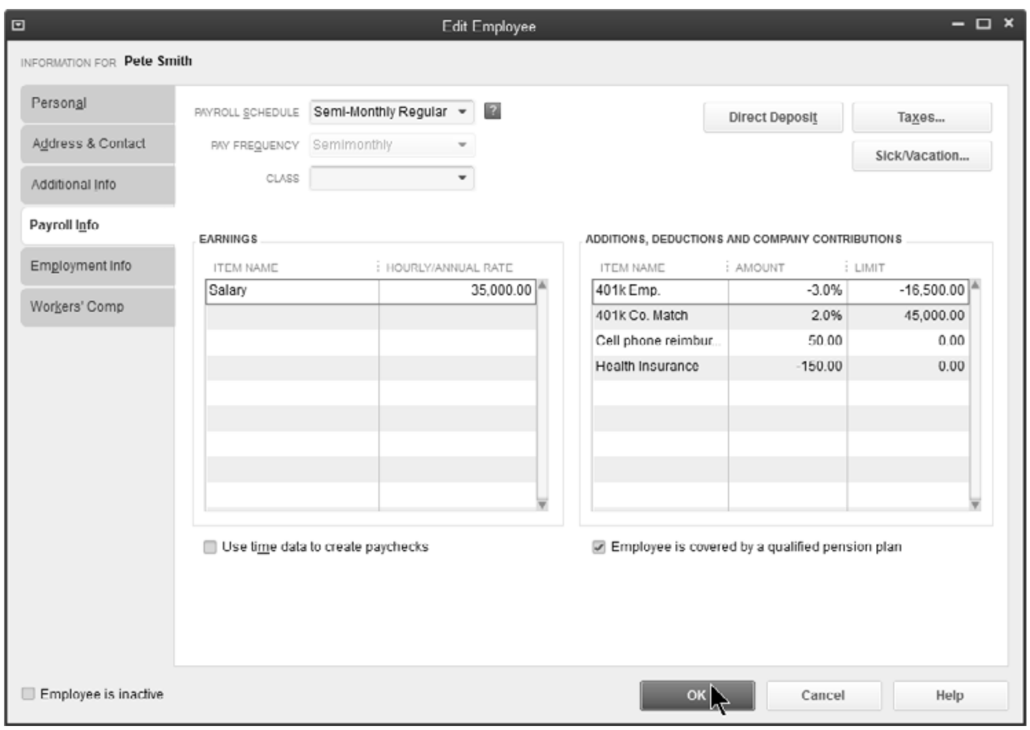
State Taxes



Sick & Vacation Information



<u>Add Salary Employee</u>



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


Payroll Item List

ITEM NAME	TYPE	AMOUNT	ANNUAL LIMI	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	77886554455
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

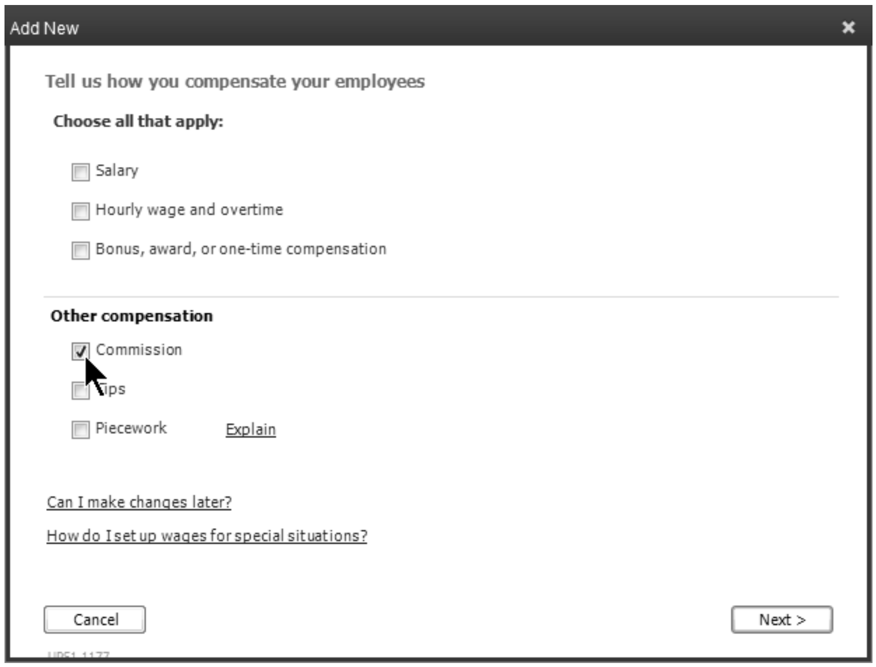
Payroll Item | Activities | Reports | Include inactive

Add Payroll Additions

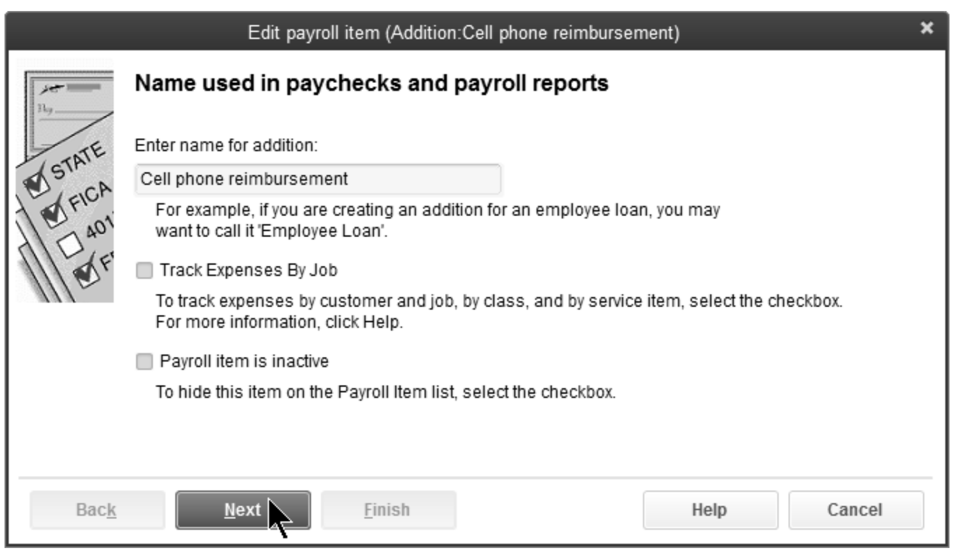
Add Payroll Items (Addition)

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 Reimbursement

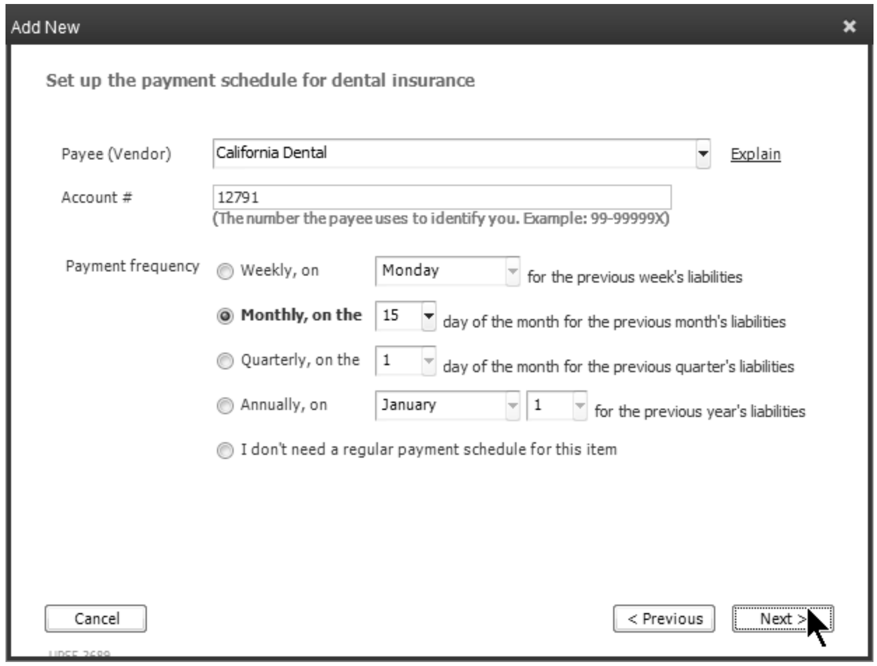


Add Payroll Deductions

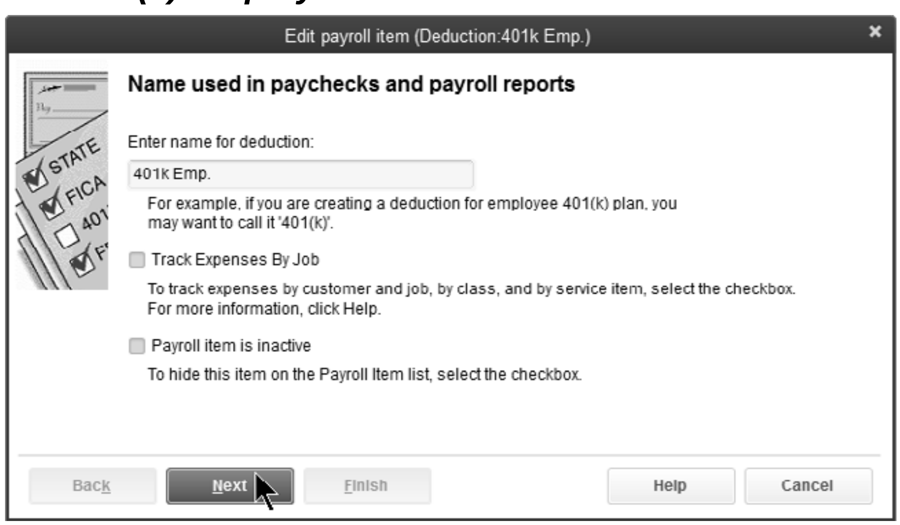
Add Payroll Items (Deduction)

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**.

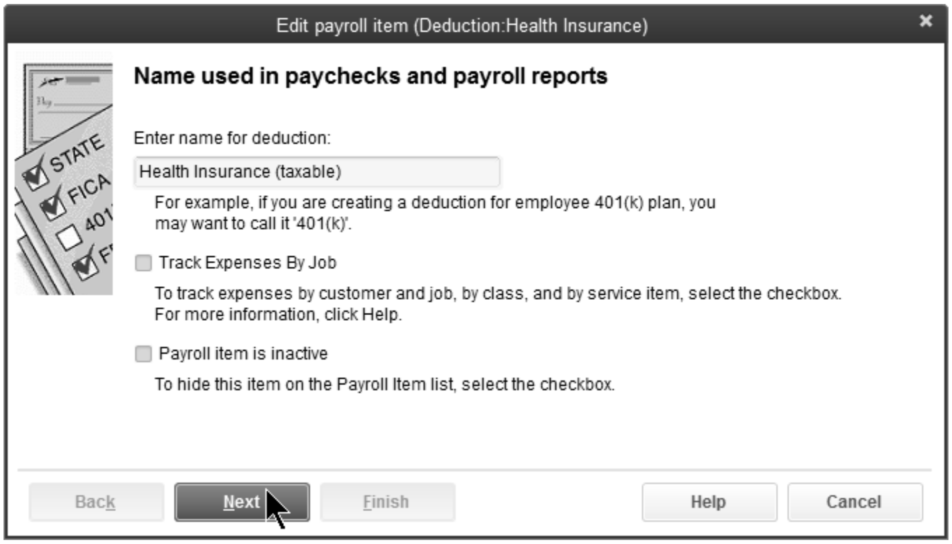
Add Dental Insurance



Add 401(k)-Employee Deduction



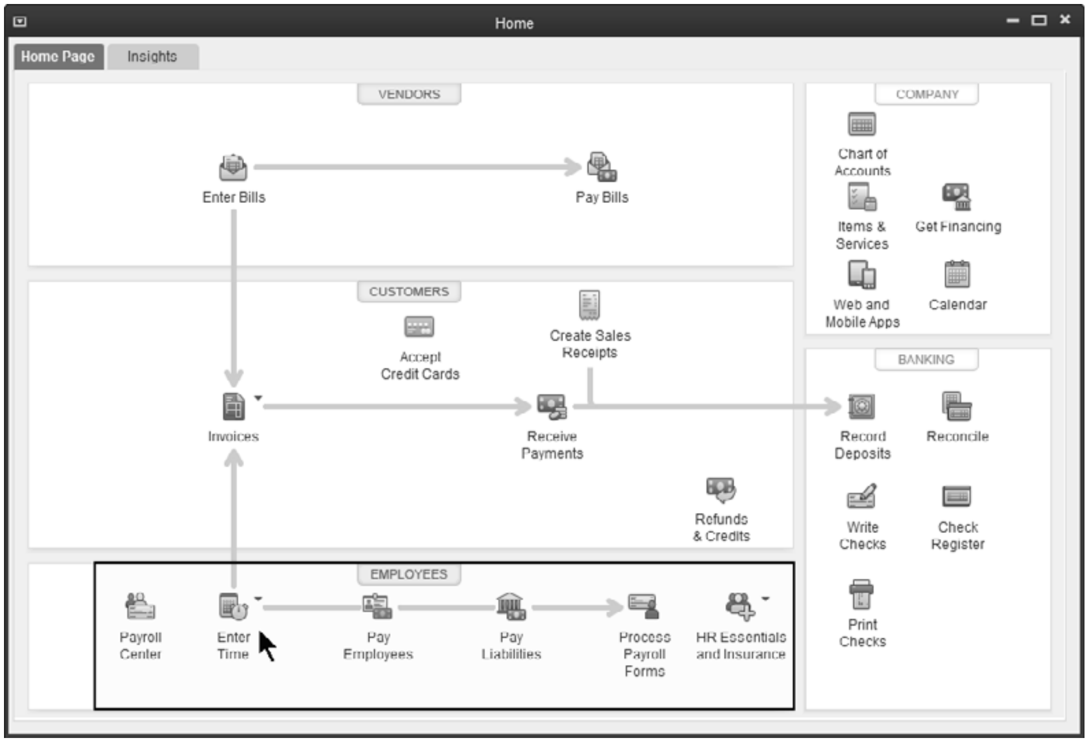
Add Health Insurance



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.

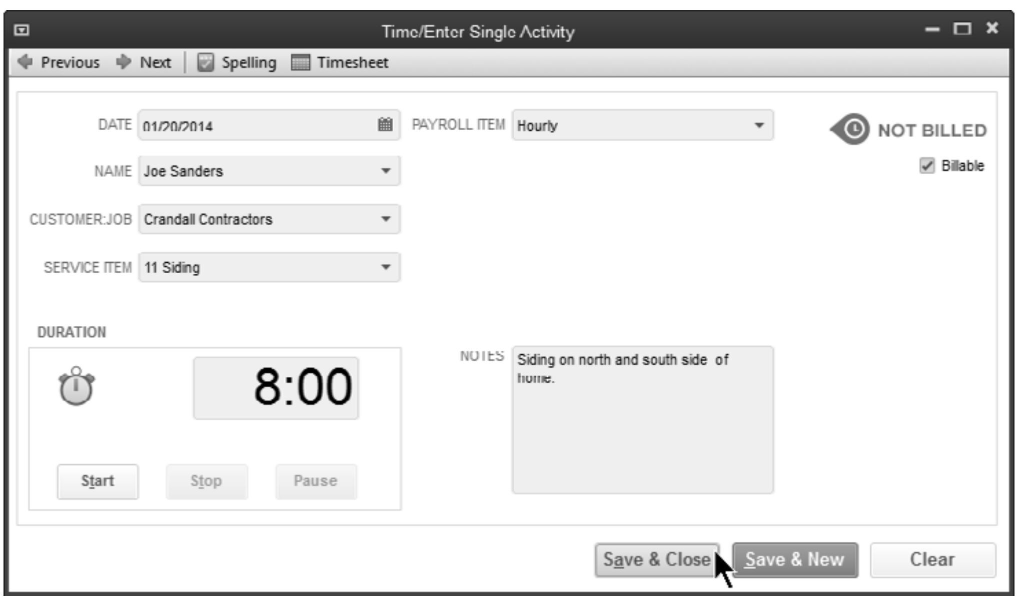
1) Single Activity
2) Weekly Timesheet
3) Directly Onto Paycheck

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**.



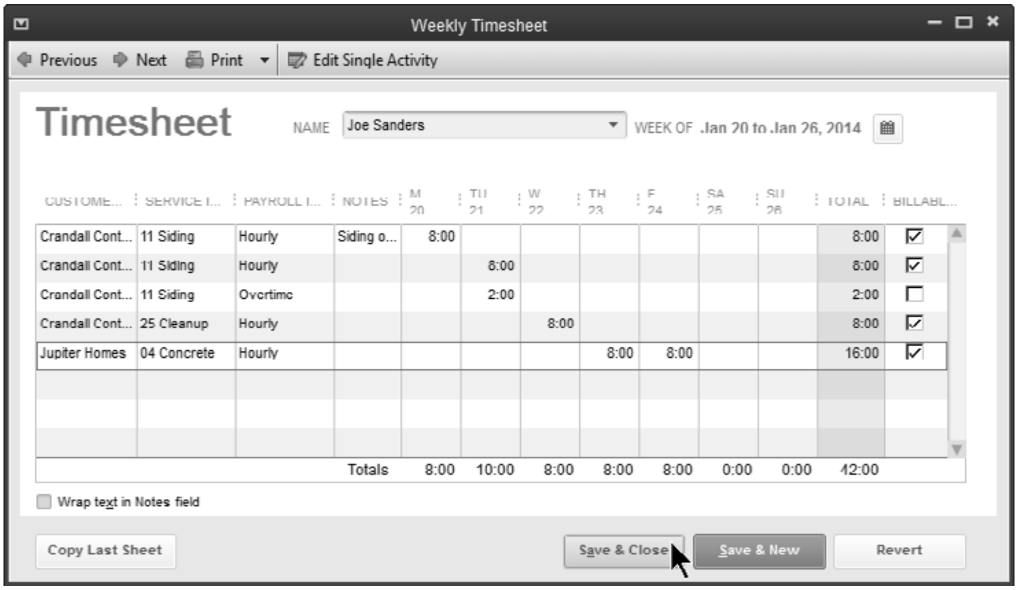
Weekly Timesheet

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

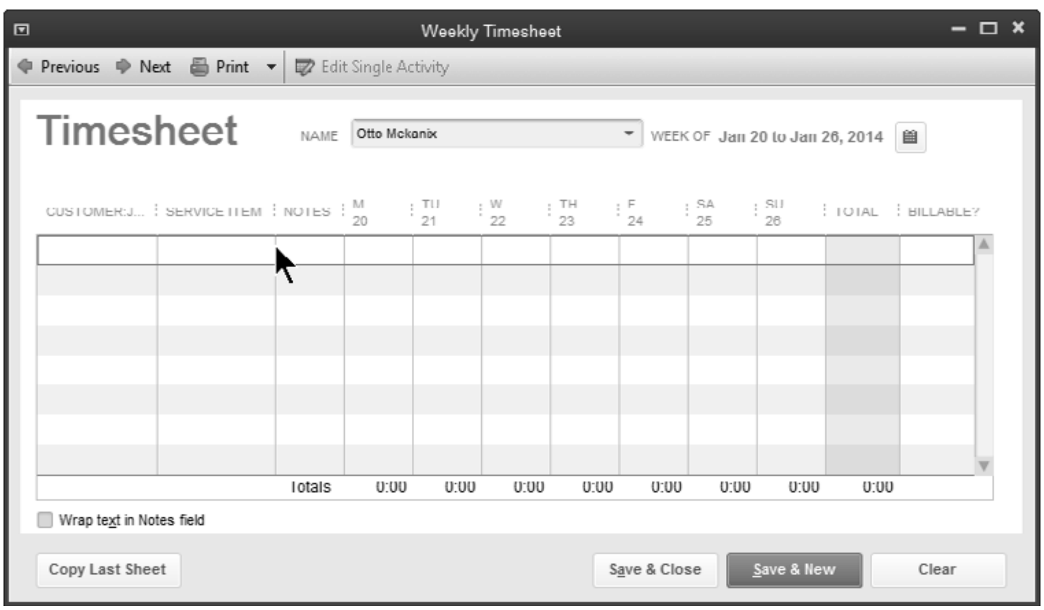
Enter Time on Timesheet

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)



Weekly Timesheet (Subcontractor)

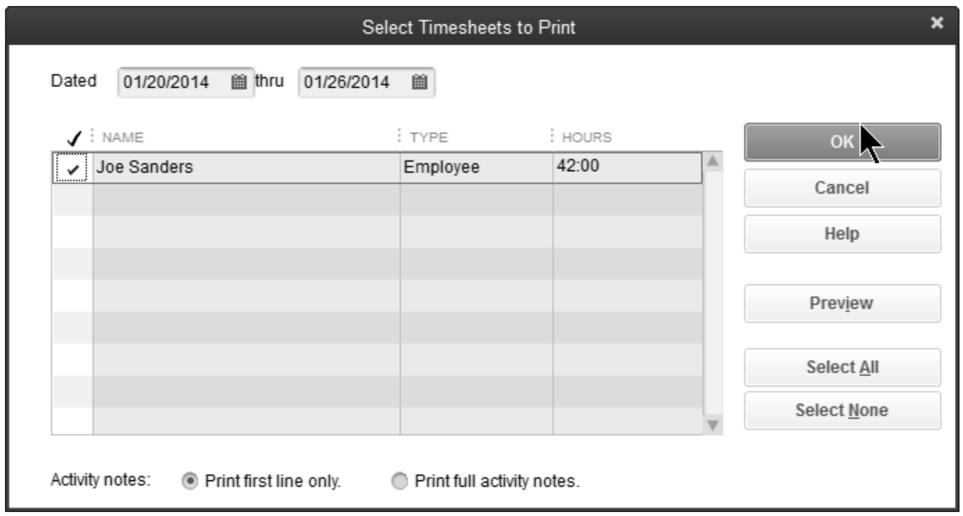


Print Timesheets

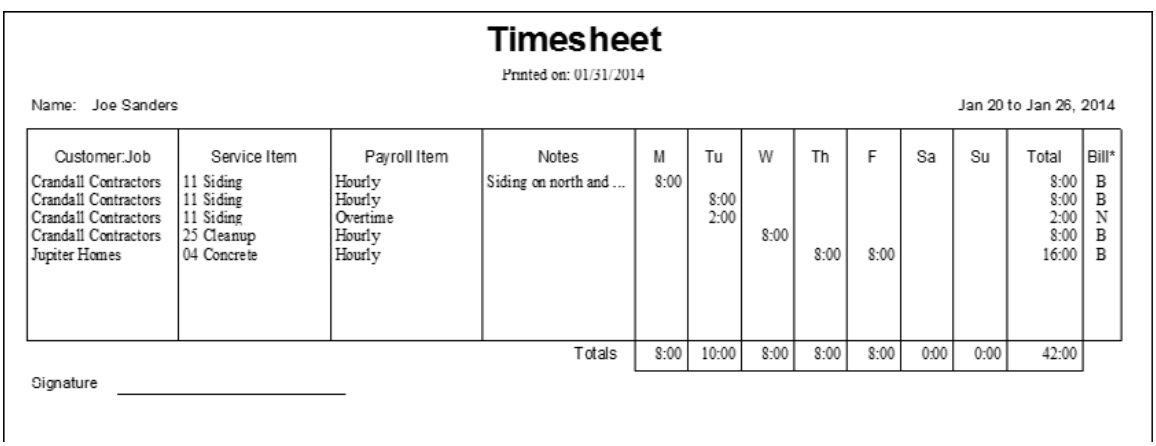
Print Timesheets

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



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.

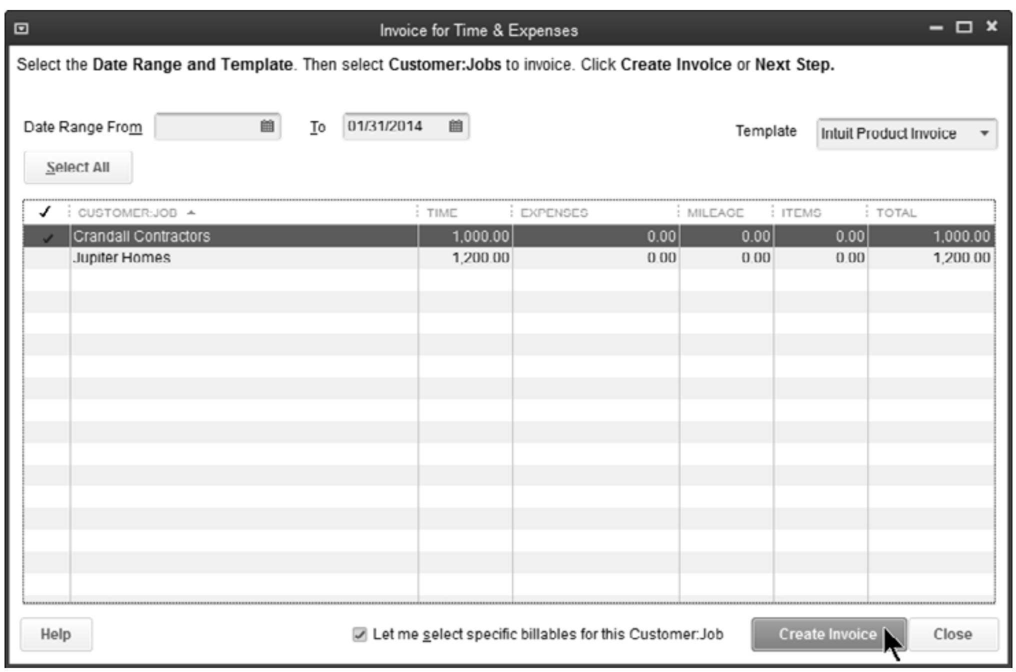
Set Time Preferences

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**.

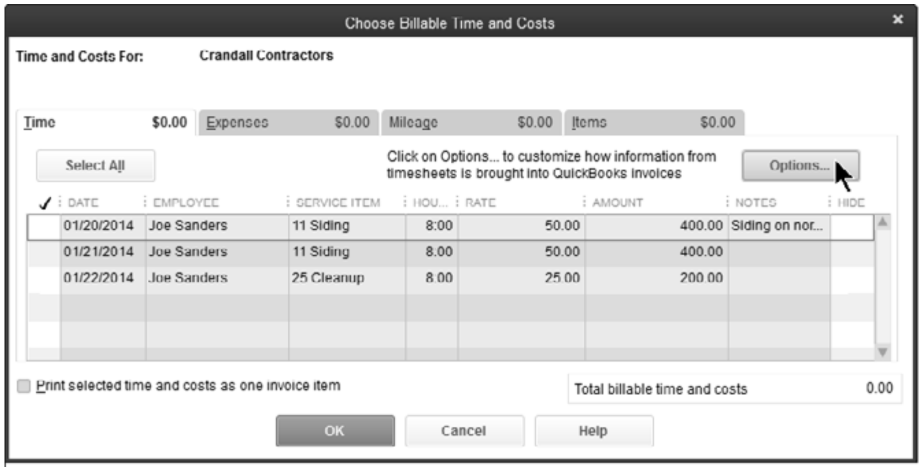
Invoice for Time

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**.

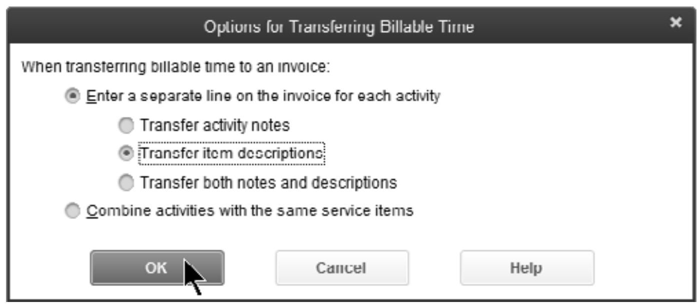
Invoice for Time & Expenses



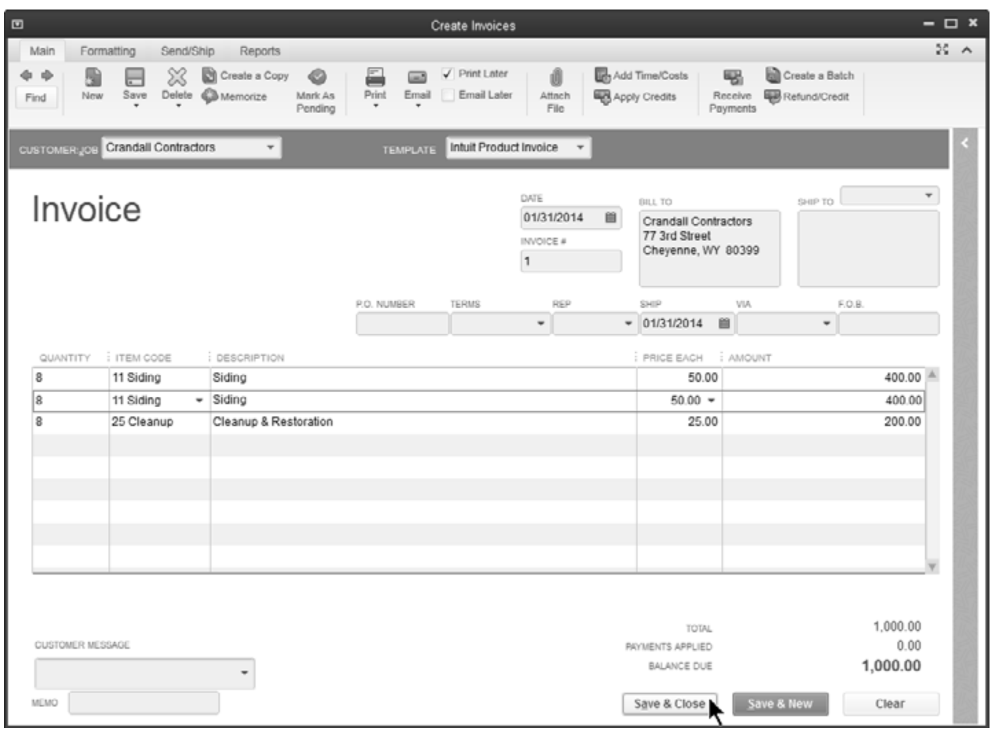
Choose Billable Time & Costs



Options for Transferring Billable Time



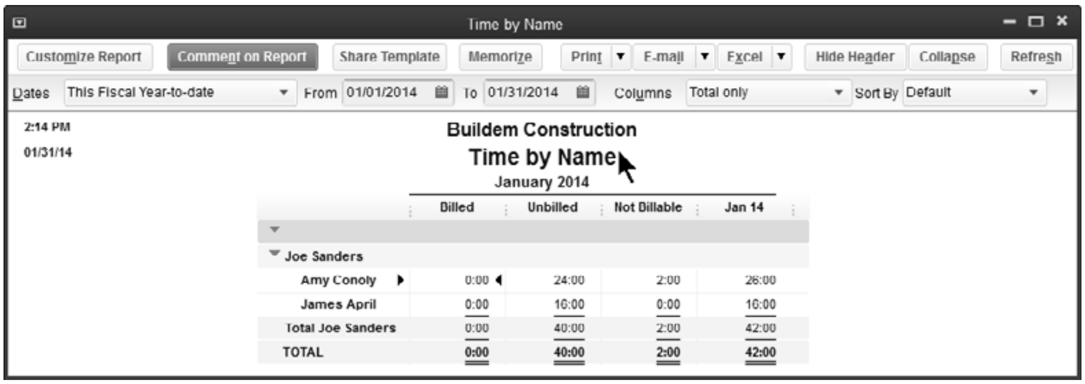
Customer Invoice



Productivity Reports

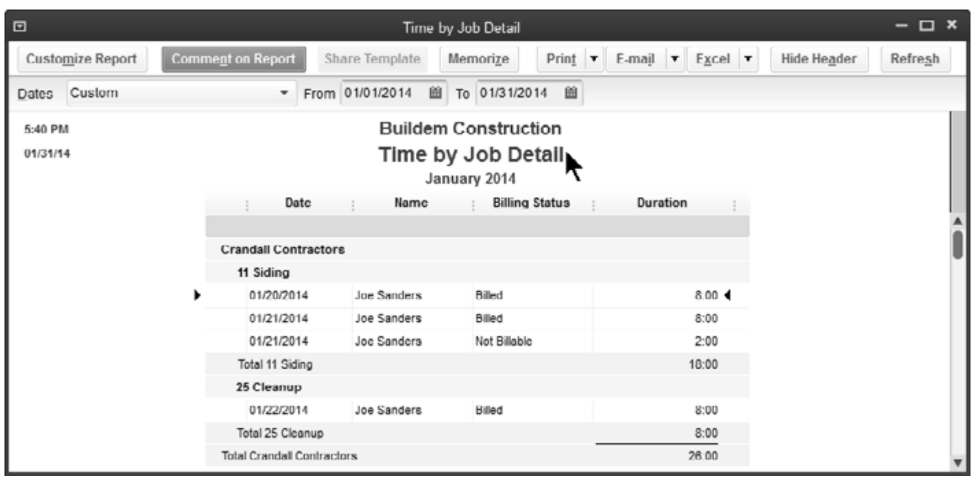
Review a Time by Name Report

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**.



Review a Time by Job Detail Report

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



Chapter 6- Payroll Cycle

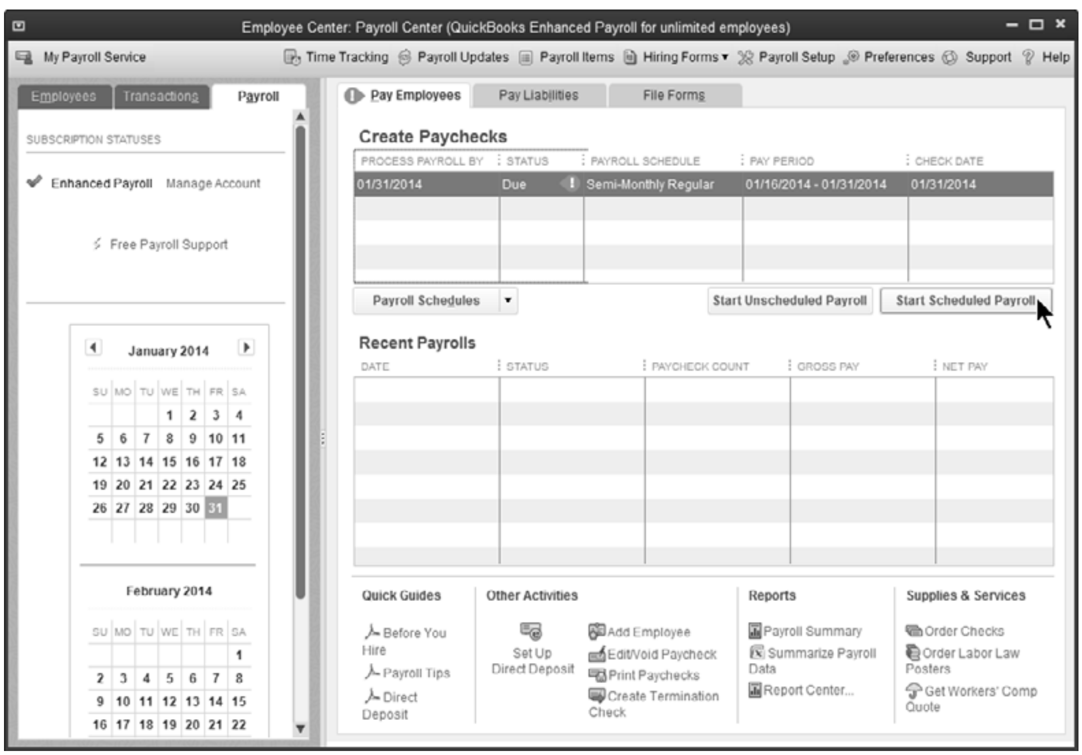
Mastering QuickBooks Payroll

Create Paychecks

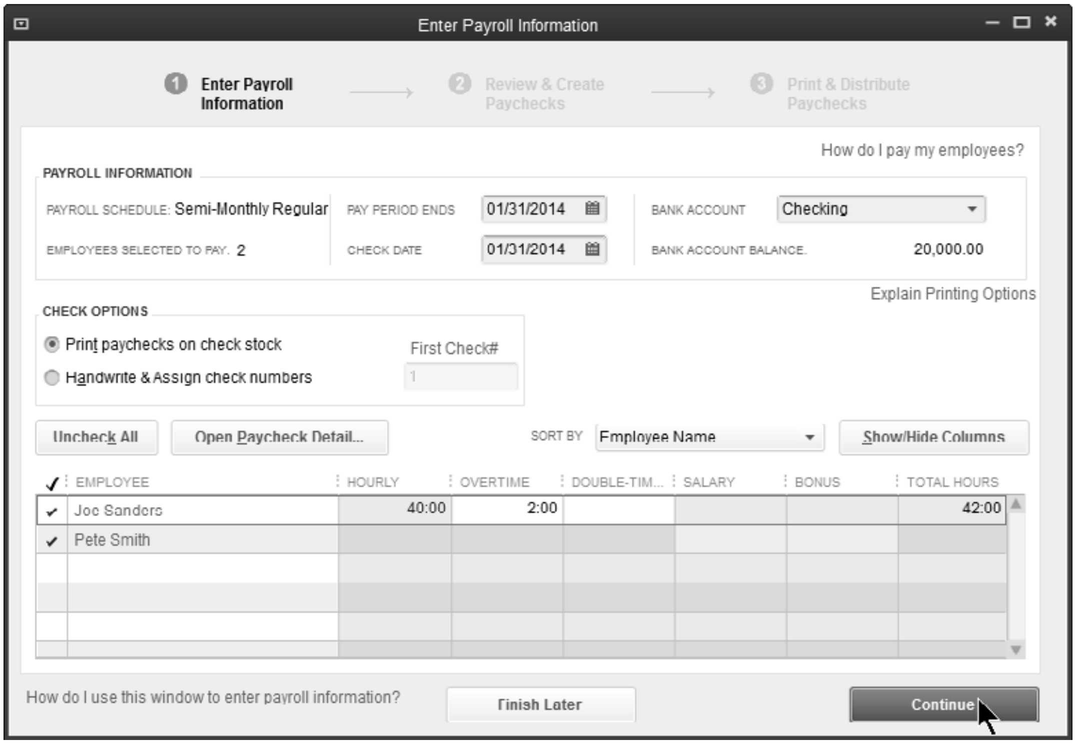
Create Paychecks

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**.

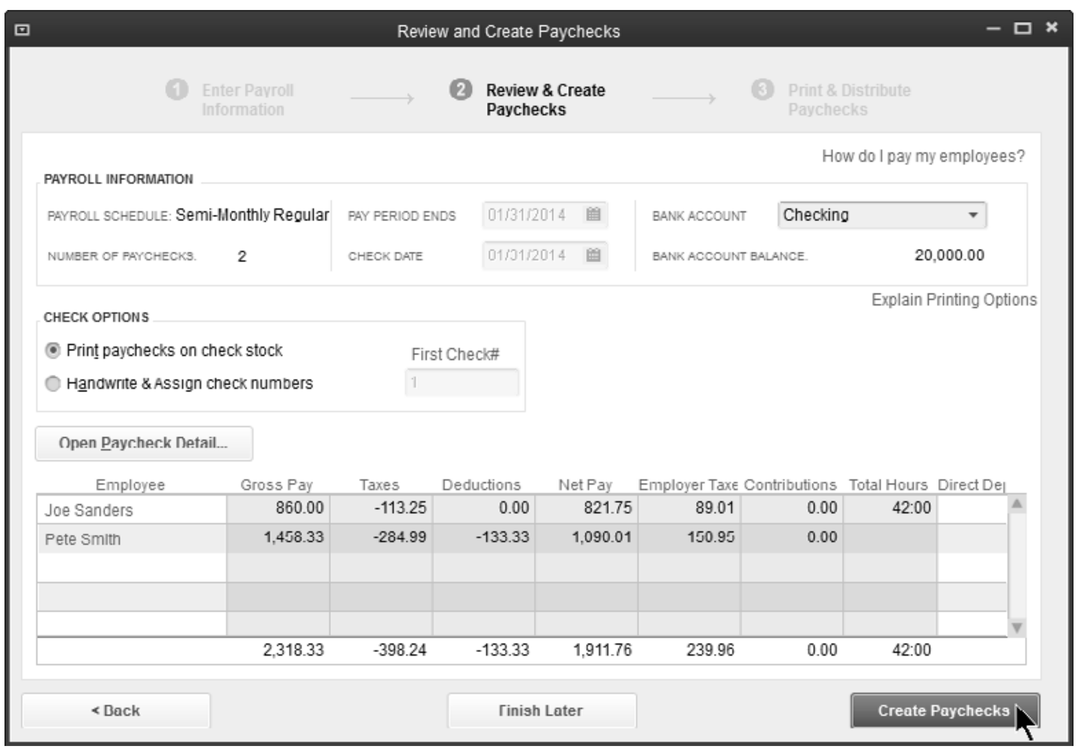
Employee Center: Payroll Center



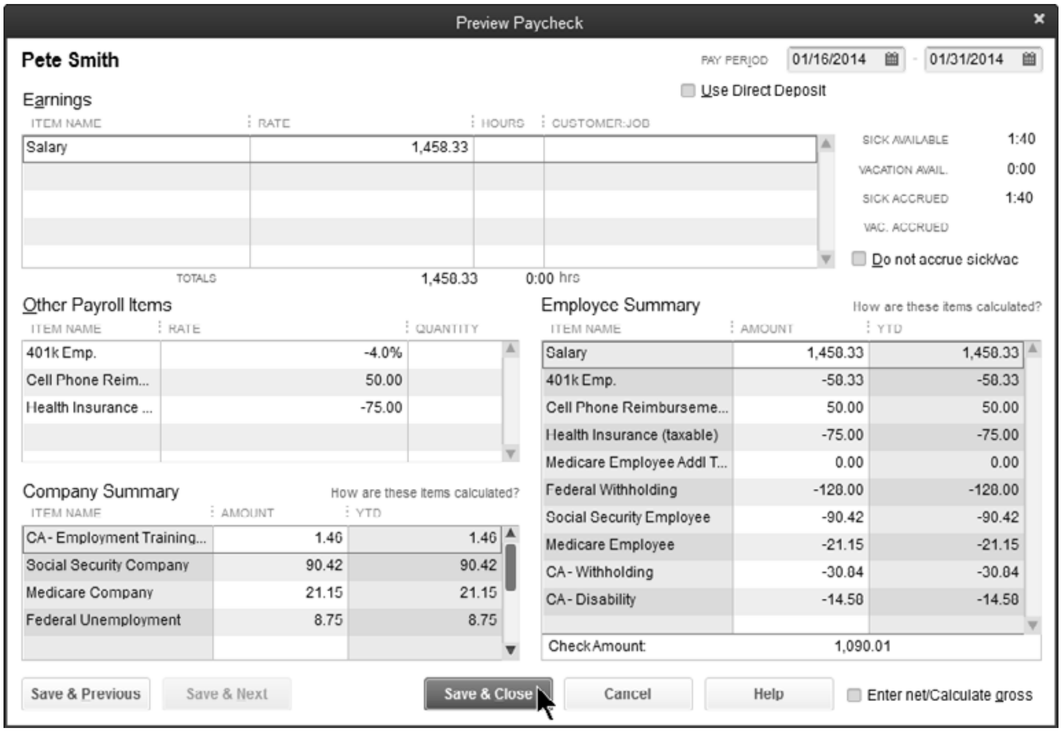
Enter Payroll Information Window



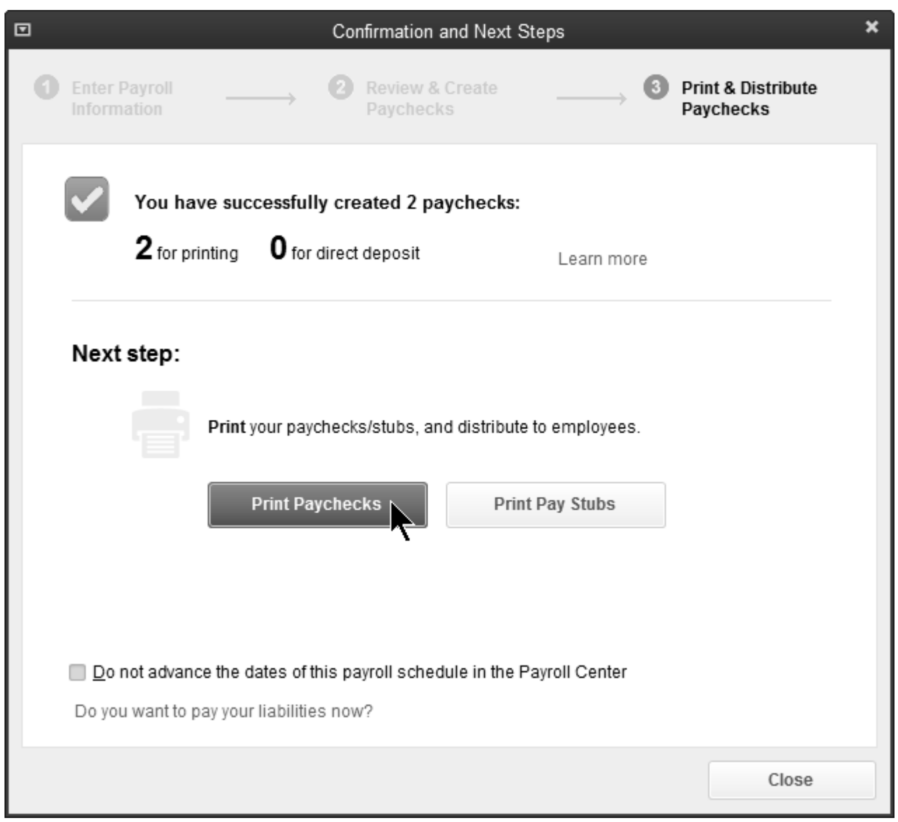
Review and Create Paychecks



Review Paycheck Amounts



Confirmation and Next Steps



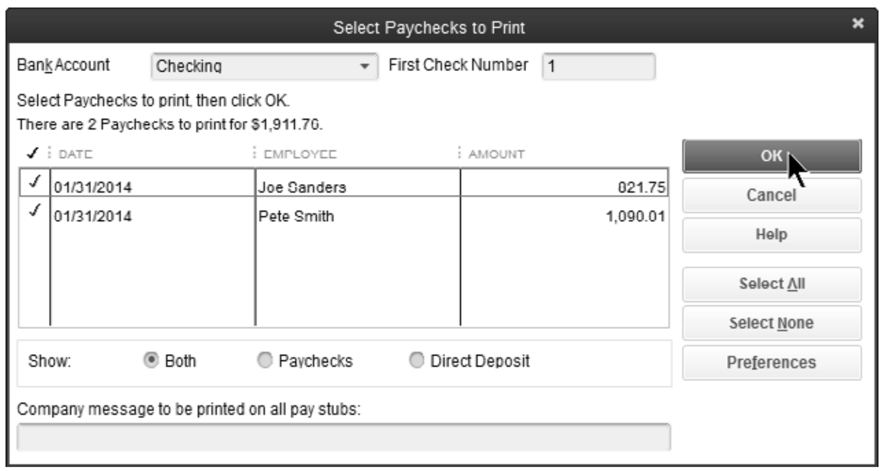
Print Paychecks

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.

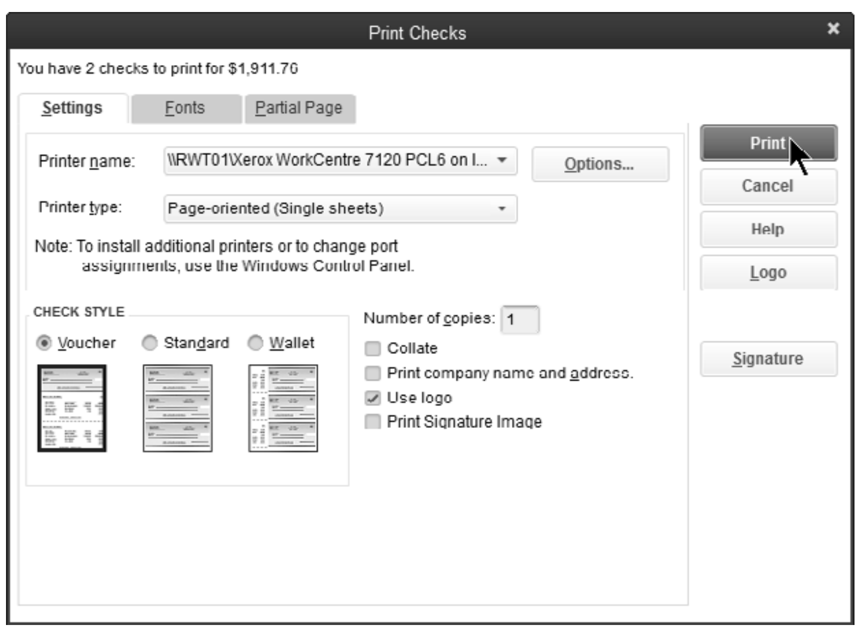
Print Paychecks

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



Print Checks



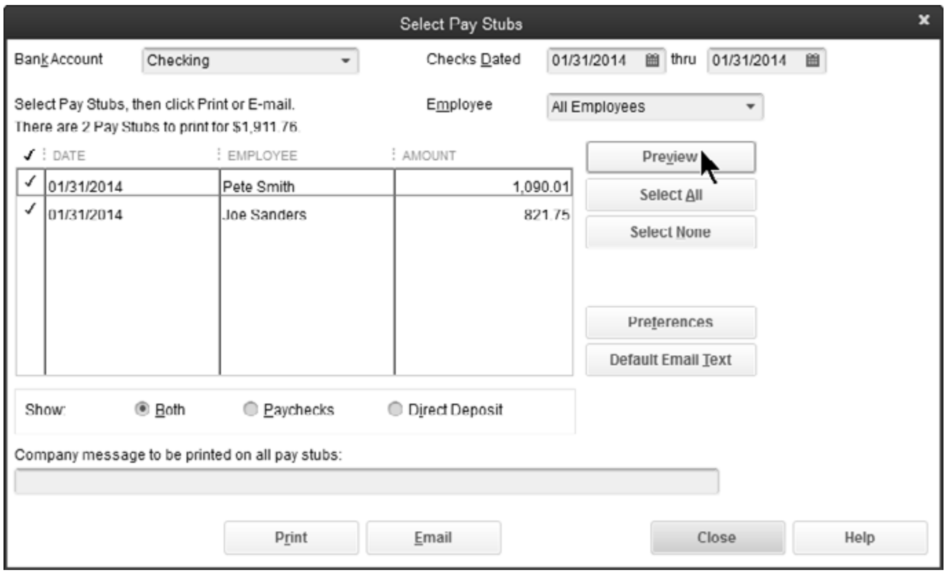
Print Pay Stubs

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.

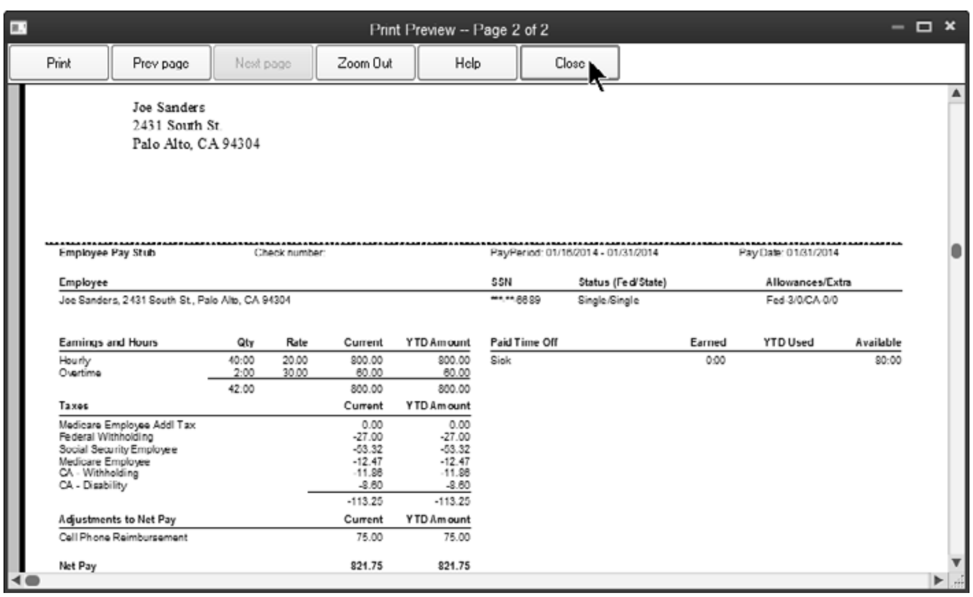
Print Pay Stubs

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

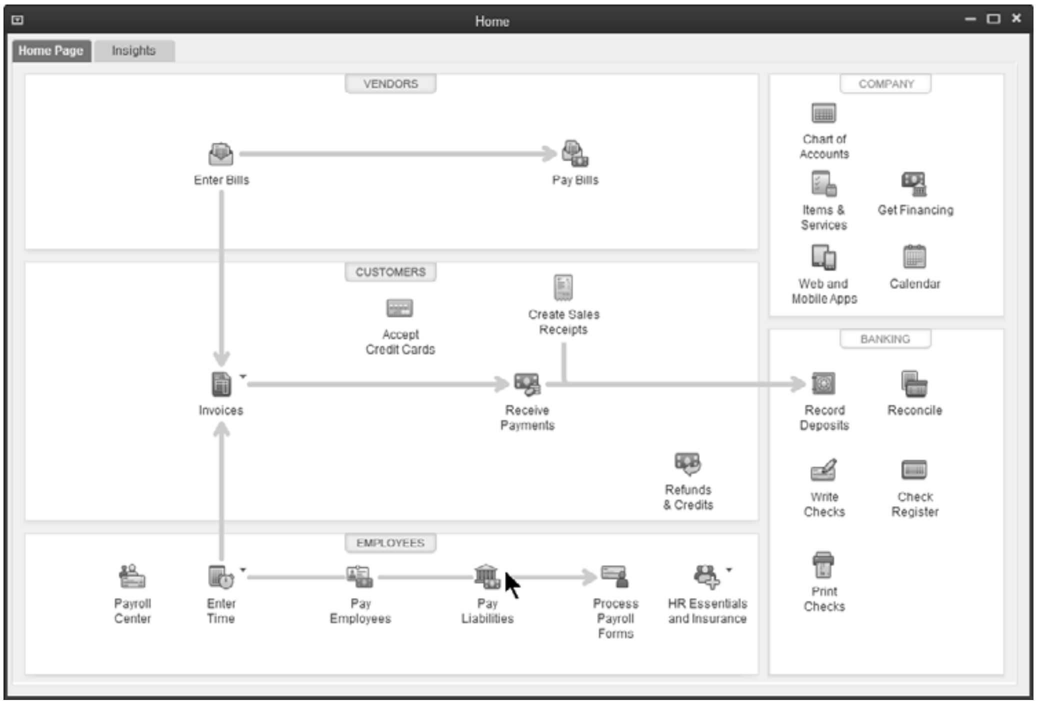


Pay Stub



Pay Liabilities & Taxes

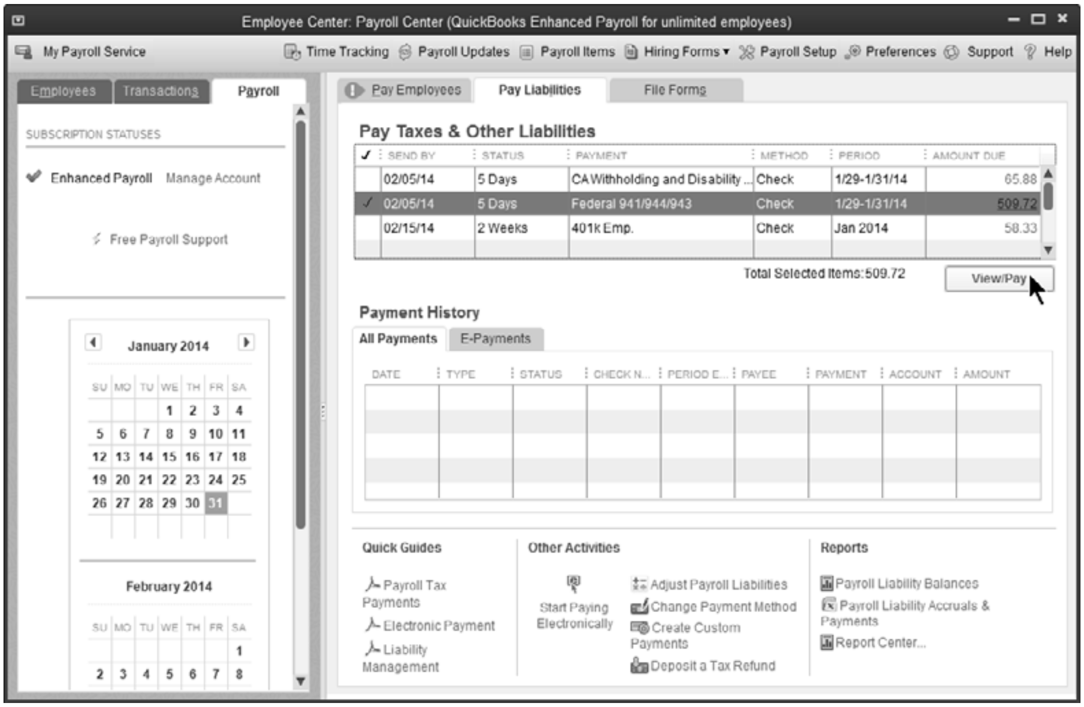
When you create paychecks, QuickBooks calculates taxes for you and calculates due dates based on your payment schedules. You enter the payment schedule for each liability when you add a payroll liability item. QuickBooks shows the due dates for the payments and warns you when your liability payments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



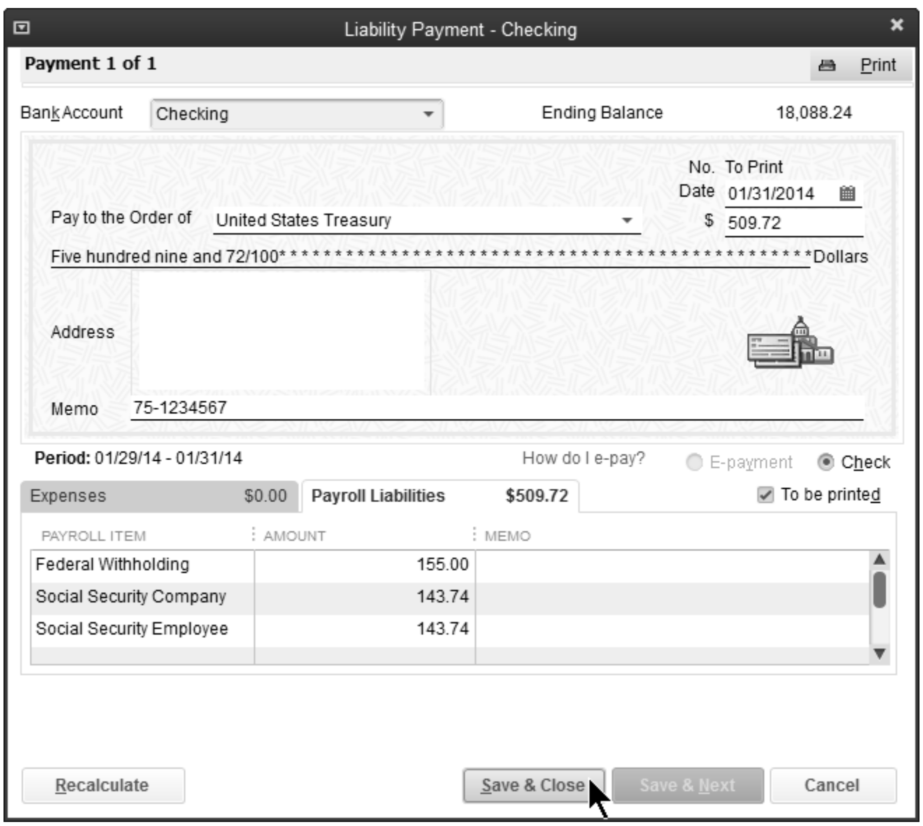
Pay Taxes/Liabilities

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



Liability Payment



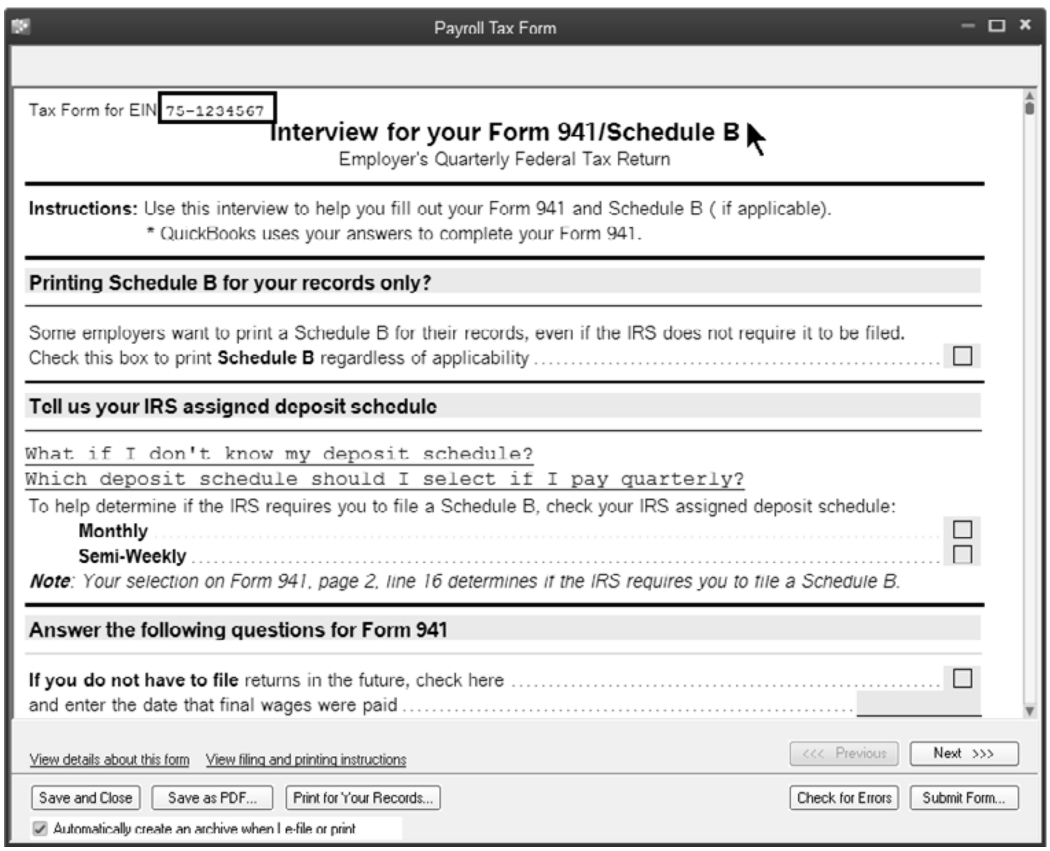
Chapter 7- Quarter and Year-End

Mastering QuickBooks Payroll

Quarterly Tax Forms

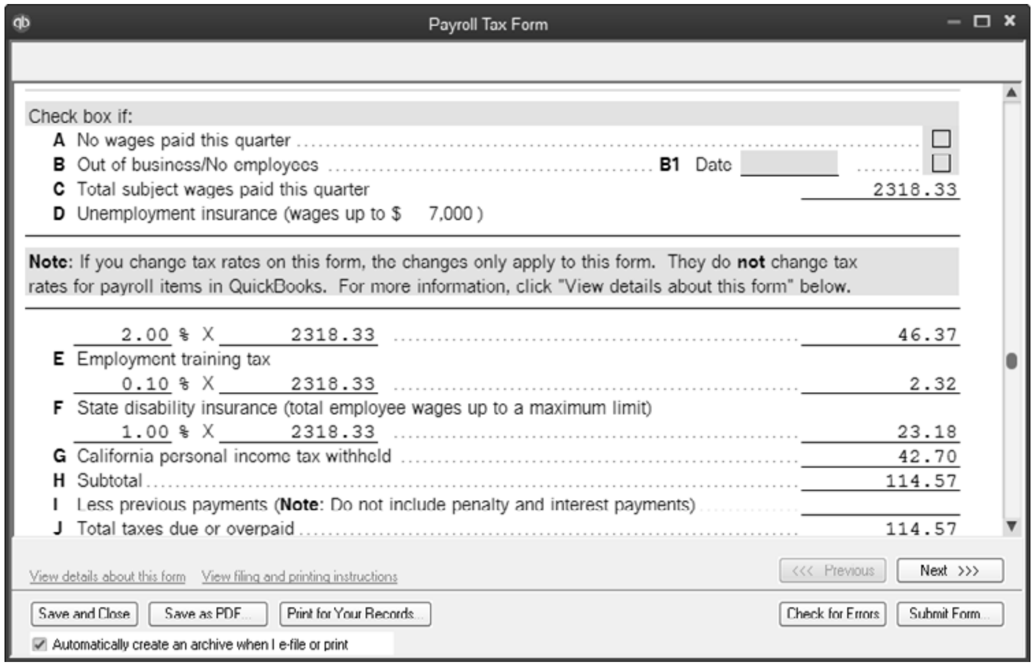
Federal Form 941

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**.



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 <<< 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

Year-End Tax Forms

Submit Tax Form 940

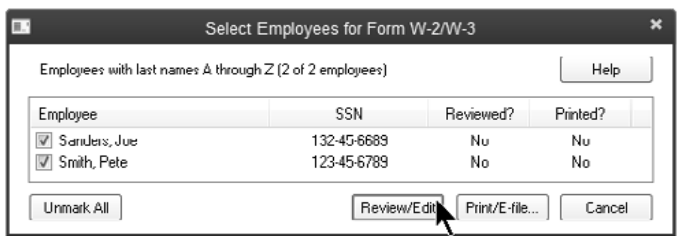
1) Click the **Process Payroll Forms** icon on the **Home** page.
2) Select **Annual Form 940/Sch. A – Employer's Annual Federal Unemployment (FUTA) Tax Return** from the list.
3) Click **Create Form**.
4) Enter the filing period.
5) Click **OK**.
6) Make any necessary changes.
7) Click **Save and Close**.

W-2s and W-3

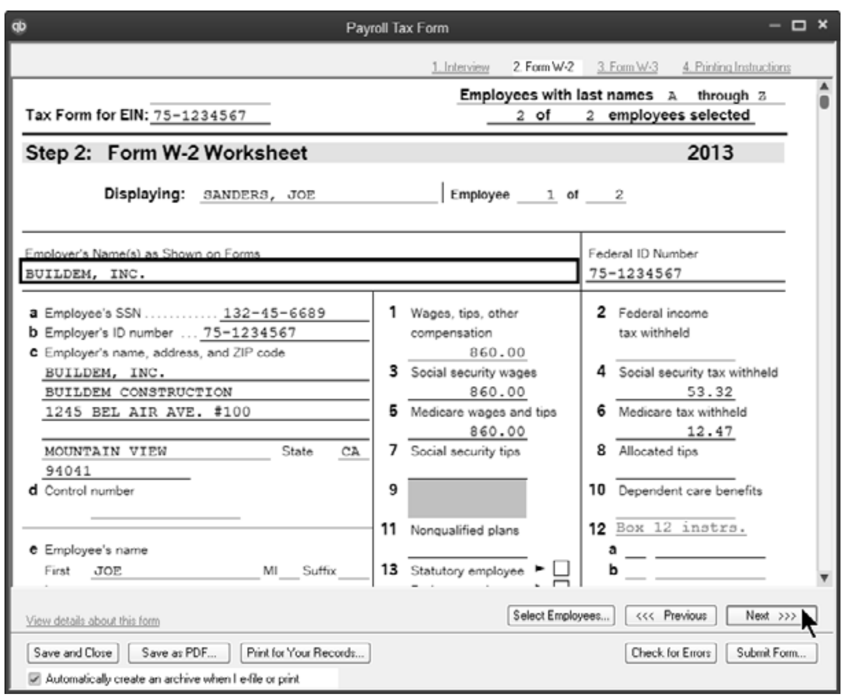
Print W-2s and W-3

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



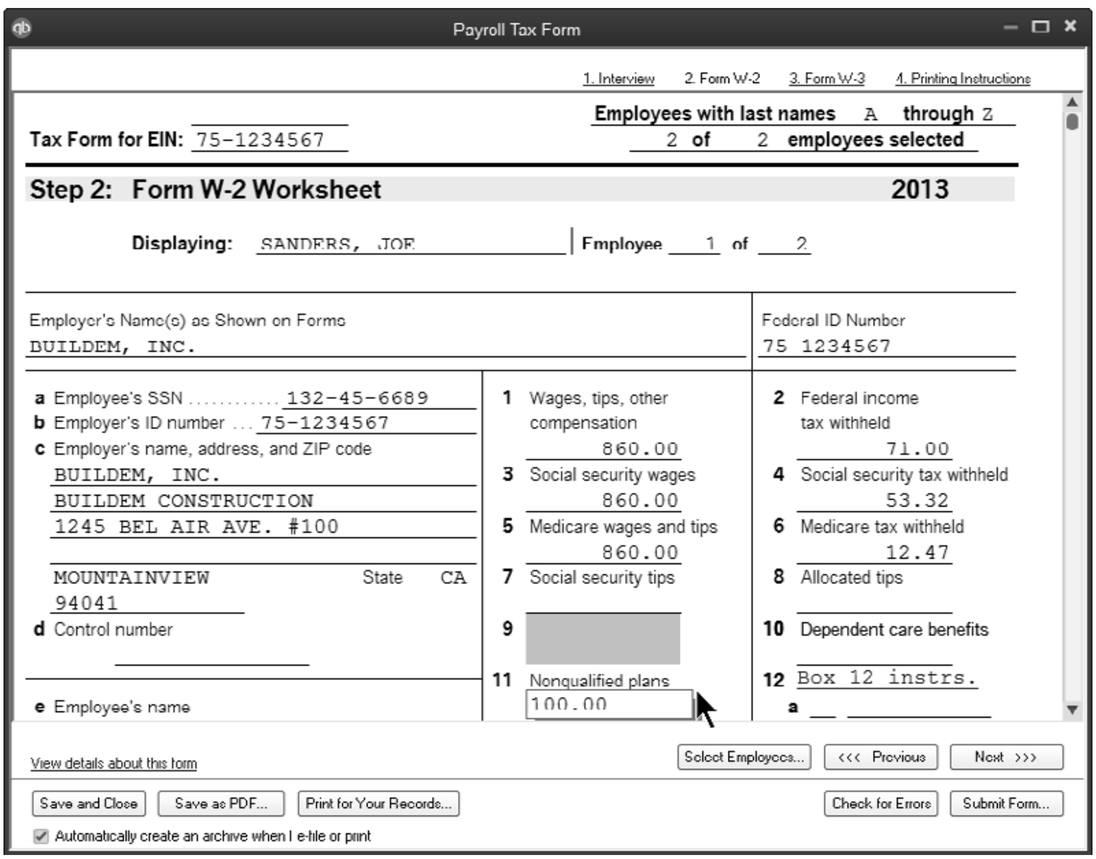
Employee W-2



Manually Adjust W-2s & W-3

Adjust & Print W-2s and W-3

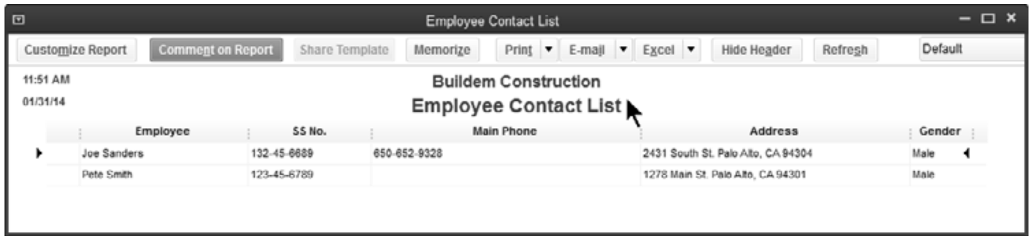
1) Click the **Process Payroll Forms** icon on the **Home** page.
2) Select **Annual Form W-2/W-3 - Wage and Tax Statement/Transmittal**.
3) Click **Create Form**.
4) Enter the appropriate information in the **File Form** window.
5) Click **OK**.
6) Click on individual employees to select for W-2 purposes.
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**.



Reports

Review the Employee Contact List

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



Employee Contact List

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

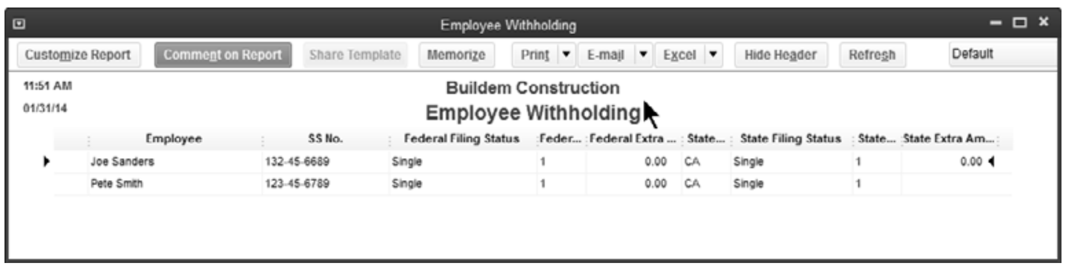
11:51 AM
01/31/14

Buildem Construction
Employee Contact List

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 Witholding** from the menu.



Employee Withholding

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

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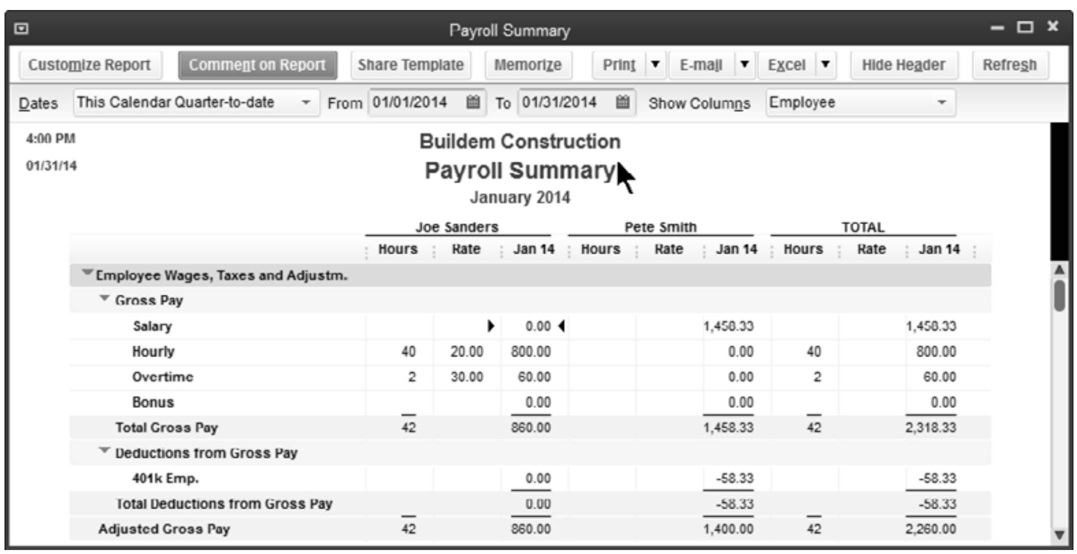
01/31/14

Buildem Construction
Employee Withholding

Employee	SS No.	Federal Filing Status	Feder...	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	

Review a Payroll Summary

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



Payroll Summary

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

Dates This Calendar Quarter-to-date | From 01/01/2014 | To 01/31/2014 | Show Columns Employee

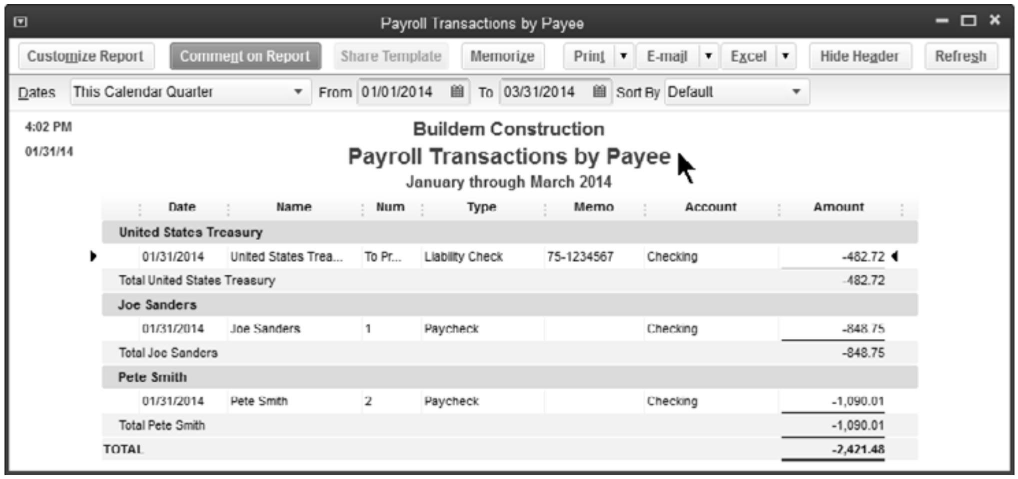
4:00 PM
01/31/14

Buildem Construction
Payroll Summary
January 2014

	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			1,458.33			1,458.33
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			1,458.33	42		2,318.33
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		2,260.00

Review Payroll Transactions by Payee

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

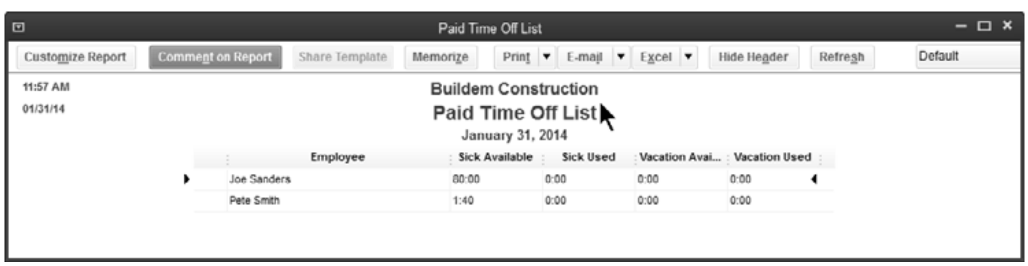


Review Employee Earnings Summary

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

Review Paid Time off List

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



Summarize Payroll Data in Excel®

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

Send Payroll Data to Excel

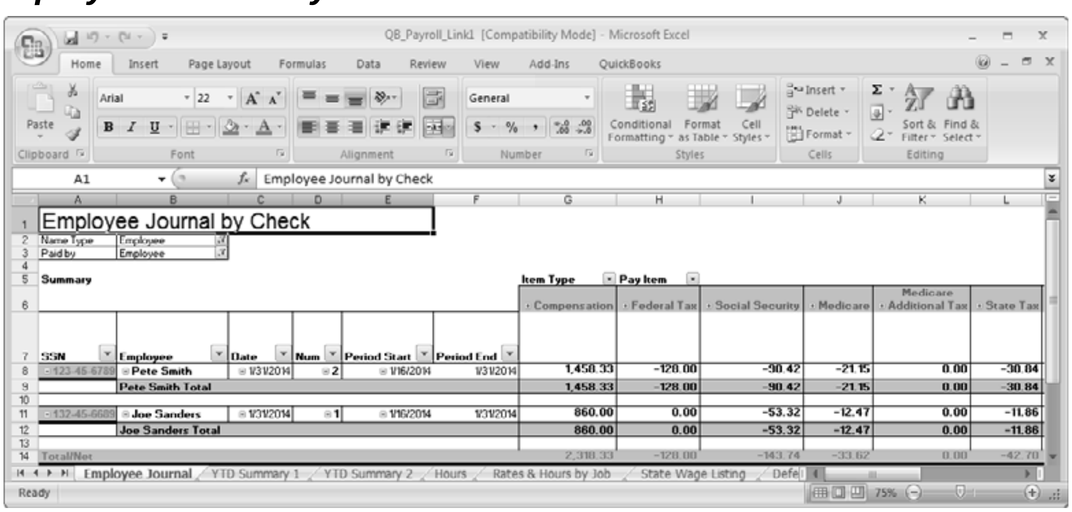
1) Select **Reports:Employees & Payroll:Summarize Payroll Data in Excel** from the menu.
2) Click **Enable Macros** in the **Security Warning** window (if asked).
3) Select appropriate dates in the **QuickBooks Payroll Workbook** window.
4) Click the **Get QuickBooks Data** button.

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



Chapter 8- Special Transactions

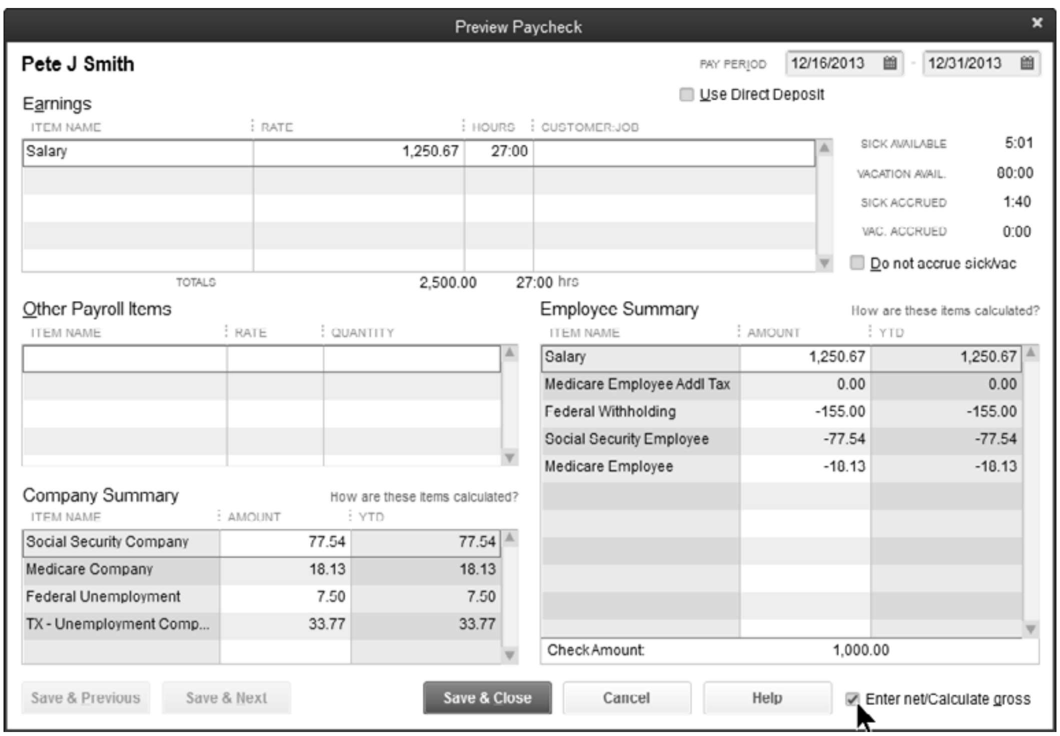
Mastering QuickBooks Payroll

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.

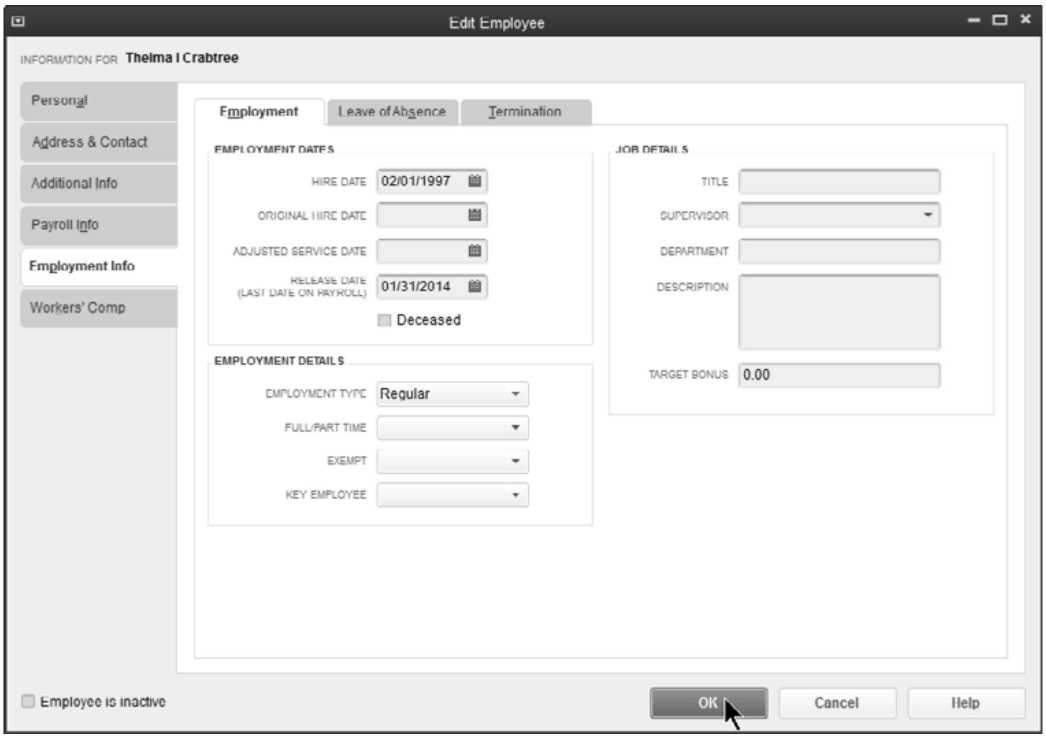


Termination Paycheck

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

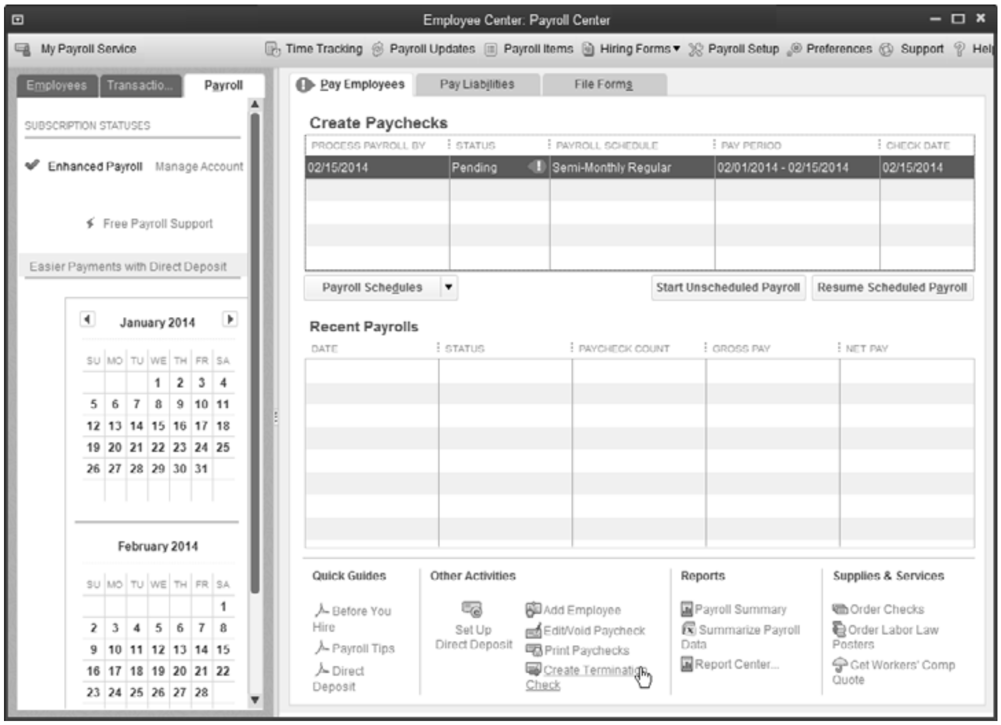
Set Employee's Release Date

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**.



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**.



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**.

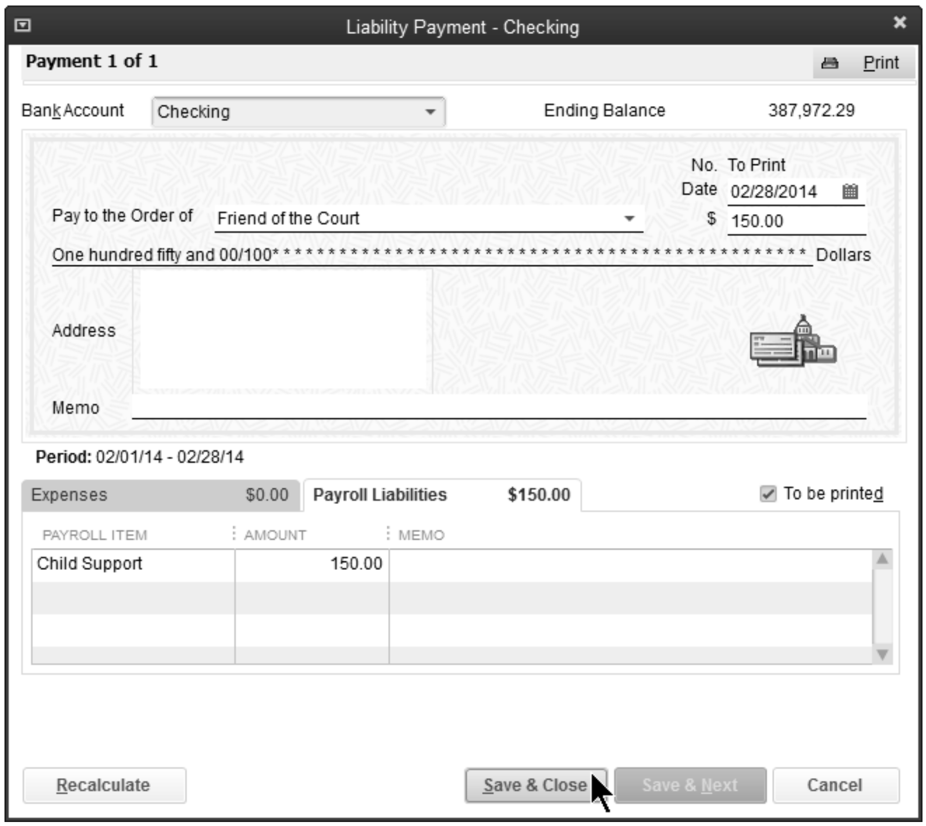
(3) Deduct Garnishment from Employee

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**.



Commissions

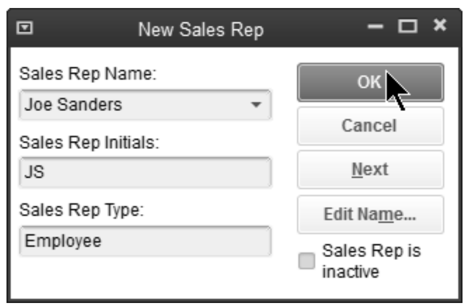
QuickBooks allows you to set up sales reps and track the dollar amount of their sales. You can use this information to calculate commissions to pay each of your sales reps.

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

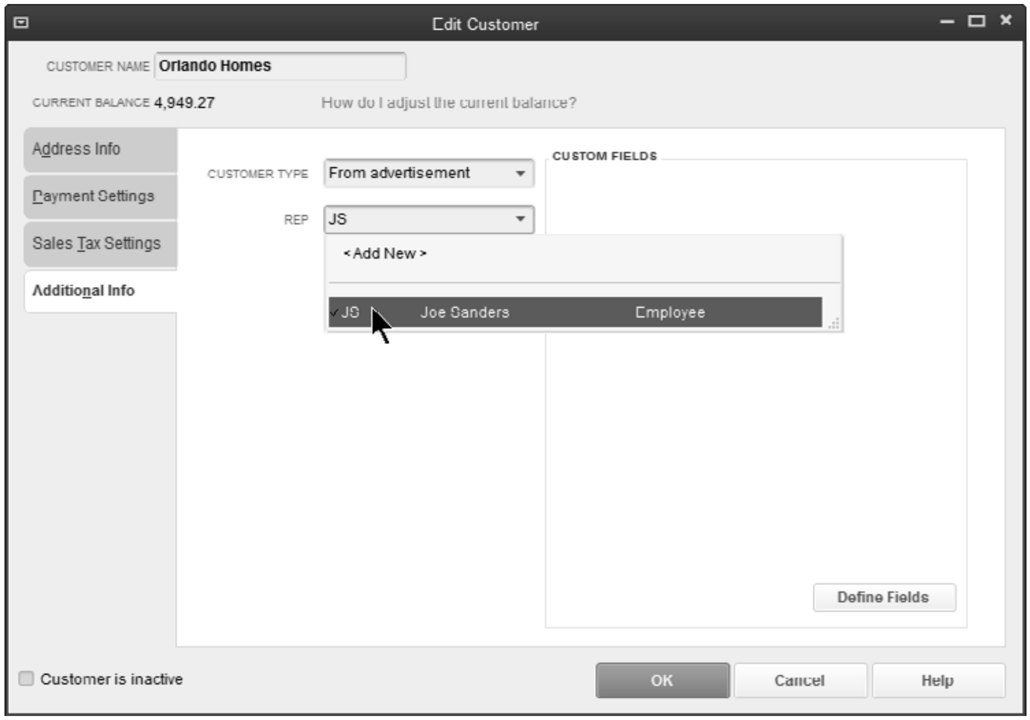
1) Select **Lists:Customer & Vendor Profile Lists:Sales Rep List** from the menu.
2) Click the **Sales Rep** button and select **New**.
3) Click the **Sales Rep Name** drop-down list and select the sales rep from the list. If the Sales Rep Name is not in the list, click **Add New** to add a new sales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



(2) Assign Sales Rep to Customer

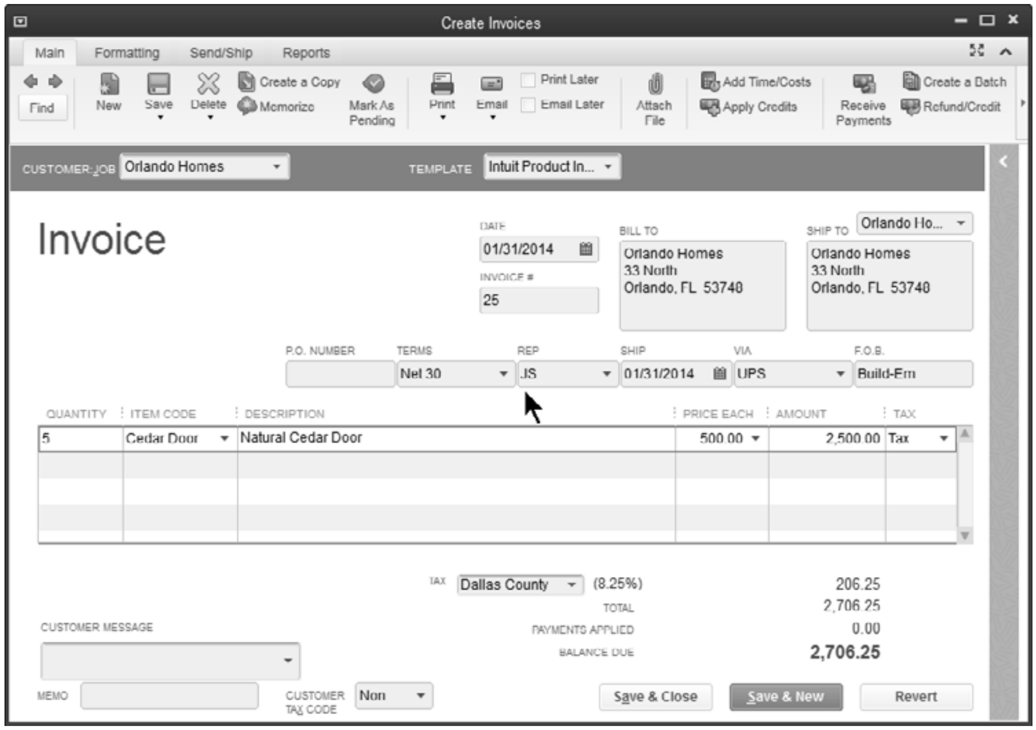
Assign Sales Rep to Customer

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**.



(3) Enter a Sale for Sales Rep

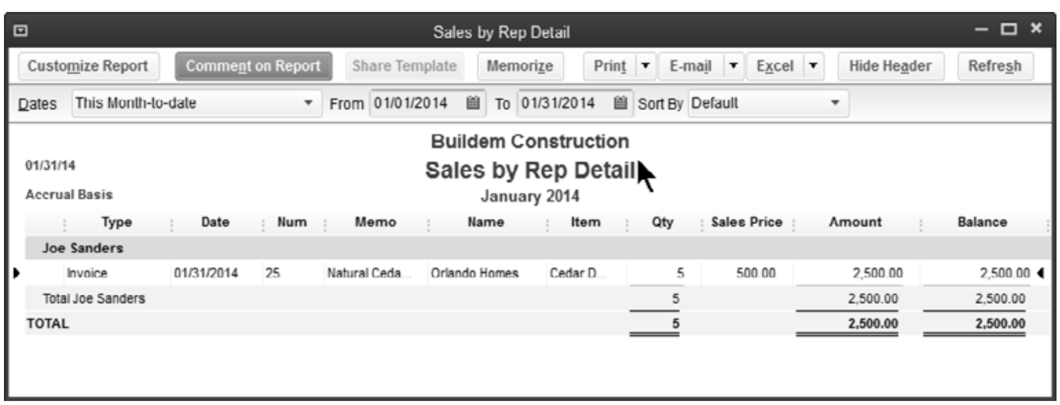
When you make a sale associated with a sales rep, QuickBooks adds the sales amount to the total sales for that sales rep. The Rep field must appear on your sales forms in order for the sales rep to receive a commission for the sale. You learn to customize sales forms in our two-day Mastering QuickBooks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



(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.



(5) Set Up Commission Payroll Item

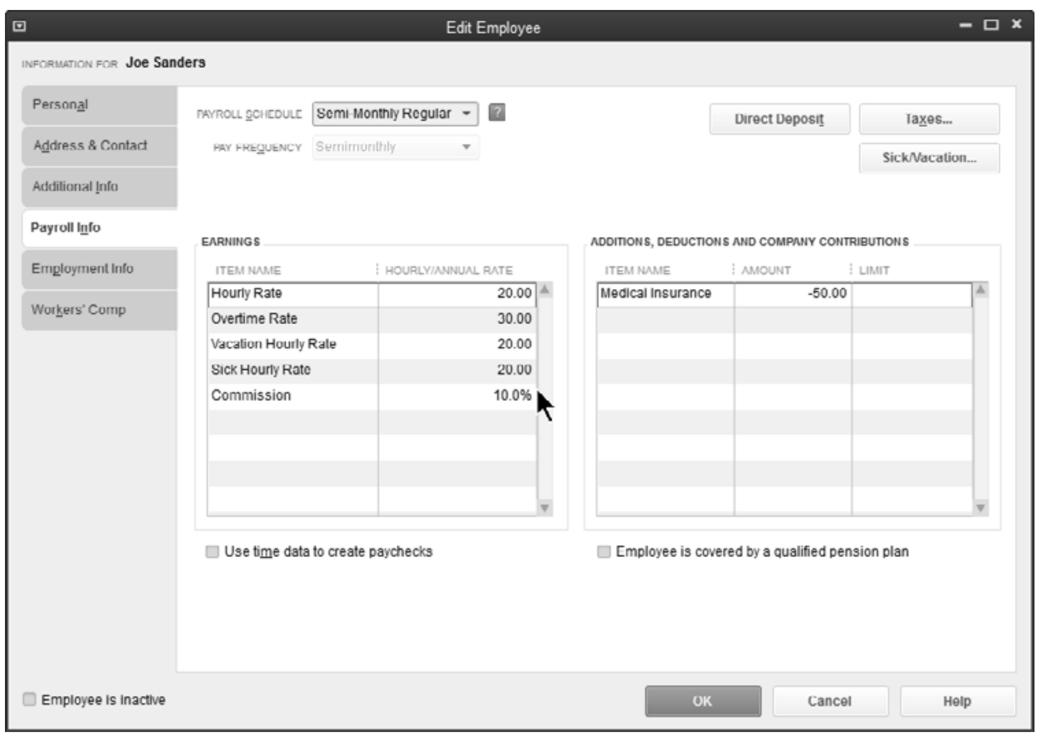
Add New Payroll Item

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

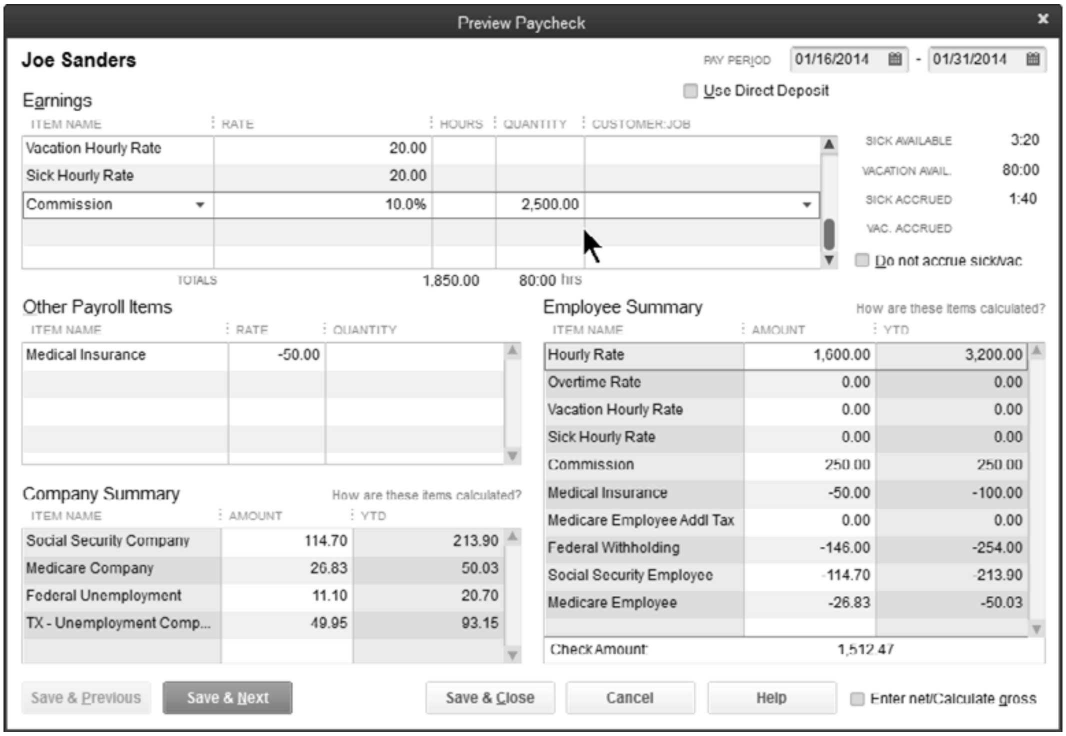
Assign Commission Item and Rate to Employee

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**.



(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.



Void Paycheck

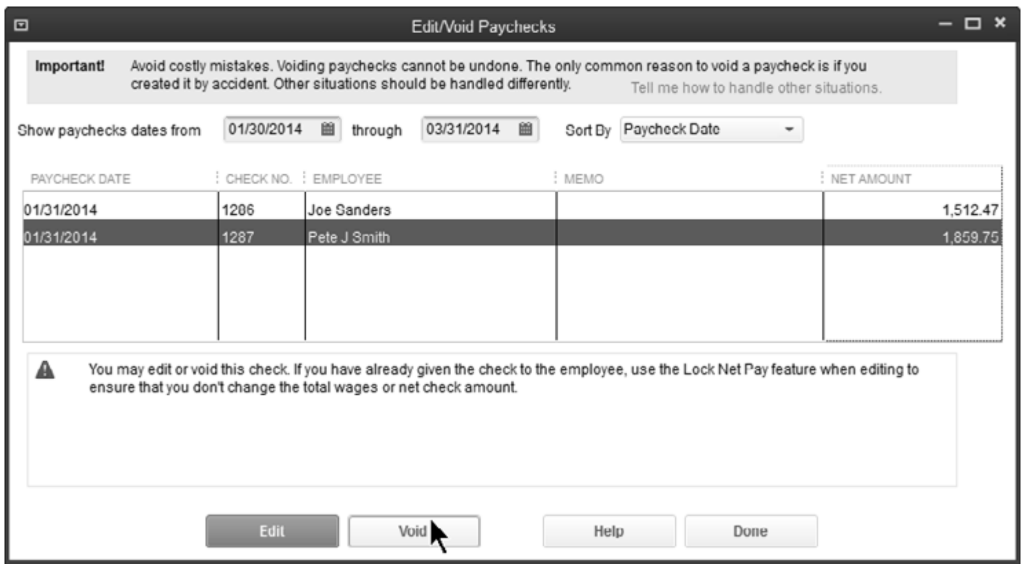
What happens if a paycheck is lost or damaged? It needs to be voided. We present two solutions to this problem below.

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**.



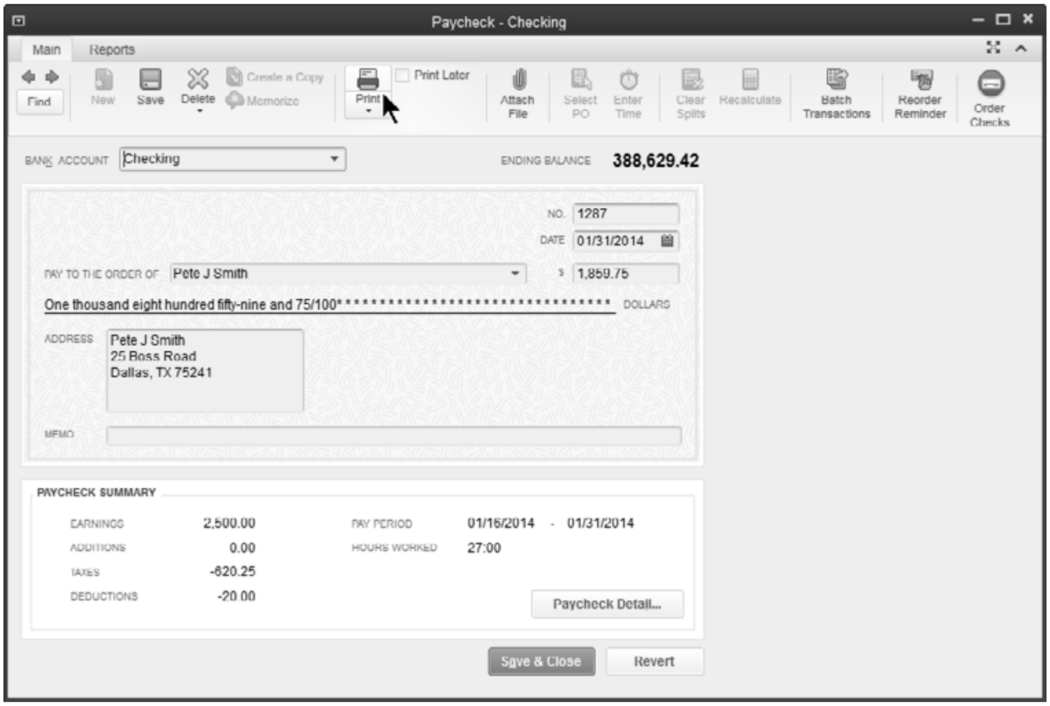
Void/Reprint Paycheck-A Faster Method

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**.



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

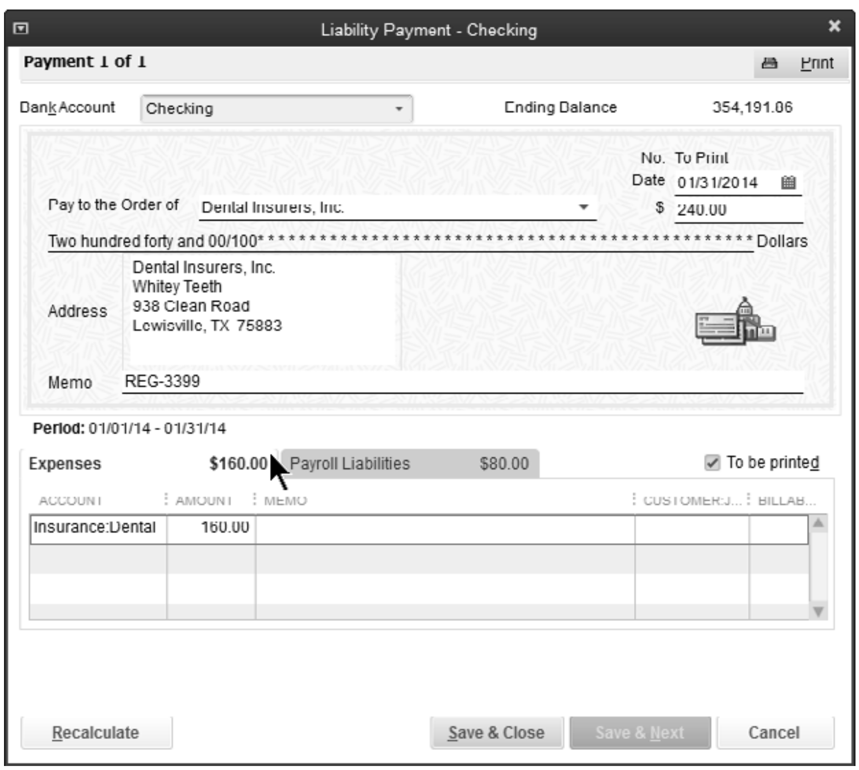
What if a payroll liability payment includes amounts deducted from paychecks plus amounts not deducted from paychecks? Consider an insurance plan in which an employee's premium is paid by the company. However, the cost for dependents is paid by the employee through payroll deductions. There are two ways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



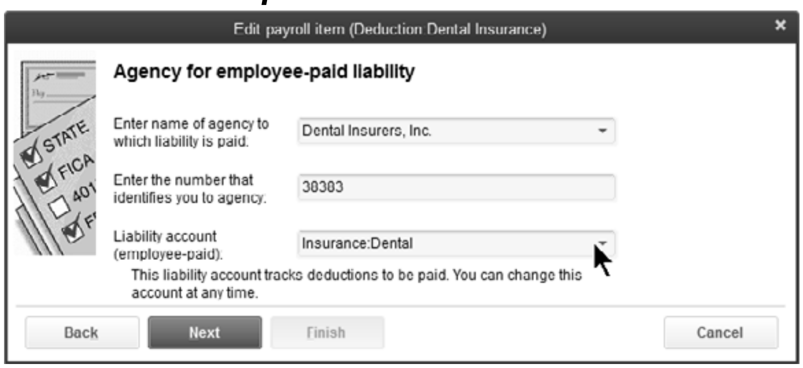
Method 2-Pay with Bill/Check

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.

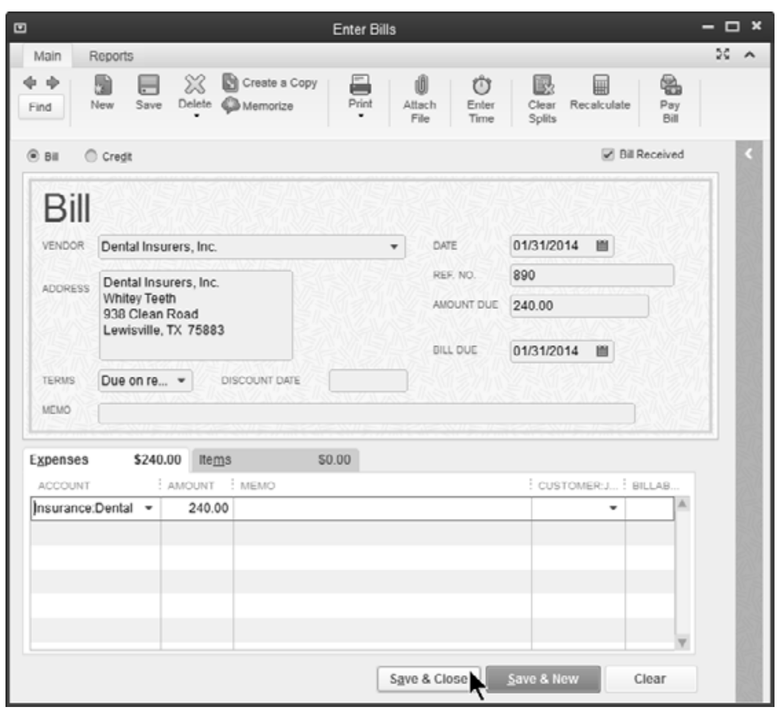
Link Payroll Deductions to Expense Account

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



Enter Bill/Check for Full Amount Owed

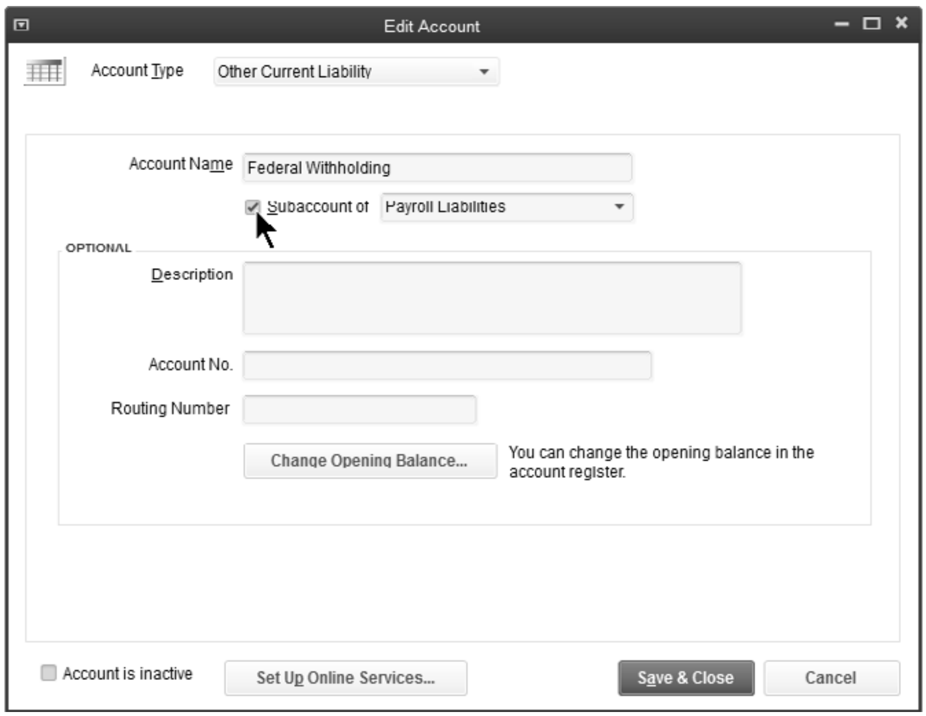


Mapping Payroll Items

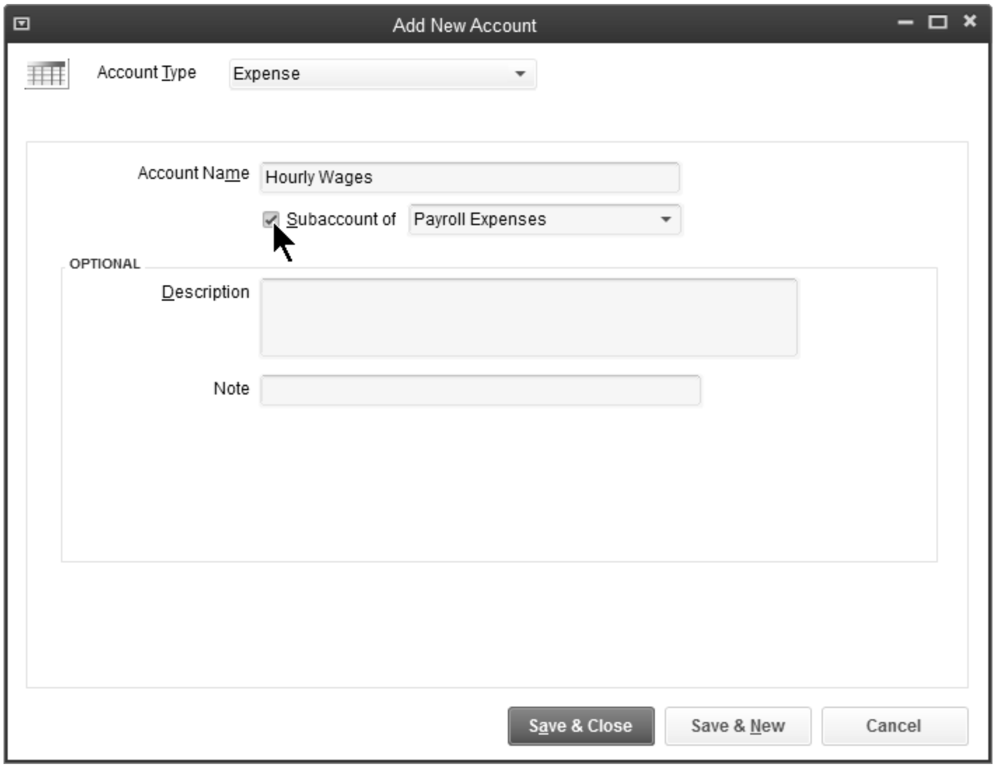
QuickBooks suggests using just one liability account for payroll-related liabilities (*Payroll Liabilities*), and one expense account named *Payroll Expenses*. However, mapping payroll items to appropriate subaccounts provides more meaningful and auditable financial statements. For proper payroll item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

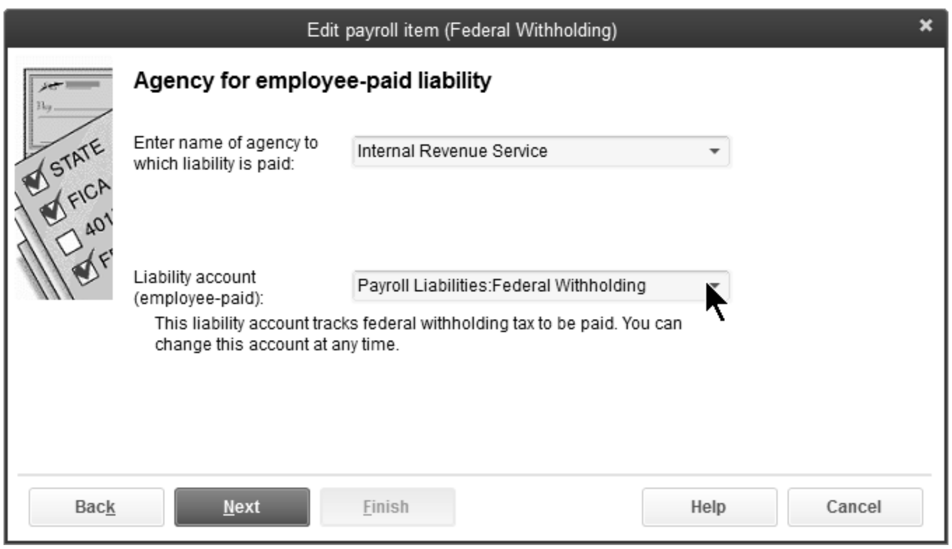
(1) Create Payroll Liability Subaccounts



(2) Create Payroll Expenses Subaccounts



(3) Map Payroll Items to Subaccounts



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	0.8%	7,000.00	Taxes:Federal Payroll	Payroll Liabilities:Federal Unem...	FUTA
Federal Withholding	Federal Tax				Payroll Liabilities:Federal Withh...	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**.

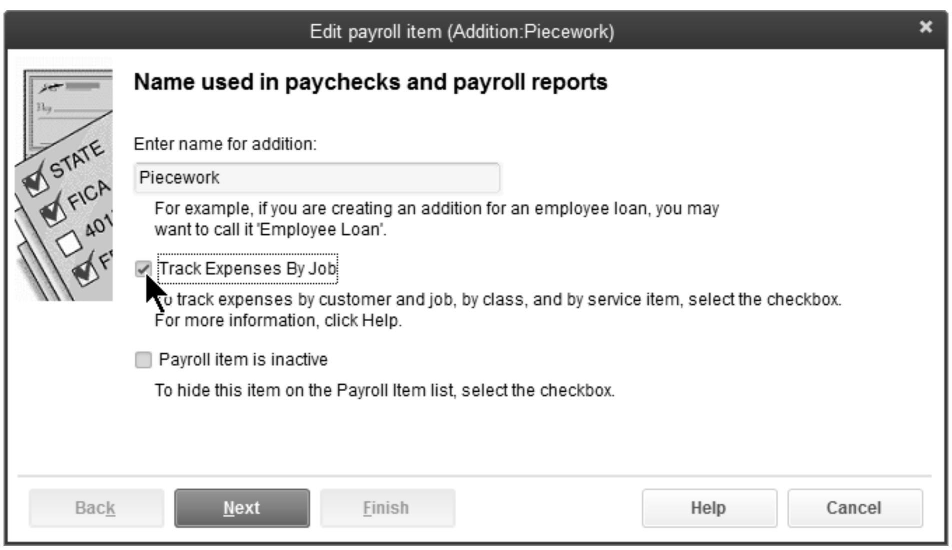
(2) Set Payroll Preferences

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*.

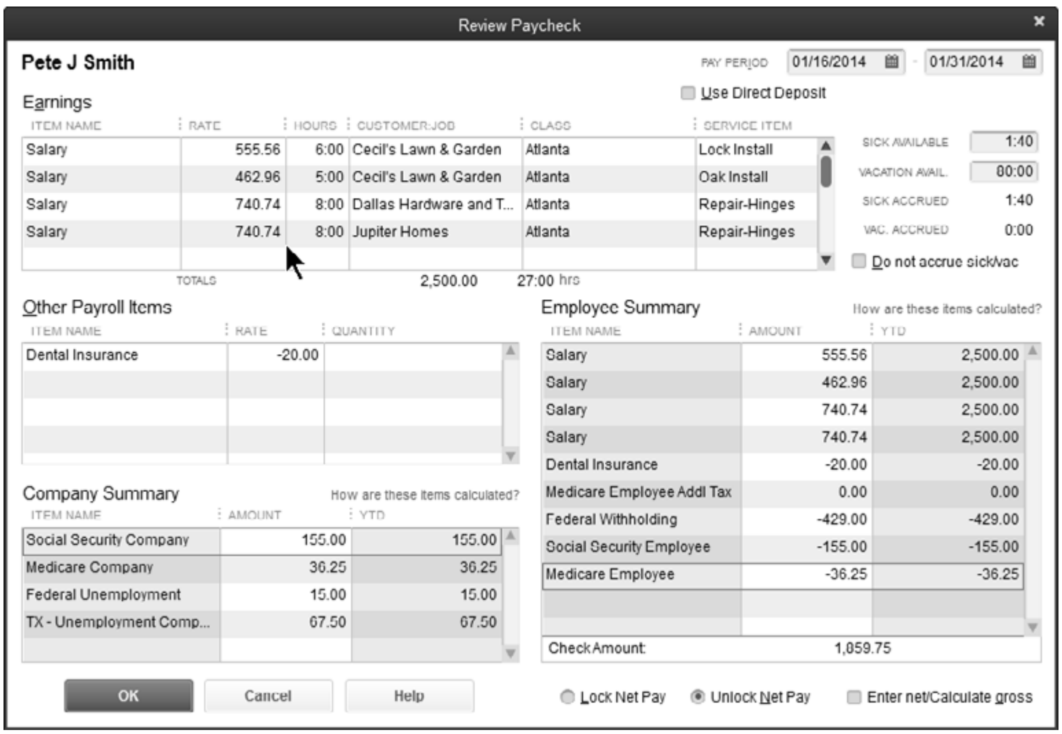


Job Cost for Salaried Employee

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



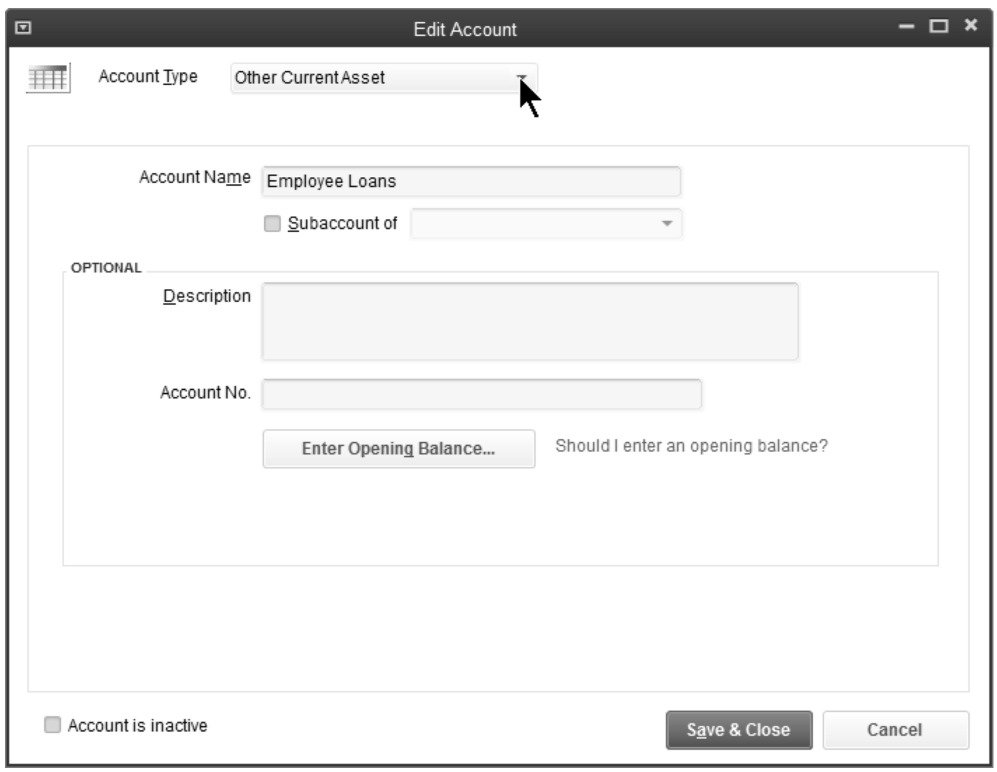
Track Employee Loans

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**.

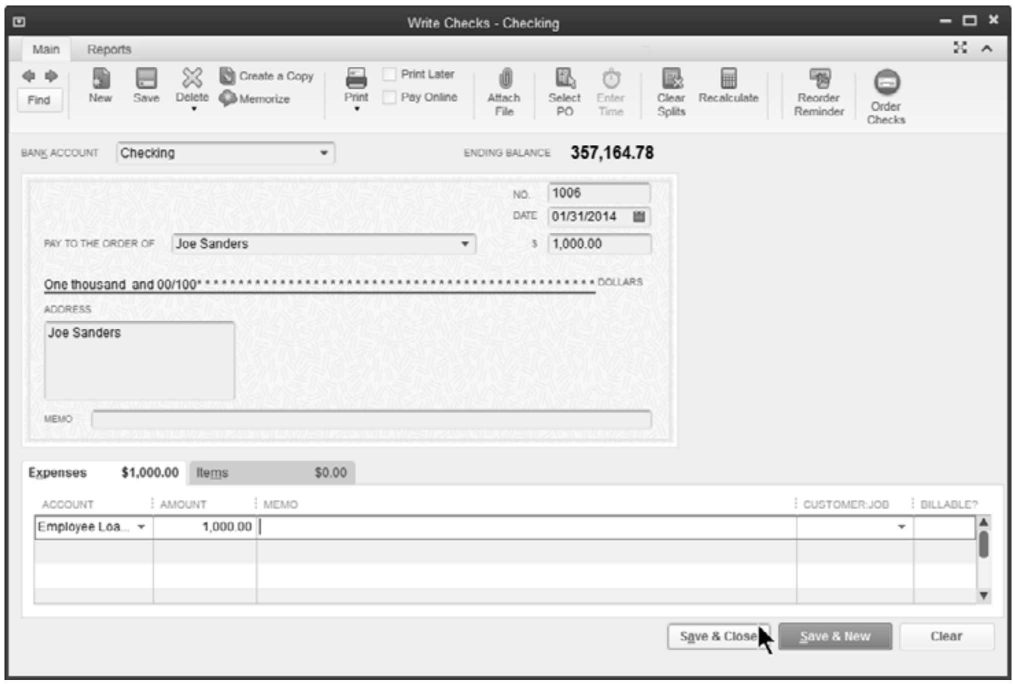


(2) Write Check to Employee

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**.

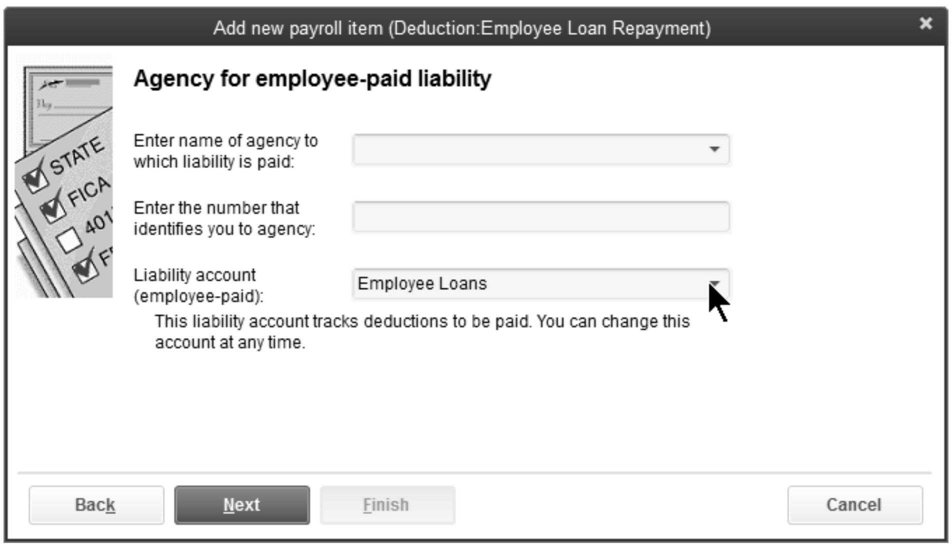


(3) Add Employee Loan Repayment Payroll Item

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**.

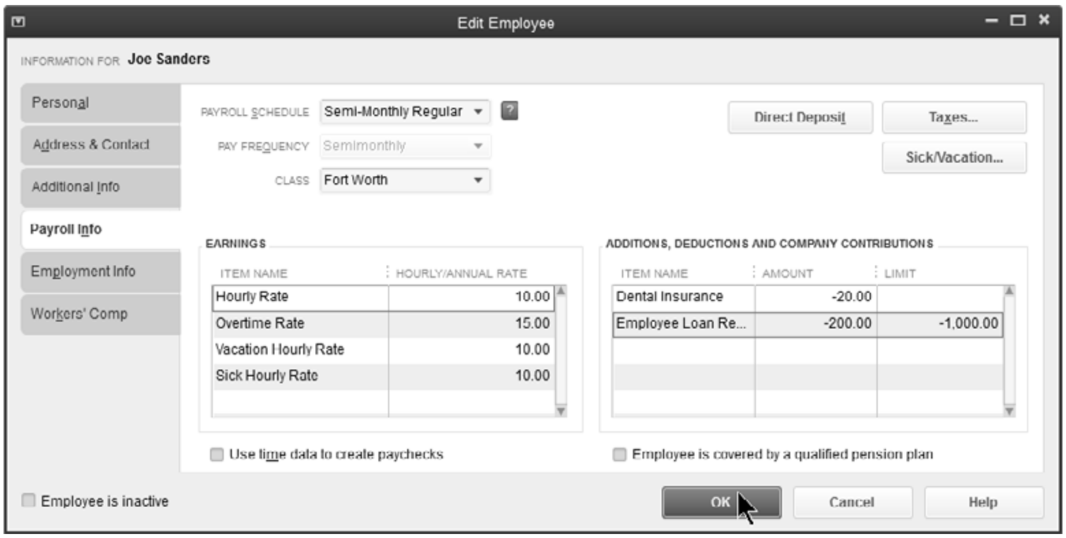


(4) Edit Employee Setup

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**.



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

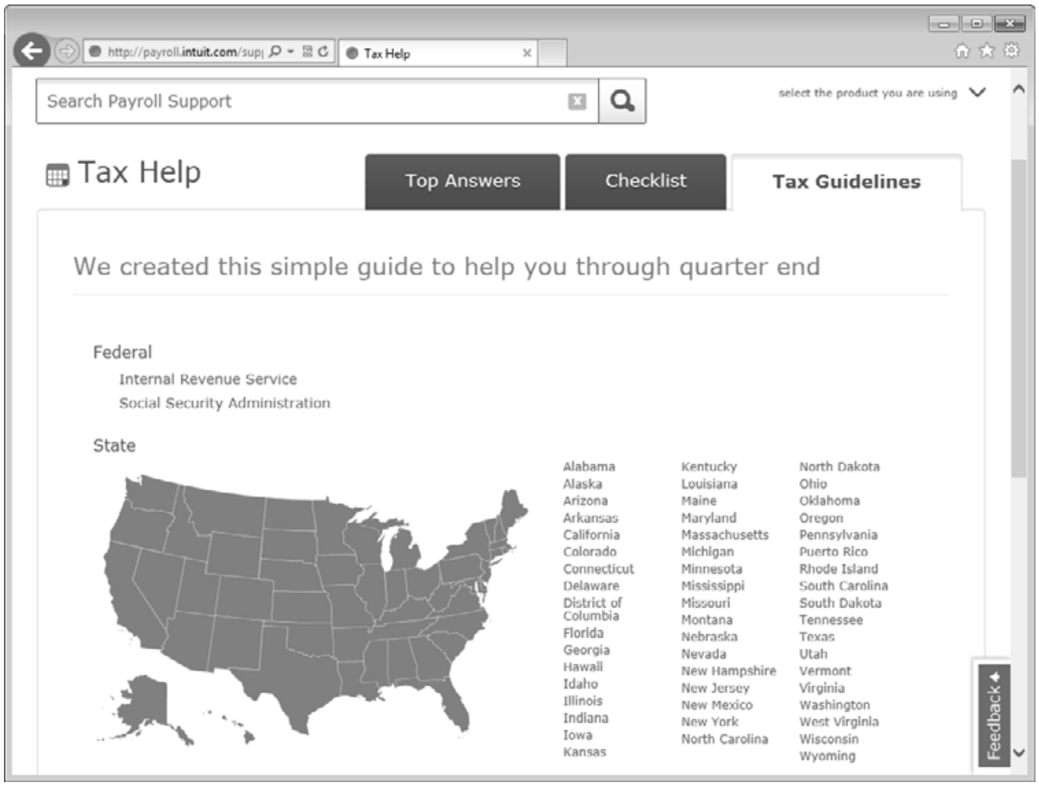
Discussing your salary or someone else’s salary or commenting on the reasons someone was terminated within your company or to other prospective employers.

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 Medicate 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. The 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.