




How to...

- *Activate Payroll in Preferences*
- *Select a Payroll Service*
-  *Comparing Payroll Options*
- *Set Up Company Information*
- *Enter and Review Employee Information*
- *Set Up Payroll Taxes*
-  *Setting Year-to-Date Amounts*
- *Create and Print Paychecks*
- *Edit or Void Paychecks*
-  *Entering a Single Activity*
- *Turn On Time Tracking*
- *Enter Weekly Timesheets*
- *Review and Pay Payroll Taxes*

Chapter 9

Paying Employees and Taxes and Tracking Time

Employees help a business grow, but having employees requires a whole new area of tracking. Companies need to track employee information, hours, and payroll items. In addition to tracking your employee hours for payroll purposes, you can use time tracking to track billable hours to charge back to customers. This chapter will cover both uses of time tracking. Payroll can be set up manually or automated through any of Intuit's payroll services. Both methods will be addressed in this chapter. You also need to pay payroll taxes and sales taxes, which this chapter will also discuss.

Set Up Payroll Options

Before you can use any payroll feature, you need to make sure payroll is enabled in your QuickBooks company file, choose which payroll method you will use (see the "Comparing Payroll Options" QuickFacts), and then set up employees in QuickBooks.

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NOTE

An Employer Identification Number (EIN) is required to run payroll. This number is assigned by the IRS upon request. Visit www.irs.gov to obtain the necessary paperwork.



CAUTION

The QuickBooks payroll feature is not compatible with QuickBooks Online Edition, QuickBooks Simple Start Edition, or QuickBooks Pro for Mac.

Activate Payroll in Preferences

The first step in setting up payroll is to make sure it is enabled in the Preferences window. Once you've done this, you'll need to choose a payroll service, set up your company and employees, enter any year-to-date (YTD) information (if you have been running payroll another way), and then check your payroll data.

To activate payroll:

1. Click the **Edit** menu and click **Preferences**. The Preferences window opens.
2. Click the **Payroll & Employees** icon on the left, and click the **Company Preferences** tab. The Payroll & Employees Company Preferences are displayed (see Figure 9-1). QuickBooks will display a message stating if you need to switch to single-user mode or log in as the Administrator user for this task.
3. Click the **Full Payroll** option in the QuickBooks Payroll Features area to activate payroll and have additional options made available on this tab.
4. Click **OK** to close the Preferences window. If a message appears, stating that QuickBooks must close all windows to make this change, click **OK**.

You can come back to this window at any time if you need to change your preferences, including printing, workers' compensation, or employee defaults.

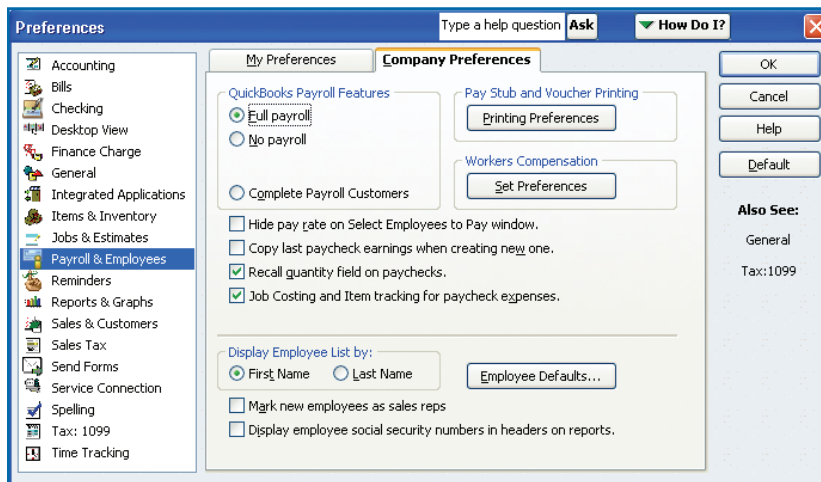


Figure 9-1: The default preference settings (shown here) are correct for most companies.

Select a Payroll Service

QuickBooks provides a Payroll Setup Interview that walks you through your initial setup. You can exit the Payroll Setup Interview at any time and return later to complete the setup if needed.

To set up your payroll:

1. Click the **Employees** menu, click **Payroll**, and click **Order Payroll Service**. The Payroll Setup window opens, as shown in Figure 9-2.
2. Click **Buy Now** under the payroll service you want. If you want to use manual calculations, click the **Learn More** link under the Help Me Choose section, and click **Set QuickBooks To Enable Manual Paycheck Entry**. See the "Comparing Payroll Options" QuickFacts for more information on what you should choose.

Already a Subscriber? Need help? 866-297-8068 5am-6pm PT

QuickBooks Payroll


- Easily print paychecks right from your PC
- Automatic tax table updates help save you time
- Just print, sign, and mail payroll tax filings, or let us do it for you

—Choose from three different payroll subscription services—

Standard Payroll	Enhanced Payroll	Assisted Payroll
<p>A basic in-house payroll solution — good if you want your accountant to handle your payroll tax filings.</p> <p style="text-align: center;">\$199 billed annually Learn More</p> <p style="text-align: center;">Buy Now</p>	<p>A more comprehensive in-house payroll solution — best if you prefer to handle your own payroll tax filings.</p> <p style="text-align: center;">\$299 billed annually Learn More</p> <p style="text-align: center;">Buy Now</p>	<p>A service that takes care of government deposits & filings for you, guaranteed accurate & on time* — best if you have little time for payroll.</p> <p style="text-align: center;">from \$59/month Learn More</p> <p style="text-align: center;">Buy Now</p>


Want us to handle everything for you? [Learn More](#)

[Help Me Choose](#)




Need help deciding? We'll help you select the payroll service that is right for you.

[Compare Products](#)



Get an in-depth comparison of QuickBooks Payroll service features.

[View Overview](#)



See how easy it is to run payroll in QuickBooks and what options you have.

Information on how to enter payroll information into QuickBooks if you don't use QuickBooks Payroll. [Learn More.](#)

Figure 9-2: To learn more before choosing a payroll service, click *Help Me Choose*, *Compare Products*, or *View Overview*.



TIP

One payroll subscription can be used for up to three company EINs. To set up additional companies after you set up the first one, open the relevant company file, click the **Employees** menu, click **Add Payroll Service**, and click **Use My Existing Payroll Service**.

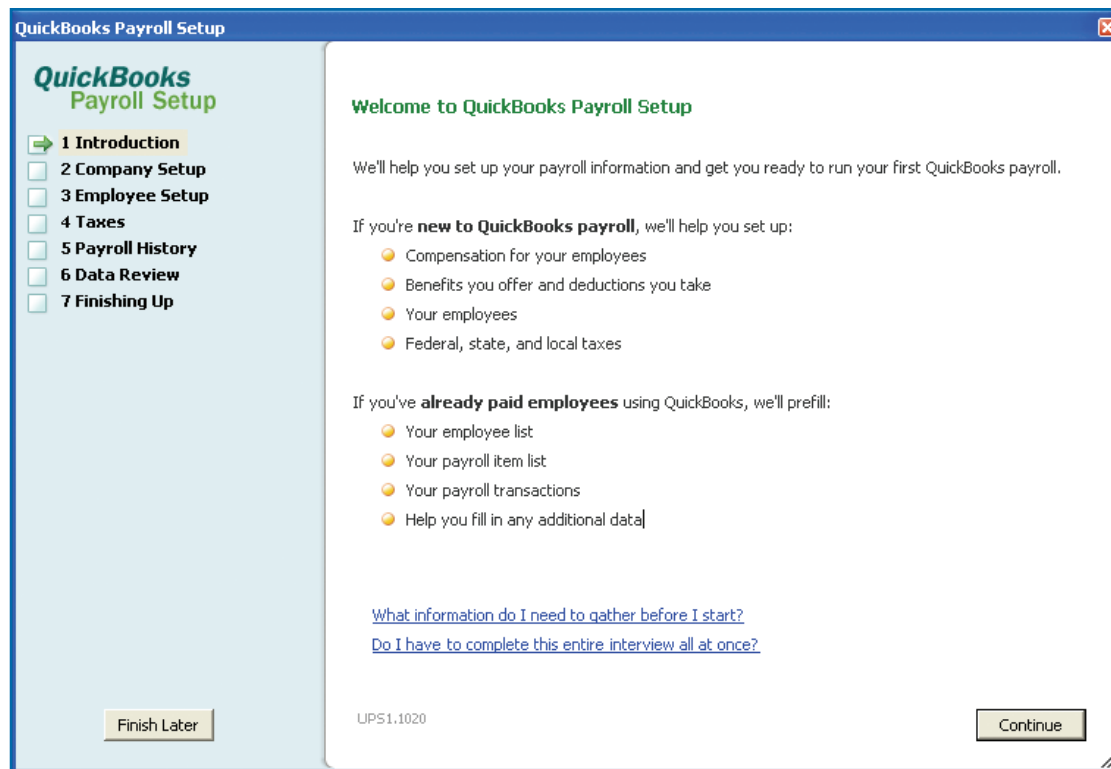
3. If you chose to calculate your payroll manually, you will see a message that your company file is now set up for this as in Figure 9-3. Click OK to exit the Payroll Setup Interview.

—Or—

If you choose any of the paid services, you will see a description of the service. Click the **Continue** button and follow the steps. The following steps use the QuickBooks Enhanced payroll service, which is the most commonly chosen type.

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Figure 9-3: This screen displays the steps to set up your company's payroll. You will see fewer steps if you have not purchased a payroll subscription.



TIP

You can switch from manual payroll to using a service or vice versa at any time.

CAUTION

If you choose a QuickBooks payroll service, you will need to go online to activate your payroll, which will require a credit card payment and your federal EIN. You can choose to calculate your payroll manually, set up payroll now, and then choose a QuickBooks payroll service later.

4. Read the required items for your selected payroll service, and click **Continue**. If you don't have your EIN or credit card information, you can cancel at this point and return to the process later. If you don't have your bank account information for direct deposit, you can set it up later as well.
5. Confirm your company information (if you previously entered it in QuickBooks), or enter your correct company information, and click **Continue**. It will be updated in your company file.
6. Enter the contact information of the owner (or officer) and payroll administrator, and click **Continue**.
7. Enter your banking information to activate direct deposit, if desired, or leave this information out, and click **Continue**.
8. Enter your credit card information to pay for your subscription, and click **Continue**.



QUICKFACTS

COMPARING PAYROLL OPTIONS

QuickBooks offers five payroll options. Table 9-1 compares the features of the Payroll Services, while Table 9-2 shows the estimated costs for comparison.

- **Manual Payroll** requires that you manually calculate and enter the tax rates for your employees. Your accountant can give you the correct amounts to enter for withholding. There is no charge for this and no guarantees of accuracy.
- **Standard Payroll** allows you to fully control the payroll process and includes tax tables that are updated on a regular basis to automatically calculate withdrawal amounts.
- **Enhanced Payroll** includes all the Standard Payroll features, as well as information for state tax forms. This level is recommended for companies with 1 to 250 employees.
- **Assisted Payroll** includes more features than Enhanced Payroll, such as making federal and state payroll tax payments from your payroll bank account; filing all required federal and state payroll tax forms; preparing, printing, and mailing employee W-2 forms; and filing your company's W-3 forms with the IRS.

Continued . . .

9. Review your order and click **Place My Order** to activate your subscription. QuickBooks will automatically activate your subscription online in a minute or so.
10. Click **Return To QuickBooks** after your order is completed, and QuickBooks will download the updated tax tables and associated state forms.
11. Click **OK** to read about new tax table updates when the download is complete. The Payroll Update window will now open, but the Payroll Setup window may open on top of it. Read the information provided and close the Payroll Update window if this happens. You can read the Getting Started Guide by clicking the link. Then click Continue To Setup when you are ready and continue on to the next section to complete the Payroll Setup Interview.

Set Up Company Information

Payroll setup includes payroll items, such as salary, hourly wage, benefits, and garnishes; federal and state agency identification numbers, withholding percentages, and agency payment vendors; and default settings for new employees. Once you've activated the payroll feature in QuickBooks, whether you're doing it manually or using a paid subscription, your Employees menu, Employee Center, and home page will have additional options available. If you ordered a payroll subscription, you will also have an additional feature called Payroll Center.

SET UP PAYROLL ITEMS

Payroll items include compensation, benefits and other payments, and deductions—basically, anything you find on a paycheck. Typical items include salary, hourly wages, commission, taxable fringe benefits (such as use of a company car), insurance, retirement, union dues, wage garnishments, cash advances, and mileage reimbursement.

1. After subscribing to a QuickBooks payroll service, the QuickBooks Payroll Setup window opens, as seen in Figure 9-3. Alternately, you can click the **Employees** menu and click **Payroll Setup**. If you don't see Payroll Setup, return to the section "Select a Payroll Service" in this chapter and follow the steps.





QUICKFACTS

COMPARING PAYROLL OPTIONS

(Continued)

- **Complete Payroll** is an Intuit service that is fully outsourced; you do not need to enter your payroll information into QuickBooks. You can call in your information, and the service processes, prints, and delivers your paychecks to you. They will also prepare and file payroll tax forms, make payroll tax deposits on your behalf, and provide reports. This service does *not* directly integrate with QuickBooks, but you can import information into your company file from the Internet for QuickBooks reporting.

To learn more about any service or to find pricing information:

Click the Employees menu, click Payroll Services, and click Learn About Payroll Options.

Although you can choose to receive updates on a CD-ROM and subscribe to a payroll service over the phone, Internet access is required to use direct deposit, to download payroll updates, or to use Assisted Payroll.

Set up insurance benefits

What kinds of **insurance benefits** do you provide for your employees? Choose all that apply:

- Health insurance
- Dental Insurance
- Vision insurance

Other Insurance

- Group Term Life [Explain](#)
- Health Savings Account [Explain](#)
- S Corp Medical [Explain](#)
- Other Insurance
- Medical Care FSA [Explain](#)
- Dependent Care FSA

2. Click **Continue** to move to Compensation and Benefits.
3. Click **Continue** to enter compensation items. A window opens, displaying typical compensation items. Click the check box next to each item you want to add.

Tell us how you compensate your employees

Choose all that apply:

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

Other compensation

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

4. Click **Next**, if it appears, to review other compensation options; otherwise, click the **Finish** button to save and review your choices. You can click any of your items and then click the **Delete** or **Edit** button below the list to remove or edit the item. Click the **Add New** button to add additional items.

* Compensation	Description
Hourly wage	Hourly
Hourly wage overtime (x1.5)	Overtime Hourly
Hourly wage overtime (x2)	Overtime Hourly
Salary	Salary
Bonus	Bonus

5. Once you are satisfied, click **Continue** to enter employee benefit items.
6. Click **Continue**. A window opens, displaying typical insurance benefit items.
7. Click the check box next to each item you want to add. Click **Next**, if it appears, to enter additional information, such as percentage paid by employer and employee, company to whom benefit is paid, and account number. Then click the Finish button to save your choices.

PAYROLL FEATURES	STANDARD	ENHANCED	ASSISTED	COMPLETE
QuickBooks payroll reports (Complete Payroll provides data-import option with 40 additional reports online)	√	√	√	√
Print paychecks and pay stubs from QuickBooks (Complete Payroll can also print for you for an additional fee)	√	√	√	√
Integrated direct deposit ability (for an additional fee)	√	√	√	√
QuickBooks Employee Organizer (or "HR Assistant") provides employee management tools (for an additional fee)	√	√	√	√
QuickBooks payroll calculations, with automatic update of federal and state payroll tax table and withholding limits	√	√	√	
Full QuickBooks integration	√	√	√	
Generate and print latest federal forms, such as 940, 940EZ, 941, W-2, W-3, 1099-MISC, and 1096	√ Completed by Company	√ Completed by Company	√ Completed by Service	√ Completed by Service
Generate and print latest state forms		√ Completed by Company	√ Completed by Service	√ Completed by Service
Track workers' compensation		√	√	√
Enter all employee hours on one screen		√	√	√
Calculate net-to-gross paycheck amounts		√	√	√
Phone support included			√	√
Federal and state electronic payroll tax deposit and filing completed for you with "No Penalties" guarantee			√	√
Local payroll tax deposit and filing completed for you				√
Enter payroll information online or by phone (additional fee for phone use)				√
Preparation and filing of state new-hire reports and calculation and preparation of third-party checks (such as garnishments)				√

Table 9-1: Comparison of Payroll Services Features

Table 9-2: Comparison of Average Costs of Payroll Services for Biweekly Payroll Services

STANDARD PAYROLL	ENHANCED PAYROLL	ASSISTED PAYROLL	COMPLETE PAYROLL
\$17/month (\$199 annual fee); unlimited employees	\$25/month (\$299 annual fee); unlimited employees	\$59/month for up to 15 employees plus \$2 per employee per pay period for additional employees over 15.	\$100/month for up to 5 employees. Call for pricing on additional employees.





NOTE

Each paycheck tracks both the employer and employee contributions for taxes, benefits, and withholdings, so enter both the employer and employee shares of each payroll item.



TIP

Click the **Employee List** button in the Employee Setup window to display the Employee List. You can also click the **Employees** menu and then click **Employee Center** to access the Employee Center at any time, but it is easier to return to the Payroll Setup window to set up new employees and ensure that all payroll information is entered.



CAUTION

If you have used an alternative payroll system during your current calendar year, you will need to either enter all paychecks into QuickBooks or enter current-year balances for all payroll items in order for your end-of-year reports and forms to have the correct amounts.

8. Review your choices. You can click any of your items, and click the **Delete** or **Edit** button below the list to remove or edit the item. You can click the **Add New** button to add additional items. Once you are satisfied, click **Continue**.
9. Repeat Steps 7–8 for retirement benefit, paid time off, and miscellaneous items. At this point, you are simply entering the available options. You will be able to use these options individually for each employee.

You've now completed the Compensation and Benefits setup. To add items in the future, you can repeat this process or click the **Lists** menu and click **Payroll Item List**.

Enter and Review Employee Information

In order to pay employees, you must first set them up in QuickBooks. Use the Payroll Setup window to initially set up employees, and then use the Employee Center to manage or add new employees. The Employee Center gives you an overview and links to employee tasks and information, while the Payroll Center lets you easily process payroll.

SET UP EMPLOYEES

To set up employees from the Payroll Setup window:

1. Click **Continue** on the Payroll Setup window. The Employee List window opens if you already have employees entered; the Employee <Name> window (see Figure 9-4) will open if you have not yet added employees.
2. If the Employee List window opens, click the **Add New** button. The Employee <Name> window opens.
3. Click in the **First Name** field, and type the employee's first name.
4. Press the **TAB** key to move through the fields, entering information in the required fields and any other fields you want to use. If you skip a required field, QuickBooks will highlight it in yellow, with a note of what you need to enter. If you don't know it, you can leave it blank at this point and fill it in later. You won't be able to run payroll until you enter this information, but you can complete the setup with the information you know now.
5. Click **Next** to continue entering information.

Employee Bob Bear

Enter employee's name and address

Legal name

First name: M.I.:

* Last name:

Print on check as:

Employee status:

Contact information

* Address:

* City:

* State:

* Zip Code:

E-mail:

Phone:

Cancel Next >

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Figure 9-4: Fields with an asterisk (*) are required. The other fields are optional.



TIP

Be sure to confirm your new employee's information. Referring directly to a copy of the employee's Social Security card and driver's license is a good assurance of accuracy.

Figure 9-5: All employee information can be edited later.

Employee Bob Bear

Tell us about wages and compensation for Bob Bear

Pay frequency:

What regular compensation does Bob Bear receive?

Employee is paid hourly

Employee is paid on salary

Employee does not have any base compensation

Hourly wage:

Regular wages		Amount	Description
<input checked="" type="checkbox"/>	Hourly wage overtime (x1.5)	14.25	
<input type="checkbox"/>	Hourly wage overtime (x2)		
<input type="checkbox"/>	Bonus		

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

Cancel < Previous Next >

LPS10.3.1174

6. Select the employee's tax type and enter his or her Social Security number and hire date. The release date will be provided when the employee leaves the company. Fill in the birth date and gender fields, if desired.
7. Click **Next** and enter the employee's pay frequency, wage or salary, and other items, as shown in Figure 9-5. You can change this information on each paycheck and do not have to use all the items you choose, so just use what is most frequently the case for this employee.
8. Click **Next** and enter the employee's benefit items, if applicable. Repeat this step for additional benefits, including sick and vacation time. Be sure to enter the correct amount for both the company and employee portions if costs are shared.
9. Click **Next** and enter information for direct deposit, if desired. Direct Deposit requires an additional fee.
10. Click **Next** and enter the employee's withholding and unemployment state information, where he or she lives and works.

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CAUTION

Be sure to confirm your state tax obligations.

TIP

Highlight any employee in your list, and click the **Summary** button to view a printable summary of your employee. Consider printing and filing employee summaries, along with the papers your employee filled out, for future reference.

NOTE

QuickBooks will automatically add the agency names for your state to your Vendor List if they are available in Intuit's database.

11. Click **Next** and enter the employee's federal tax information from the W-4 form (and W-5 form, if applicable) filled out by the employee.
12. Click **Next** and enter employee's state tax information from the relevant state withholding forms filled out by the employee.
13. Click **Finish** to return to the Payroll Setup window.
14. Repeat Steps 2–12 to add additional employees.
15. The Employee Setup section is finished. Click the **Continue** button to move to the Taxes section of the Payroll Setup Interview.

Set Up Payroll Taxes

The next section in the Payroll Setup Interview has to do with federal, state, and local taxes. Be sure you have your federal Employer Identification Number (EIN) and any state identification numbers for this section, as well as information on local taxes you might need to pay.

SET UP FEDERAL PAYROLL ITEMS

1. Click **Continue** to move to the federal income tax section of the Payroll Setup Interview.
2. Review the list of taxes that appears. You can select any tax and click **Edit** to review or change details.

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

3. Click **Continue** to move to the state tax area, if applicable.

SET UP STATE PAYROLL ITEMS

1. Enter your state income tax, unemployment tax, and any other items required by your state.
2. Click the **Continue** button. If you chose multiple states, you will be prompted to enter the pertinent information for each one. Enter the information and click the **Continue** button.



NOTE

Providing year-to-date (YTD) information is a one-time process that only needs to be completed *if* your company was in operation and paying employees *and if* you are starting to use QuickBooks mid-year. If you have not yet paid any employees since the beginning of your fiscal year, you can skip this section.



QUICKSTEPS

SETTING YEAR-TO-DATE AMOUNTS

If your company has employees who have been paid through some prior payroll method, you will need to adjust the current balance of liabilities to ensure correct year-to-date totals on the paychecks.

1. Click **Continue** to move to the payroll history section of the Payroll Setup Interview.
2. Click **Yes** or **No** to indicate whether you have already paid payroll in this year and click **Continue**. If you choose No, skip to the next section.
3. Click **Yes** or **No** for each of the following items:
 - Created paychecks
 - Paid payroll liabilities
 - Paid non-tax liabilities
4. Click **Continue** to enter the first quarter's information.
5. If you selected paychecks, you will see a list of your employees. Select each employee and click **Edit** to enter amounts and dates paid for this quarter and click **Continue**.

Continued . . .

SET PAYMENT FREQUENCY

1. Click **Continue** to open the Schedule Tax Payment window and click **Next** to open the **Schedule Payment** window for the Federal 940.

Set up payments for Federal 940 (IRS)

Federal 940 payments include Federal Unemployment Insurance Tax.

[Why are these taxes grouped together?](#)

Payment Method Check E-pay [Explain](#)

* Payee [Explain](#)

* Deposit Frequency [Explain](#)
Quarterly is the usual frequency

2. Select whether you wish to use E-Pay or Check to pay your liability, and then confirm the Payee and Deposit Frequency.
3. Click **Next** and repeat for each tax item.
4. Click **Finish** to move to E-Pay accounts. If you chose to use E-Pay in the earlier section, click the account and click **Edit** to enter your bank account and routing number before clicking **Finish**.
5. If you activated accounts for E-Pay, a View Enrollments screen will appear for review of information for the agencies you will be using E-Pay with. Read the information and close the window. You will see a summary of your agency enrollments, along with a note for any that need further action.

Review your agency enrollments

You've set up scheduled tax payments to be e-paid to the following agencies. To view or print enrollment instructions, click View.

Agency	Description
Internal Revenue Service	Enroll on EFTPS website

6. Click **Continue** to move to the Payroll History section.

If you've set up manual payroll, you will now see a Congratulations page with information about where to edit your payroll information in the future. In this case, click **Continue** twice more and then click **Go To The Employee Center**. The Employee Center is displayed.





QUICKSTEPS

SETTING YEAR-TO-DATE AMOUNTS

(Continued)

6. If you selected payroll liabilities, QuickBooks will now display each of your tax vendors for you to enter tax payments to date. Enter any amounts you have paid for the fiscal quarter displayed, and click **Continue**.
7. If you selected non-tax liabilities, enter any non-tax payments made for this quarter and click **Continue**.
8. Repeat Steps 5–7 for each quarter that you paid taxes for this year.

You've now completed the payroll history portion of the Payroll Setup Interview. Be sure to review and check your data when you run payroll for the first time. After a few payroll periods, you will be more comfortable with the mechanism of running payroll and more confident of your payroll settings.



TIP

If you are upgrading, you may have data already entered. This cannot be edited in the Payroll Setup Interview.

DATA REVIEW

Now that you have entered all of your payroll data, QuickBooks can review your entries for accuracy.

1. Click **No** to skip this section; or click **Yes** to have QuickBooks review your payroll entries, and click **Continue**.
2. Click **Continue** and your prior quarter wages will be examined for errors. You'll receive a congratulations or information if there is any problem.
3. Click **Continue** and your current quarter wages will be examined for errors. You'll receive a congratulations or information if there is any problem.
4. Click **Continue** and you'll be given the opportunity to reconcile your 941 to current information.
5. Click **Continue** and click **Yes** or **No** as to whether you have filed a 941.
6. Click **Next**, enter all relevant information, click **Next**, enter the rest of the requested data, and click **Finish**. You'll receive a congratulations or information if there is any problem.
7. Click **Continue** and the Payroll Center example will appear.
8. Click **Continue** and then click **Go to the Payroll Center**.

USE THE PAYROLL CENTER

The Payroll Center is available for customers who have a subscription to one of the QuickBooks payroll solutions (Standard, Enhanced, or Assisted). The options available vary based on your payroll solution level.

To view the Payroll Center:

Click the **Employees** menu and click **Payroll Center**. The Payroll Center opens, as shown in Figure 9-6.

From here, you can run payroll, pay liabilities, or process payroll forms. Click the **Close** button (the X in the upper-right corner) when finished.

SET UP PAYROLL SCHEDULE

Before you can run payroll the first time, you need to set up at least one payroll schedule. Some companies will use multiple payroll frequencies to handle biweekly, weekly, monthly, or quarterly payments for employees.

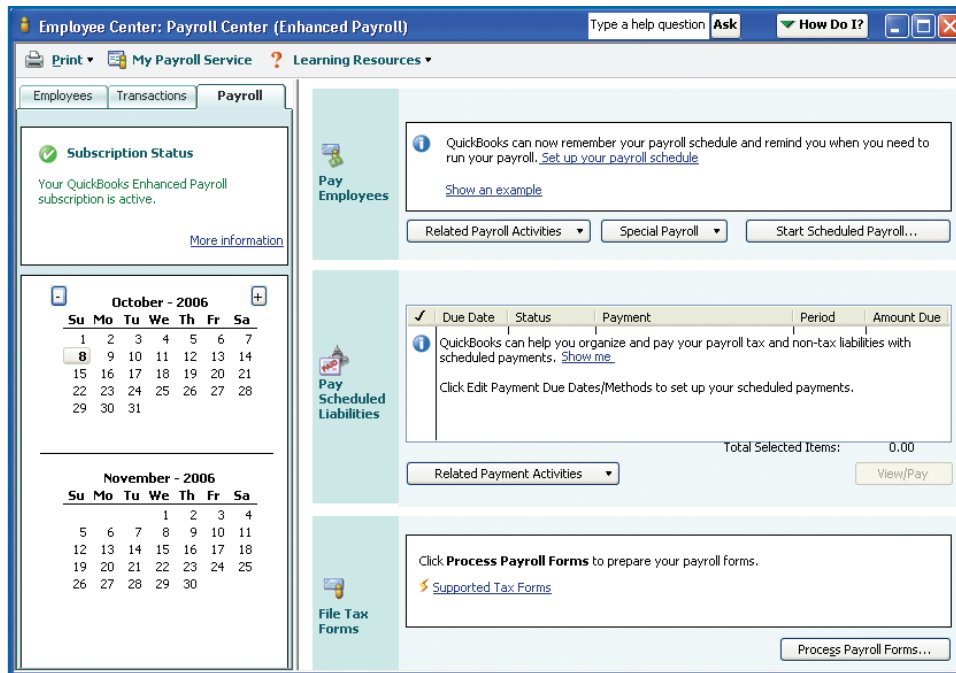
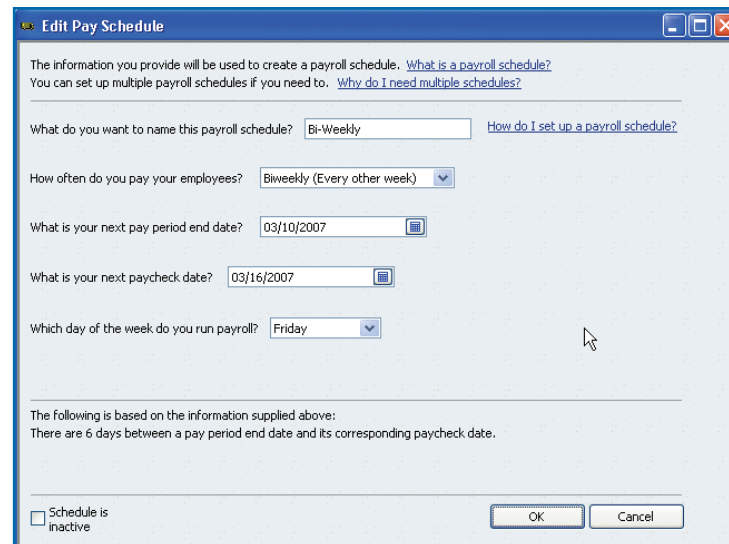


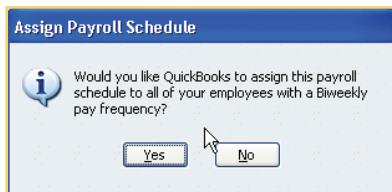
Figure 9-6: Access time, employee, and payroll functions from the Payroll Center as well as the Employees menu.

Figure 9-7: Create Payroll schedules as needed to match your company's practices.



1. Click **Set up your payroll schedule** in the Pay Employees section on your employee center (see Figure 9-7) and the Edit Pay Schedule window will open.
2. Type your Payroll Schedule name, such as **Bi-Weekly**, in the name field.
3. Click the Frequency down arrow and click the appropriate frequency, such as **Biweekly**.
4. Press **Tab** to move to the Pay Period End Date field and enter the appropriate date.
5. Press **Tab** to move to the Next Paycheck Date field and enter the appropriate date.
6. Press **Tab** to move to the Day of the week field and QuickBooks will update the day to match your paycheck date.

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TIP

QuickBooks offers an Employee Organizer, which is integrated with QuickBooks to provide you access to up-to-date state and federal employment laws; additional reports; and selected forms, letters, and templates; as well as an e-mail-based help line for all employee-related questions. Visit www.payroll.com/services/employeeorganizer for more information.

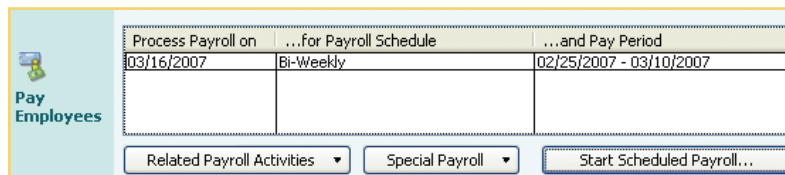
TIP

If you see the Payroll Center when you click Employee Center, click the **Employees** tab in the upper-left area. They are just different tabs in the same window.

NOTE

Once you've activated employees and payroll, you'll have an additional employee section on your home page.

- Review your information and click **OK**. A message may appear asking if you wish to apply this schedule to all of your employees that appear to match your choices. Click **Yes** and a message will appear informing you of how many employees were affected. Click **OK**.



Your Pay Employees section will now have a Payroll schedule listed with the effective dates.

ACCESS THE EMPLOYEE CENTER

The new Employee Center is similar in look and function to the Customer and Vendor Centers. To access the Employee Center:

Click the **Employees** icon on the home page (or click the Employees menu and select **Employee Center**). The Employee Center is displayed (see Figure 9-8).

From here, you can work with all employee-related reports, activities, forms, and timesheets. Click the **Close** button (the X in the upper-right corner) when finished.

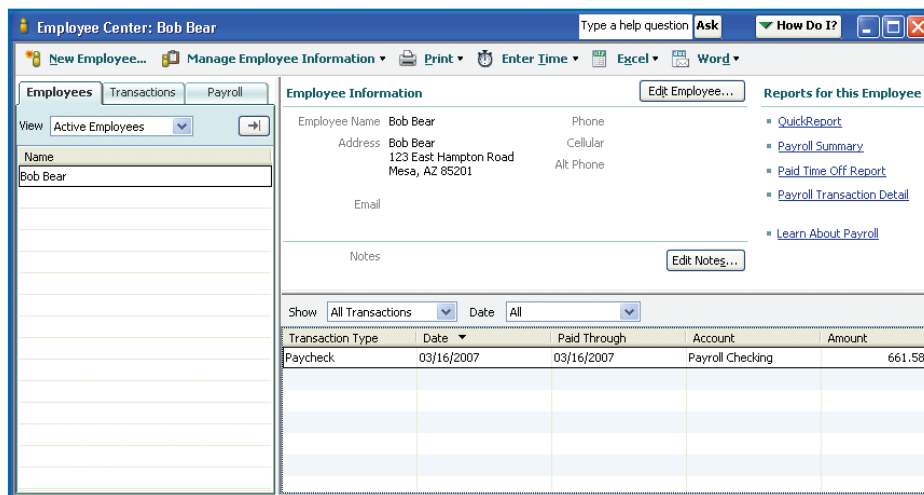


Figure 9-8: Double-click any transaction to open it for review or editing.

CAUTION

You may see a dialog box regarding year-to-date amounts. Confirm that you do not need to enter them, or return to the Setup YTD Amounts window before creating paychecks. Do *not* create paychecks before entering YTD amounts if they need to be entered.

NOTE

In the Enter Hours window, you will *not* see vendors (subcontractors), employees identified as owners, inactive employees, or employees with a release date earlier than the current pay date.

Run and Maintain Payroll

To run payroll, you must use the Create Paycheck feature and *not* the Write Checks feature in order to have accurate withholdings, although you can use the same checking account.

Create and Print Paychecks

To create paychecks:

1. On the Payroll Center, click the Payroll Schedule you wish to run in the Pay Employees section and click the **Start Scheduled Payroll** button. The Enter Hours window opens, as shown in Figure 9-9. If you get an error message, you have the option to click **Go to Payroll Setup**, as described earlier in the chapter. QuickBooks will remind you to update your payroll tax tables on a regular basis and may update automatically before allowing you to create paychecks. You can also do a manual update (click the **Employees** menu and click **Get Payroll Updates**).

Enter Hours for employees

Enter hours for each employee directly in the table or click an employee's name to enter information directly in the employee's paycheck.

Payroll Information

Pay Schedule: Bi-Weekly Pay Period Ends: 03/10/2007 Bank Account: Payroll Checking

Employees Selected to Pay: 1 Check Date: 03/16/2007 Bank Account Balance: 5,000.00

[What if I don't see the columns that I need?](#)
[How do I add or change a number in a gray cell?](#)

Employee	Hourly wage	Hourly wage overtime (x1.5)	Total Hours
<input checked="" type="checkbox"/> Bob Bear	80:00	4:30	84:30

Figure 9-9: It's easy to enter all employee hours here in the hourly wage and overtime wage columns.

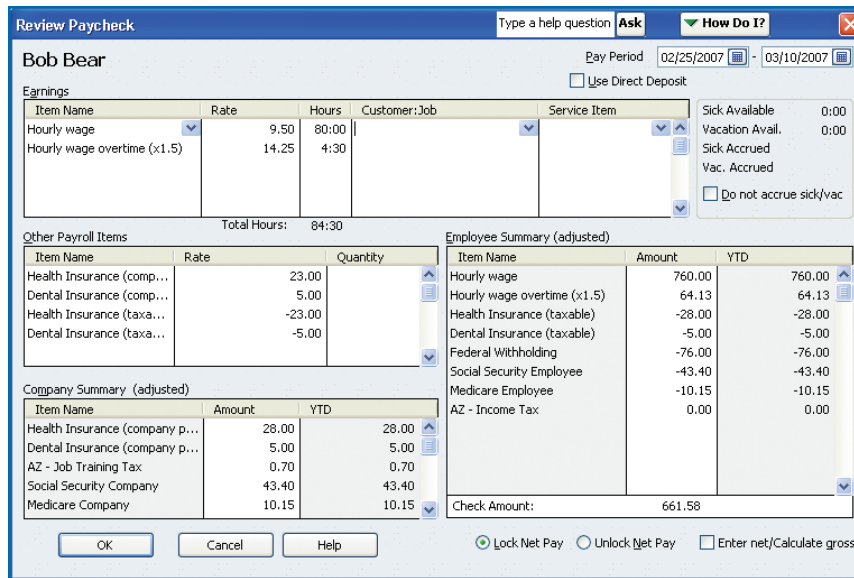


Figure 9-11: Review and edit any amounts needed, with the exception of YTD amounts.

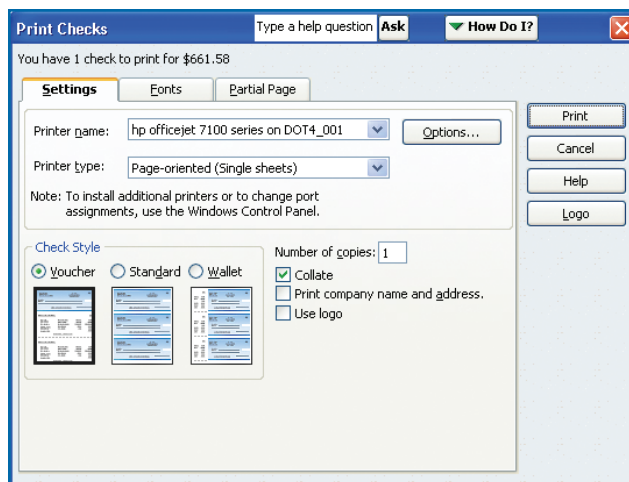
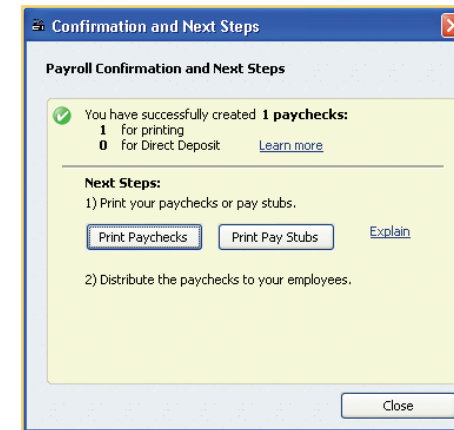
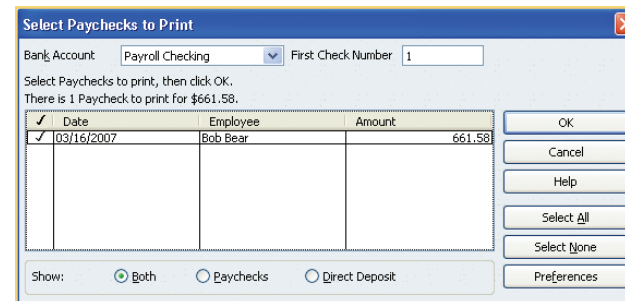


Figure 9-12: If your company name, address, and logo are not already printed on the check, click the Print Company Name and Address and Use Logo check boxes.

- Click **Print Paychecks from QuickBooks** unless you are using handwritten checks.
- Click **Continue** and a Confirmation and Next Steps window will open. The paychecks have been created and are ready for printing. The process of creating them calculates taxes, tracking both the employee balances and what you owe the tax agencies. You can now print paychecks or close this window.



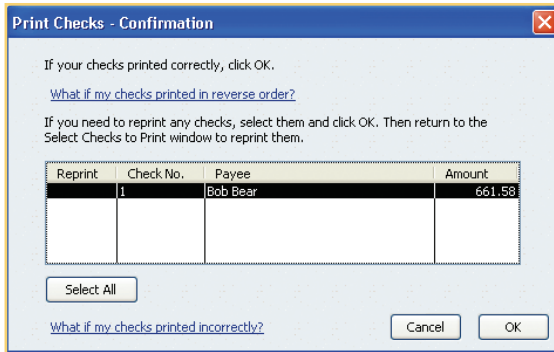
- Click **Print Paychecks** to open the Select Paychecks to print window. Confirm that the check number is correct and the employee checks are all selected.



- Click **OK** and the Print Checks window will open as seen in Figure 9-12. Load your checks correctly in the printer, and verify that the correct printer is selected in the Printer Name field.

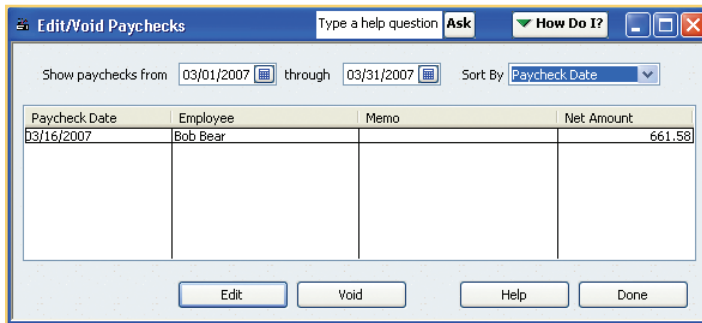
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CAUTION

Make sure your year-end closing date is set so that you do not accidentally edit payroll checks on which you have already paid company taxes. See Chapter 8 for more information on closing dates.



- In the Check Style area, click the option that corresponds to the type of check you have. Most paychecks are printed on voucher-style checks, which have a check on the top and the deduction information on the bottom of an 8.5" x 11" sheet.
- Click **Print**. The check is sent to your printer, and the Print Checks – Confirmation window will open. If any check did not print correctly, click that check to mark it.
- Click **OK**. The dialog box closes and the paycheck is updated with the check number, or continues to be marked To Be Printed if selected. Close the Confirmation window if it still open.

Once paychecks are created, you can also print them by clicking the **File** menu, clicking **Print Forms**, and clicking **Paychecks**.

Edit or Void Paychecks

With QuickBooks, you can edit, void, review, or reprint a paycheck. If an employee has lost a paycheck, or if you need to make changes after creating it but before printing, you can make those changes, but don't change a check that is unaccounted for.

To edit or void a paycheck:

- Click the **Employees** menu and click **Edit/Void Paychecks**. The Edit/Void Paychecks window opens.
- Click in the beginning and ending date fields, and choose the date range during which the paycheck you are looking for was written.
- Click the check you want to void or edit. Then, either:
 - Click the **Void** button and then confirm your choice by typing **YES** in the next screen.
 - Or–
 - Click the **Edit** button to view the check for reviewing, editing, or printing, as shown in Figure 9-13.

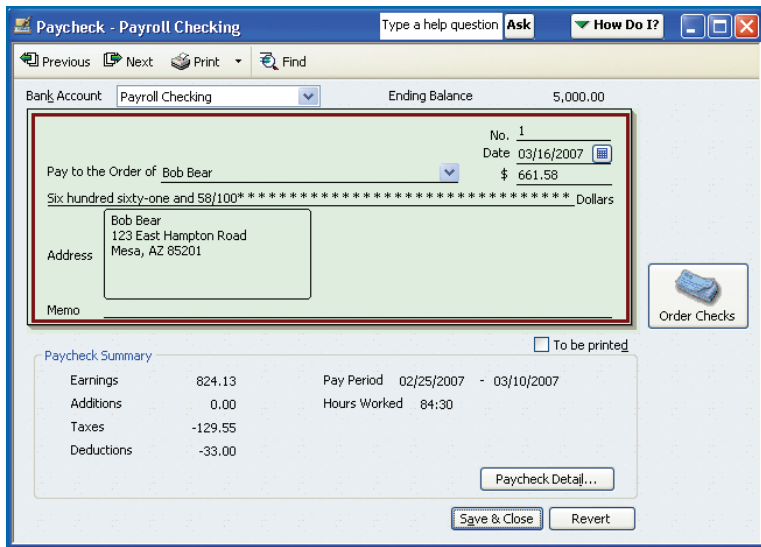
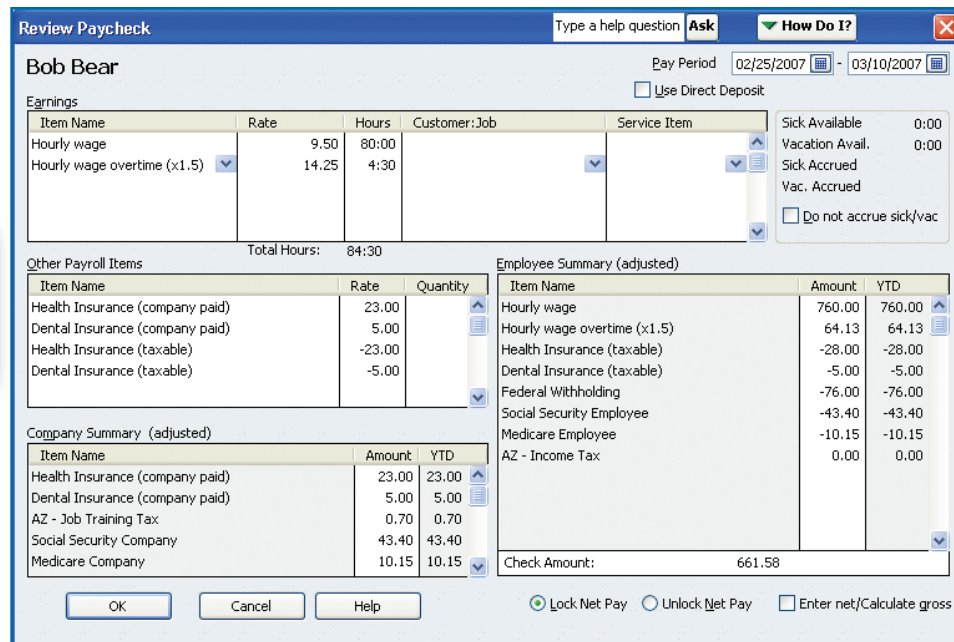


Figure 9-13: A paycheck looks different from an average check and has additional details available.

NOTE

There is a separate timer program included with QuickBooks (all editions but Simple Start). Use this program if you need to specifically track a lot of small periods of time for many people.

Figure 9-14: From the Review Paycheck window, you can edit any item entered incorrectly and then reprint the check.



- After editing your check, you can:
 - Click the **Print** button to print the check now.
 - Click the **To Be Printed** check box if you want to print the check later.
 - Click the **Paycheck Detail** button to open the Review Paycheck window, as shown in Figure 9-14.
- After making any changes necessary, click **OK** to return to the Paycheck window.
- Click **Save & Close** to save your changes and close the window. Confirm that you want to save your changes if asked.
- Click the **Done** button to close the Edit/Void Paychecks window.

You can discard changes by clicking the **Revert** button or by clicking **No** when QuickBooks asks if you want to save your changes.



NOTE

Activities will appear on both single-activity and weekly timesheets, so it doesn't really matter which way you enter them; use whichever method is more convenient for you.



QUICKSTEPS

ENTERING A SINGLE ACTIVITY

Enter a single activity for individual entries or to time an event. Use the weekly timesheets (see "Enter Weekly Timesheets") to enter hours for the week.

1. Click the **Employees** (or **Customers**) menu, click **Enter Time**, and click **Timer / Single Activity**. The Time/Enter Single Activity window opens.

2. Confirm or correct the date. Today's date is displayed by default, which you *must* use to use the timer.

Continued . . .

Track Time

The ability to track time is not available in QuickBooks Simple Start edition, but it is available in all other editions.

It is used to enter employee hours for payroll, billable hours for customer billing, or both. Time can be tracked within QuickBooks as a single entry for each activity or as a weekly timesheet.

Turn On Time Tracking

Before you can use the time-tracking feature, you need to activate it in the Preferences window.

1. Click the **Edit** menu and click **Preferences**.
2. Click the **Time Tracking** icon on the left, and click the **Company Preferences** tab.
3. In the Do You Track Time? area, click **Yes**.

4. Click the **First Day Of Work Week** down arrow, and choose the day you will use as your first day of the week for payroll. This will be used for entering time on a weekly basis.
5. Click **OK**. Your preferences are saved and the window closes.

Enter Weekly Timesheets

Entering single activities is useful for occasional use or for keeping detailed notes, but weekly timesheets are more streamlined for many entries. Use weekly timesheets to enter payroll-related timesheets and/or billable time that will be charged to customers.

QUICKSTEPS

ENTERING A SINGLE ACTIVITY

(Continued)

3. Press the **TAB** key to move to the Name field, and type the name of the employee or subcontractor whose time you are tracking.
4. Press the **TAB** key to move to the Customer:Job field, and type the name of the customer for whom you are tracking time. A window may appear, asking if you wish to use this employee's time to create paychecks. Click **Yes**. You can edit time at paycheck creation.
5. Press the **TAB** key to move to the Service Item field, and type the service item for which you are tracking time.
6. Press the **TAB** key to move to the Time field. Type the time in either hours and minutes, such as 2:15, or in hours and fractions of an hour, such as 2.25. To time an activity, click the **Start** button. The timer will start from the time you have entered until you click **Stop**, click **Pause**, or close the window.
7. Click the **Billable** check box if you need to charge this time back to the customer.
8. Click the **Payroll Item** down arrow, and choose the relevant payroll item if this time activity is for an employee. If you chose not to use time data to create paychecks, the Payroll Item field will not appear for this employee.
9. Press the **TAB** key to move to the Notes section, and type any notes pertaining to this time activity.
10. Click **Save & Close** (or click **Save & New** to continue adding time activities).

Customer:Job	Service Item	Payroll Item	Notes	Su 11	M 12	Tu 13	W 14	Th 15	F 16	Sa 17	Total	Billable?
Johnson, Sh...	Research	Hourly wage	Researched new twins books to compile list for Masters Thesis for Ms. Sheila Johnson.						2:15		2:15	<input checked="" type="checkbox"/>
											0:00	<input checked="" type="checkbox"/>
Totals				0:00	0:00	0:00	0:00	0:00	2:15	0:00	2:15	

Figure 9-15: Make sure you are on the correct date before you start entering activities, or you will lose your information when you move to the correct date.

To enter weekly timesheets:

1. Click the **Employees** (or **Customers**) menu, click **Enter Time**, and click **Use Weekly Timesheet**. The Weekly Timesheet window opens (see Figure 9-15).
2. Confirm or correct the date. Use the **Previous** and **Next** buttons at the top of the timesheet to move to earlier or later dates, respectively.
3. Click in the **Name** field, and type the name of the employee or subcontractor whose time you are tracking. As you will see, any single items entered appear in the weekly timesheet as well.
4. Press the **TAB** key to move to the Customer:Job field, and type the name of the customer for whom you are tracking time. If you are entering payroll hours, you can leave this field blank.
5. Press the **TAB** key to move to the Service Item field, and type the service item for which you are tracking time. If you are entering payroll hours, you can leave this field blank.
6. Click the **Payroll Item** down arrow, and choose the relevant payroll item if this time activity is for an employee set up to use time data for payroll.
7. Press the **TAB** key to move to the Notes field, and type any notes pertaining to this time activity. You can control how the text wraps by clicking the **Wrap text in Notes field** check box, located at the bottom.

8. Press the **TAB** key to move to the relevant fields for the days of the week. Type the time in either hours and minutes, such as 2:15, or in hours and fractions of an hour, such as 2.25.
9. If the time is to be charged back to the customer, make sure the billable column is checked, as it is in Figure 9-15. If the time is for payroll information only, click the **Billable** check box to clear the check.
10. Click **Save & Close** (or click **Save & New** to continue adding time activities).

Using weekly timesheets is the best way to enter payroll time data. When you next create a paycheck, QuickBooks will ask if you want to use the time data available.

Paying Taxes

Once you have tax items set up, QuickBooks tracks your taxes and gives you an easy way to pay everyone, including Uncle Sam, your local state agencies, your employees, and, of course, yourself. Your responsibilities as an employer include paying all withholdings on your scheduled basis, and QuickBooks makes this easy.

Review and Pay Payroll Taxes

Most companies need to pay payroll taxes at least quarterly, although some companies pay them monthly. Verify with your local tax agencies the frequency with which you need to pay any taxes. Before paying taxes, you can run a payroll report to review your payments, withholdings, and amounts due to tax agencies.

RUN A PAYROLL REPORT

To run a payroll report:

1. Click the **Reports** menu, click **Employees and Payroll**, and click **Payroll Summary**. A report is displayed similar to that pictured in Figure 9-16. Add the Payroll Summary report to your Icon bar for easy access and review.
2. Click the **Close** button when finished reviewing this report.

See Chapter 10 for information on customizing and memorizing reports.



TIP

Both federal and state (if using QuickBooks Enhanced payroll service) payroll forms are available for you to process, print, and mail. Click the **Employees** menu and click **Process Payroll Forms**.

		Bob Bear		TOTAL		
	Hours	Rate	Jan - Mar 07	Hours	Rate	Jan - Mar 07
Employee Wages, Taxes and Adjustments						
Gross Pay						
Hourly wage	80	9.50	760.00	80		760.00
Hourly wage overtime (x1.5)	4.5	14.25	64.13	4.5		64.13
Total Gross Pay	84.5		824.13	84.5		824.13
Adjusted Gross Pay						
	84.5		824.13	84.5		824.13
Taxes Withheld						
Federal Withholding			-76.00			-76.00
Medicare Employee			-10.15			-10.15
Social Security Employee			-43.40			-43.40
AZ - Income Tax			0.00			0.00
Total Taxes Withheld			-129.55			-129.55
Deductions from Net Pay						
Dental Insurance (taxable)			-5.00			-5.00
Health Insurance (taxable)			-28.00			-28.00
Total Deductions from Net Pay			-33.00			-33.00
Net Pay						
	84.5		661.58	84.5		661.58
Employer Taxes and Contributions						
Federal Unemployment			5.60			5.60
Medicare Company			10.15			10.15
Social Security Company			43.40			43.40
AZ - Unemployment			0.00			0.00
Dental Insurance (company paid)			5.00			5.00
Health Insurance (company paid)			23.00			23.00
AZ - Job Training Tax			0.70			0.70
Total Employer Taxes and Contributions			87.85			87.85

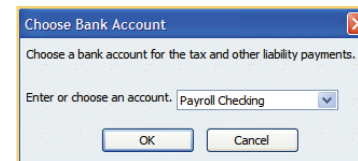
Figure 9-16: The Payroll Summary report gives you a quick and easy way to view your employee payroll information.

PAY LIABILITIES

You can generate checks to pay taxes and other liabilities (such as insurance, garnishments, and so on).

To pay liabilities:

1. Click the **Employees** menu and click the **Payroll Center**. The Payroll Center opens as shown in Figure 9-17.
2. Click each item you wish to pay in the center Pay Scheduled Liabilities section to place a check mark in the leftmost column.
3. Click the **View/Pay** button. If a Choose Bank Account window appears, click the Account down arrow, select the appropriate account and click **OK**.



4. The Liability Payment window opens, as shown in Figure 9-18. If you chose more than one liability, click the **Save & Next** button to review all checks (Notice Payment 3 of 3 in the top-left corner of Figure 9-18). You can E-Pay now or print the checks now or later. If you are going to print them later, click the **To Be Printed** check box.
5. Click **Save & Close** for the last check (only option) to close the Liability Check window. A Payment Summary window will open.

Payment	Payee	Period	Amount	Met...	Status	Withdraw On	Check/Conf #
Federal 940 (IRS)	Internal Revenue Service	Q1 2007	\$5.60	Check	To Be Printed	-	-
AZ Unemployment Insurance and JTT (DES)	AZ Department of Economic Security	Q1 2007	\$0.70	Check	To Be Printed	-	-
Federal 941 (IRS)	Internal Revenue Service	2007	\$183.10	Check	To Be Printed	-	-
Total			\$189.40				

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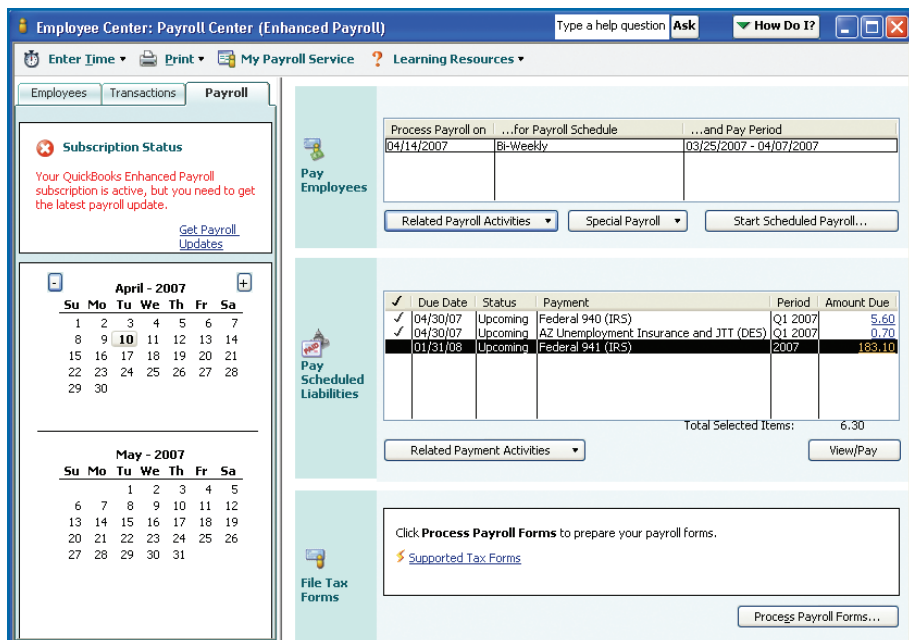


Figure 9-17: The Employee Center allows you to pay liabilities and file tax forms in addition to paying employees.

6. Review the Payment summary window and make your choice to **Print Checks**, **Print Summary**, or **Close**. If you choose not to print checks now, you can click the **File** menu, click **Print Forms**, and click **Print Checks**. Be sure to select the correct account to see your checks.

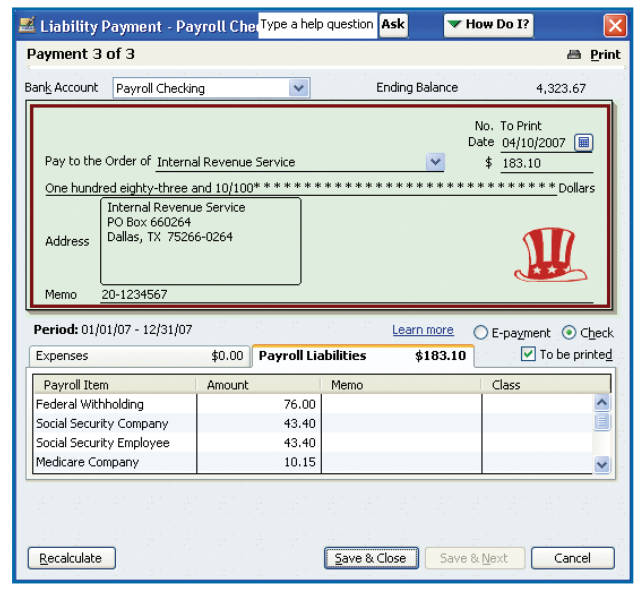


Figure 9-18: The Liability Check window looks similar to the Write Checks window, but it is tied to liability tracking. Don't write checks from the Write Checks window to pay liabilities.