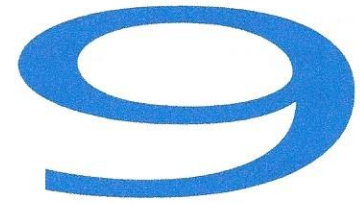


PAYROLL



LEARNING OBJECTIVES

At the completion of this chapter, you will be able to:

- 9.01. Know about the QuickBooks Online Payroll plans.
- 9.02. Activate Payroll.
- 9.03. Pay employees.
- 9.04. Preview and edit paychecks.
- 9.05. Submit payroll and print paychecks and pay stubs.
- 9.06. Prepare Payroll reports including the Payroll Summary and Payroll Tax Liability.
- 9.07. Pay Payroll Taxes.
- 9.08. Edit employees, add new employees, edit existing employees, reinstate employees, and terminate inactive employees.
- 9.09. Prepare and print Employee Details report.
- 9.10. Pay payroll, edit, and delete paychecks.
- 9.11. Edit Payroll Settings for Payroll and Services, Company and Account, and Employees.

PAYROLL

Payroll is an extremely important part of running a business. Paying your employees is more than simply writing a check. You also take deductions from your employees' pay for state and federal tax withholdings, social security, unemployment, insurance, and various other items that are required to be paid by the employees. As the employer, you are responsible for withholding the correct amounts from your employees and then forwarding the payments to the appropriate agencies and/or companies. In addition, as an employer, there are employer taxes that must be paid and submitted to the appropriate government agencies as well.

Many times, a company begins the process of computerizing its accounting system simply to prepare the payroll using the computer. It is much faster and easier to let QuickBooks Online look at the tax tables and determine how much withholding should be deducted for each employee than to have an individual perform this task. Because tax tables change frequently, QuickBooks Online requires its users to enroll in a QuickBooks Online Payroll plan. Currently, there are three plans available: Basic, Enhanced, and Full-Service. In order to enroll in a payroll service plan, you must have a company tax identification number. If you do not subscribe to a payroll plan, you must create payroll accounts, calculate and enter the payroll taxes manually, and prepare payroll tax forms and payments by hand. If you choose to enter your payroll manually, there are no payroll reports or tax payment forms available.

Intuit's payroll plans are changed and updated frequently; however, at the time of this writing, details for three payroll plans are:

Basic Payroll is used to create paychecks and pay by check or direct deposit. At the time of this writing, the cost was \$25 per month plus \$2 per employee per month. Not offered as a bundle with QuickBooks Online Plus.

QuickBooks Online Payroll Enhanced is one payroll plan you may use with QuickBooks Online Plus. The plan includes everything in Basic Payroll. With Enhanced Payroll, you may pay up to 150 employees and prepare a variety of different payroll reports. The service includes tax payments and forms for federal and a maximum of one state tax filing. If you need more than one state, there is a \$12 per month cost for each additional state. The monthly rate at the time of this writing is \$39 plus \$2 per employee per month. If you bundle QuickBooks Online Plus and Enhanced Payroll, the monthly cost will be \$65.00 plus \$5 per employee per month. Frequently, discounts are available for subscriptions for six months to one year. At the time of this writing, the bundled QuickBooks Online and Enhanced Payroll had a special of 50 percent off for six months.

QuickBooks Online Full Service Payroll includes everything in Enhanced Payroll. In addition, your payroll taxes will be completed and filed for you, any previous payroll data will be entered into QuickBooks Online, and there is a guarantee of no tax penalties. The monthly rate is \$99 plus \$2 per employee per month. If you bundle QuickBooks Online Plus and Full Service Payroll, the monthly cost for both is \$120 plus \$5 per employee per month. Frequently, discounts are available for subscriptions for six months to one year. At the time of this writing, the bundled QuickBooks Online and Full Service Payroll had a special of 50 percent off for six months.

Payroll is an area of accounting that has frequent changes; for example, tax tables are updated, changes in withholding or tax limits are made, etc. As a result, QuickBooks Online is modified via updates to implement changes to payroll. As a word of caution, the materials presented in this chapter are current at the time of this writing. However, it is entirely possible and probable that the amounts in your paychecks, paycheck liabilities, and payroll taxes will not match the figures in the text. While it is possible to enter payroll transactions manually so your figures will match the ones in the text, it is a cumbersome and not very realistic process. As a result, this chapter will focus on how to process payroll using QuickBooks Online and Enhanced Payroll.

TRAINING TUTORIAL AND PROCEDURES

This chapter will be different from Chapters 2-8 because it will use only the Test Drive Company to explore and enter payroll. Because Your Name's Beach Barkers is a fictitious company, it would not be appropriate to enroll in a payroll program, process payroll, and pay tax liabilities for a company that does not exist.

In previous chapters, all work recorded in the Test Drive Company was for Craig's Design and Landscaping Services. In the payroll section of the Test Drive Company, you will be processing the payroll for Collins Paint and Wallpaper Services. As you know, when you close the Test Drive Company, all material entered is erased. Because of this, you will enter a number of transactions in the Test Drive Company and then close the company. When you resume training, you will reopen the company, turn on payroll, and continue with the next material presented. Sometimes, the payroll portion in the Test Drive Company is a bit unstable. If for some reason your computer freezes or you cannot gain access, simply close your Web browser and try again. The data in each section of the chapter is limited so if something happens it will not take a lot of time to re-enter anything that may be lost.

As you did for Chapters 2-8 you will enter additional transactions and print/export documents at the end of the chapter.

Remember, your totals and dates may not agree with the material in the text. That should not be of concern at this point. The focus of this chapter is for you to learn the procedures for activating and processing payroll, paying payroll liabilities, and preparing payroll reports.

DATES

Unlike the other chapters, in Chapter 9, the current date will be used for all transactions. If you see dates in the text that do not match the ones on your screen, use the dates on your screen.

IMPORTANT NOTE

As previously stated, QuickBooks Online is constantly evolving with the addition of new features, apps, and procedures that change frequently. Everything in the text is correct at the time of this writing; however, by the time of publication some changes to the program may occur. As stated previously, QuickBooks Online has Labs, which will not be included in the text unless they are adopted before publication. Whenever possible, program changes are incorporated into the text but some changes will not be able to be included until the next edition.



STUDENTS: To see UPDATE documents showing information about new features and program changes, go to www.Pearsonhighered.com/horne and click on the Student Download Page at the beginning of each chapter.

ACTIVATE PAYROLL—DRILL

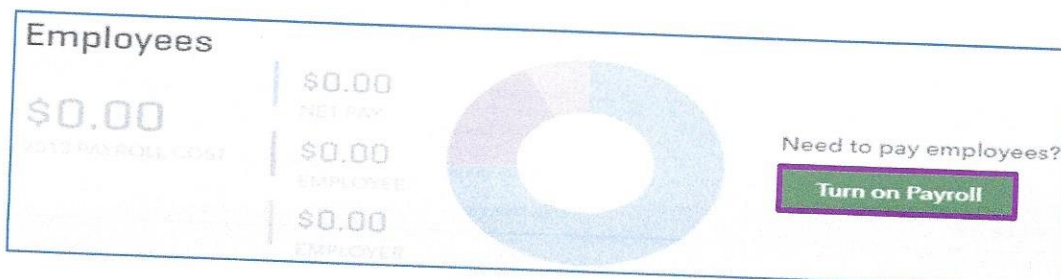
When working with payroll, you process paychecks, calculate withholdings, and submit payroll tax payments. In QuickBooks Online, when you subscribe to and activate Enhanced or Full Service Payroll, the appropriate liability and expense accounts will be added to the company's Chart of Accounts, Payroll Settings will be created, and payroll reports and tax forms will be made available as well. When using QuickBooks Online Payroll, deductions and taxes are calculated automatically using the latest tax tables.

DRILL



Open the **Test Drive Company** and activate Payroll

Click **Employees** in the Navigation bar or the Alternate Navigation bar
Click the **Turn on Payroll** button



CHAPTER 9—Payroll

- If you have any difficulties with activating payroll, click the **Gear** icon, click **Sign Out**, close your Web browser, reopen it, and then reopen the Test Drive Company.
 - Once payroll has been activated you will see a dashboard showing the 2017 Payroll cost to date, the amount of Net Pay, the deductions for the Employees, and the contributions from the Employer. In addition, the three active employees, their pay rates, payment methods, and employment status are listed.
- Do not close the Test Drive Company

PAY EMPLOYEES—DRILL

There are two different methods of compensation, Salary and Hourly. The process for paying an employee whether hourly or salary is very similar and is completed in three steps: Add the employee's hours worked, review the payroll, and submit.

MEMO

DATE: Current Date

Run the payroll for all employees. Use the payroll date provided by QuickBooks Online for the end of the current week. Eloisa Catillo and Bill Lucchini do not have any changes or additions to their payroll information. Kari Steblay worked 40 hours Regular and 5 hours Overtime.

DRILL

Continue to use the **Test Drive Company** and pay the weekly payroll for all active employees

Now that Payroll has been activated, you will see the three active employees shown on the screen

- Note the information provided for the Active Employees. It includes the employee's name, pay rate, pay method, and status.
- The dates you see on your screen will not match the ones in the textbook. Do not be concerned. Simply use the dates provided by QuickBooks Online.

Click the **Run Payroll** button

Employees

\$2,350
2017 PAYROLL COST

\$1,180
NET PAY

\$923
EMPLOYEE

\$247
EMPLOYER

Run payroll ▼

Next payroll due Friday, 3/10
Paycheck list

Find employees Active employees ▼

NAME	PAY RATE	PAY METHOD	STATUS
EC Catillo, Eloisa	\$40,000.00/ year	Direct deposit	Active
BL Lucchini, Bill	\$60,000.00/ year	Direct deposit	Active
KS Steblay, Kari	\$18.00 / hour	Check	Active

[Add employee](#)

- On the Run Payroll: Friday screen, there is nothing to enter for Eloisa Catillo or for Bill Lucchini.
Enter information for Kari Steblay: REGULAR PAY HRS: 40, press **Tab**, OT HRS: 5, press **Tab**

Run Payroll: Friday

Bank account: Checking Balance \$1,201.00

Pay period: Current Week Pay date: Friday's Date

TOTAL PAY: \$2,778.08

EMPLOYEE	SALARY	REGULAR PAY HRS	OT HRS	SICK PAY HRS	VACATION PAY HRS	MEMO	TOTAL PAY
☒ EC Catillo, Eloisa \$40,000.00 / year	\$769.23						\$769.23
☒ BL Lucchini, Bill \$60,000.00 / year	\$1,153.85						\$1,153.85
☒ KS Steblay, Kari \$18.00 / hour		40.00	5.00				\$855.00
TOTAL	\$1,923.08	40.00	5.00	0.00	0.00		\$2,778.08

- QuickBooks Online calculated the pay for each employee. While you provided the hours for Kari, you did not need to provide any information for the salaried employees. Unless they are paid for sick and/or vacation time taken, you will not need to enter any hours for them. However, if a salaried employee took one day of vacation, you would record 8 as Vacation Pay Hrs and QuickBooks Online would deduct the amount of vacation hours taken from the vacation hours available. The same process would be used if the employee took off work and was paid Sick Pay.
 - You will see the text box for OT HRS for your salaried employees. Salaried employees are not paid for overtime so this will not be used for them.
- Immediately continue to the next section without changing or clicking anything, do not close the Test Drive Company

PREVIEW AND EDIT PAYCHECK—DRILL

Immediately after running the payroll, you have the opportunity to preview and edit paychecks. Once a paycheck has been printed, it may not be edited. You may make changes to hours worked, certain types of pay (overtime rates), federal and state withholdings, and voluntary employee deductions. Most taxes and liabilities calculated and entered by QuickBooks Online may not be changed.

MEMO

DATE: Current Date

Preview the paycheck for Kari Steblay.

Change Kari's overtime hours to 6 hours.

DRILL



Continue to use the Test Drive Company and review and edit the paycheck for Kari Steblay

Click the **Preview payroll** button

CHAPTER 9—Payroll

Click the **Pen** icon next to the Net Pay for Kari Steblay

You will see the paycheck details for her check

- If at any time you make an uncorrectable error, click on the incorrect screen, or lose your paycheck information, simply Sign out of the company, then close the Test Drive Company and your Web browser, reopen the Web browser and the Test Drive Company, activate payroll, and re-enter the paycheck information.
- If the figures you see do not match the ones shown in the text, do not worry. QuickBooks is automatically programmed for changes and updates.

Look at the Pay information for the check

- If there is a white rectangular box around an amount, you can make changes to it. If there is not a rectangular box, you cannot make any changes.
- If you change an amount in a rectangular box and press Tab, QuickBooks Online will recalculate all of the amounts for the paycheck automatically.
- Note the rectangular boxes for all of the items in the HOUR column. In the RATE column, only Overtime Pay has a box.

Run Payroll: Friday

PAY TO
Kari Steblay

Employee Address
204 First Ave
Mountain View, CA 94040

Pay period: Current Week
Pay date: Friday's Date

Pay from: Checking
Paid by: Check (\$617.26)

NET PAY \$617.26

Pay TYPE	HOUR	RATE	CURRENT	YTD
Regular Pay	40.00	\$18.00	\$720.00	\$900.00
Overtime Pay	5.00	\$27.00	\$135.00	\$135.00
Sick Pay	0.00	\$18.00	\$0.00	\$0.00
Vacation Pay	0.00	\$18.00	\$0.00	\$0.00
TOTAL			\$855.00	\$1,035.00

☒ Accrue vacation and sick leave for this paycheck

▶ **Employee taxes**

▶ Employee deductions

▶ Employer taxes

	Paid time off	Hours used	Hours available
Vacation	0.00	0.00	41.54
Sick	0.00	0.00	0.00

Click **Employee Taxes** to expand that section

- Note the rectangular boxes for Federal Income Tax and CA Income Tax. The amount of withholdings may be changed. Do not do this lightly because you will change the total withholding of income taxes for the year.

Employee taxes			CURRENT	YTD
TYPE				
Social Security			\$53.01	\$64.17
Medicare			\$12.40	\$15.01
Federal Income Tax	\$	55.59		\$55.59
CA Income Tax	\$	6.29		\$6.29
CA State Disability Ins		\$7.70		\$9.32
TOTAL			\$134.99	\$150.38

Click **Employee Deductions** to expand that section

- Because these are voluntary deductions, all of the items in the CURRENT column for Employee deductions have rectangular boxes so they all may be changed.

▼ Employee deductions		
TYPE	CURRENT	YTD
401K	\$ 42.75	\$51.75
Good Health Insurance	\$ 50.00	\$100.00
Bright Smile Insurance	\$ 10.00	\$20.00
TOTAL	\$102.75	\$171.75

Click **Employer Taxes** to expand that section

- None of the items in the CURRENT column have rectangular boxes so they may not be changed.

▼ Employer taxes		
TYPE	CURRENT	YTD
FUTA Employer	\$5.13	\$6.21
Social Security Employer	\$53.01	\$64.17
Medicare Employer	\$12.40	\$15.01
CA SUI Employer	\$29.07	\$35.19
CA ETT	\$0.86	\$1.04
TOTAL	\$100.47	\$121.62

Go back to the Pay section for Kari and click in the text box for Overtime Hours, change the number of hours to **6**, press **Tab**

Immediately everything for the check was recalculated by QuickBooks

Scroll through and note the following changes:

- Remember: Your figures and amount may not match the following.

Net Pay: \$636.20

Pay—Current Overtime Pay: \$162.00; Total for Pay: \$882.00

Employee Taxes—Social Security: \$54.68; Medicare: \$12.79; Federal Income Tax: \$59.44; CA Income Tax: \$6.85; CA State Disability Ins.: \$7.94; Total: \$141.70

Employee Deductions—401K: \$44.10; Medical: \$50; Dental: \$10; Total: \$104.10

Employer Taxes—FUTA Employer: \$5.29; Social Security Employer: \$54.68; Medicare Employer: \$12.79; CA SUI Employer: \$29.99; CA ETT: \$0.88; Total: \$103.63

Click the **OK** button for Kari Steblay

Immediately continue to the next section without closing the Test Drive Company

SUBMIT PAYROLL AND PRINT—DRILL

Once the payroll for the period has been entered and, if necessary, edited, your next step is to submit the payroll.

DRILL



Continue to use the Test Drive Company and submit the payroll

Now that the paycheck for Kari Steblay has been previewed and edited, verify the information shown on the Review and Submit screen

CHAPTER 9—Payroll

- Note that there is one Paper Check (Kari) and two Direct Deposits (Eloise and Bill).
- As you look at the dashboard, you will see the amount of Net Pay for the employees, the amount of Employee Deductions, and the amount of the Employer tax payments.

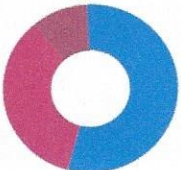
Run Payroll: Friday
Review and Submit

\$1,721.01
NET PAY

\$3,134.69
TOTAL PAYROLL COST

\$1,084.07
EMPLOYEE

\$329.61
EMPLOYER



1 Paper check for \$636.20
Deliver these paychecks by

2 Direct deposit for \$1,084.81
Direct deposits are scheduled for

Friday's Date

Pay period: Current Week

Pay date:

EMPLOYEE	TOTAL HOURS	TOTAL PAY	EMPLOYEE TAXES AND DEDUCTIONS	NET PAY
EC Catillo, Eloisa	40.00	\$769.23	\$326.16	\$443.07
BL Lucchini, Bill	40.00	\$1,153.85	\$512.11	\$641.74
KS Steblay, Kari	46.00	\$882.00	\$245.80	\$636.20
Totals:	126.00	\$2,805.08	\$1,084.07	\$1,721.01

When finished, click the **Submit Payroll** button

- Once the payroll has been submitted, you will see a screen to print paychecks and pay stubs.

Enter 17 for the CHECK NUMBER for Kari Steblay's check

Run Payroll: Friday
Got it! Your payroll is all set.
We've used your info to create paychecks for your employees.

1 paycheck to print
Deliver checks to your employees by

Friday's Date

Print paychecks

EMPLOYEE	NET PAY	CHECK NUMBER
KS Steblay, Kari	\$636.20	17

2 direct deposits scheduled
Direct deposits will be withdrawn on

Print pay stubs

Withdrawal Date and Friday's Date

EMPLOYEE	NET PAY
Catillo, Eloisa	\$443.07
Lucchini, Bill	\$641.74

Click the **Print paychecks** button to print the check for Kari Steblay

- Her paycheck and pay stub appears in a new tab in the Web browser.

Kari Steblay
*****Six hundred thirty-six and 20/100
Kari Steblay
204 First Ave
Mountain View CA 94040

EMPLOYER
Collins Paint and Wallpaper Services
123 Main St.
Palo Alto CA 94306

EMPLOYEE
Kari Steblay
204 First Ave
Mountain View CA 94040
SS#: ...3333

BENEFITS

	Used	Available
Sick	0.00	0.00
Vacation	0.00	41.54

MEMO:

PAY	Hours	Rate	Current	YTD
Regular Pay	40.00	18.00	720.00	900.00
Overtime Pay	6.00	27.00	162.00	162.00

TAXES

	Current	YTD
Federal Income Tax	59.44	59.44
Social Security	54.68	65.84
Medicare	12.79	15.40
CA Income Tax	6.85	6.85
CA State Disability Ins	7.94	9.56

PAY PERIOD
Period Beginning:
Period Ending:
Pay Date:
Total Hours: 46.00

DEDUCTIONS

	Current	YTD
401K	44.10	53.10
Bright Smile Insurance	10.00	20.00
Good Health Insurance	50.00	100.00

SUMMARY

	Current	YTD
Total Pay	\$882.00	\$1,062.00
Taxes	\$141.70	\$157.09
Deductions	\$104.10	\$173.10

NET PAY: \$636.20

Net Pay \$636.20

Point to the top-right corner of the paycheck, click the **Print** icon

- If you save the paycheck rather than printing it, name it **1-Your Name Payck K Steblay**.

Close the browser tab that shows the check

Click the **Print pay stubs** button

- The pay stubs for Eloise Catillo and Bill Lucchini appear in a new tab in the Web browser. (Eloise is shown below.)

Collins Paint and Wallpaper Services
123 Main St.
Palo Alto CA 94306

Eloisa Catillo
550 Front Boulevard
Menlo Park CA 94025

EMPLOYER
Collins Paint and Wallpaper Services
123 Main St.
Palo Alto CA 94306

EMPLOYEE
Eloisa Catillo
550 Front Boulevard
Menlo Park CA 94025
SS#: ...1111

BENEFITS

	Used	Available
Sick	0.00	0.00
Vacation	0.00	41.54

MEMO:

PAY	Hours	Rate	Current	YTD
Salary	-	-	769.23	1,538.46

TAXES

	Current	YTD
Federal Income Tax	0.00	0.00
Social Security	47.69	95.38
Medicare	11.16	22.31
CA Income Tax	5.00	10.00
CA State Disability Ins	6.93	13.85

PAY PERIOD
Period Beginning:
Period Ending:
Pay Date:

DEDUCTIONS

	Current	YTD
401K	15.38	30.76
Bright Smile Insurance	40.00	80.00
Good Health Insurance	200.00	400.00

SUMMARY

	Current	YTD
Total Pay	\$769.23	\$1,538.46
Taxes	\$70.78	\$141.54
Deductions	\$255.38	\$510.76

NET PAY: \$443.07

Net Pay \$443.07

Print as instructed for paychecks

- If you save the pay stubs rather than printing them, name the document **2-Your Name Pay Stubs E Catillo and B Lucchini**.

Close the browser tab that shows the pay stubs

Click **Finish payroll** at the bottom of the print checks and pay stubs screen

CHAPTER 9—Payroll

Depending on the current date, you may get a screen for Tax payments due; if it appears, click the **I'll do it later** button.

- You are returned to the Employee List.

Immediately continue to the next section without closing the Test Drive Company

Tax payments due

To avoid late fees and penalties, review and pay your taxes on time.

☐ Don't show this reminder again.

I'll do it later

Review and pay

PAYROLL REPORTS—DRILL

There are 18 different reports available to provide information regarding payroll at the time of this writing. Available reports include Time Activities, Payroll Summary and Detail, Payroll Tax Payments and Liabilities, Employee Details, Payroll Tax and Wage Summary, Payroll Deductions/Contributions, Total Payroll Cost, Paycheck List, among others.

DRILL

Continue to use the **Test Drive Company** and prepare Payroll Summary and Payroll Tax Liability reports

Click **Reports** on the Navigation bar or the Alternate Navigation bar, click **Manage Payroll**, and click **Payroll Summary**

- The report is shown using Date Range: **Last pay date** and Employee: **Active Employees**.
 - The Payroll Summary report shows details for each paycheck you have created and includes information for Net Amount, Total Hours, Taxes Withheld, Deductions, Total Pay, Employer Taxes, Employer Contributions, Total Cost, and Check Num.
- Click the drop-down list arrow next to the button **Share** in the upper-right corner of the report

Click **Printer friendly**

- The report opens in a separate screen.

Payroll Summary Report										Collins Paint and Wallpaper Services	
Print											
Fridav's Date											
CHECK DATE	NAME	NET AMOUNT	TOTAL HOURS	TAXES WITHHELD	TOTAL DEDUCTIONS	TOTAL PAY	EMPLOYER TAXES	EMPLOYER CONTRIBUTIONS	TOTAL COST	CHECK NUM	
03/10/2017	Catillo, Eloisa	\$443.07	40.00	\$70.78	\$255.38	\$769.23	\$90.39	\$0.00	\$859.62	DD	
03/10/2017	Lucchini, Bill	\$641.74	40.00	\$321.34	\$190.77	\$1,153.85	\$135.59	\$0.00	\$1,289.44	DD	
03/10/2017	Steblyay, Kari	\$636.20	46.00	\$141.70	\$104.10	\$882.00	\$103.63	\$0.00	\$985.63	17	
Totals		\$1,721.01	126.00	\$533.82	\$550.25	\$2,805.08	\$329.61	\$0.00	\$3,134.69		

If your instructor wants you to print the report, click **Print**, select Landscape orientation and print as previously instructed

If your instructor wants you to export the report to Excel, click the drop-down list arrow for the Share button, click **Export to Excel**

Open the report in Excel as usual

If the report opens in Protected View, click **Enable Editing**



Protected View This file originated from an Internet location and might be unsafe. Click for more details.

Enable Editing

- If you save the report, name the document **3-Your Name Payroll Sum Ch 9**.
- When finished with the Payroll Summary report, click **Reports** on the Navigation bar or the Alternate Navigation bar

Click **Payroll Tax Liability**

- The report is shown using Date Range: **Last pay date**.
- This report shows you the taxes you need to pay and the ones you've already paid.
- You will see columns for Tax Amount, Tax Paid, and Tax Owed. Notice that Tax Paid shows 0.00 for everything.

Tax Liability Report		Print	Collins Paint and Wallpaper Services	
	TAX AMOUNT	TAX PAID	TAX OWED	
CA PIT / SDI	\$84.52	\$0.00	\$84.52	
CA Income Tax	\$59.26	\$0.00	\$59.26	
CA State Disability Ins	\$25.26	\$0.00	\$25.26	
CA SUI / ETT	\$98.19	\$0.00	\$98.19	
CA ETT	\$2.81	\$0.00	\$2.81	
CA SUI Employer	\$95.38	\$0.00	\$95.38	
Federal Taxes (941/944)	\$663.89	\$0.00	\$663.89	
Federal Income Tax	\$234.71	\$0.00	\$234.71	
Social Security	\$173.91	\$0.00	\$173.91	
Social Security Employer	\$173.91	\$0.00	\$173.91	
Medicare	\$40.68	\$0.00	\$40.68	
Medicare Employer	\$40.68	\$0.00	\$40.68	
Federal Unemployment (940)	\$16.83	\$0.00	\$16.83	
FUTA Employer	\$16.83	\$0.00	\$16.83	

Print and/or export to Excel as previously instructed

- If you save the report, name the document **4-Your Name Tax Liability Ch 9**.
- After printing or exporting your reports, immediately continue to the next section without closing the Test Drive Company

PAY TAXES—DRILL

Depending on the number of employees, amount of payroll, and other variables, you will have specific dates for paying the payroll taxes you deduct from employees and for the taxes you owe as an employer.

DRILL

Continue to use the **Test Drive Company** and pay Payroll taxesClick **Taxes** on the Navigation bar or the Alternate Navigation bar, click **Payroll Tax**

- You will open the Payroll Tax Center where you will see the tax type, due date, e-payment cutoff dates, tax forms, and other activities.
- The dates you see will be different from the ones shown below.

Payroll Tax Center

Taxes

Pay Taxes

TAX TYPE	DUE DATE	E-PAYMENT CUTOFF
CA PIT / SDI	03/08/2017	03/06/2017 5:00 PM Pacific
Federal Taxes (941/944)	03/08/2017	03/06/2017 5:00 PM Pacific
CA PIT / SDI	03/15/2017	03/13/2017 5:00 PM Pacific
Federal Taxes (941/944)	03/15/2017	03/13/2017 5:00 PM Pacific

You may also want to:

- Edit your e-file and e-pay setup
- Edit your tax setup
- View your Tax Liability report
- View tax payments you have made
- Enter prior tax history

Forms

- Quarterly Forms**
Completed quarterly tax forms, ready for you to print and mail.
[View Archived Forms >>](#)
- Annual Forms**
Annual forms, including W-2's.
[View Archived Forms >>](#)
- Employee Setup**
Forms for you and your employee to complete. Includes mandatory and optional forms.
[View Archived Forms >>](#)
- Employer Setup**
Application(s) for employer identification numbers.
[View Archived Forms >>](#)

Click the **Pay Taxes** button

- The Pay Taxes screen may show two sections: Tax Payments Due and Upcoming Tax Payments. If you do not see the expanded section, click the arrow at the end of the heading. 
- Your dates will be different from the dates in the text. When dates are different, you may have taxes shown in different categories. If the amounts are different, do not worry QuickBooks Online simply updated tax tables or the dates changed.

Pay Taxes				
TAX TYPE	DUE DATE	E-PAYMENT CUTOFF	AMOUNT	
Tax Payments Due (You need to take action on these tax payments soon.)				
CA PIT / SDI	03/08/2017	03/06/2017 5:00 PM Pacific	\$71.33	Create payment
Federal Taxes (941/944)	03/08/2017	03/06/2017 5:00 PM Pacific	\$497.03	Create payment
CA PIT / SDI	03/15/2017	03/13/2017 5:00 PM Pacific	\$84.52	Create payment
Federal Taxes (941/944)	03/15/2017	03/13/2017 5:00 PM Pacific	\$663.89	Create payment
Upcoming Tax Payments (You don't need to pay these yet. We'll remind you when they are due.)				
CA SUI / ETT	05/01/2017	04/27/2017 5:00 PM Pacific	\$171.79	Create payment
Federal Unemployment (940)	01/31/2018	01/29/2018 5:00 PM Pacific	\$29.45	Create payment

Note: Some of these tax amounts are estimates based on accrual to date. You'll see the actual amount when you click Create Payment.

Click **CA PIT/SDI** to see the details for the tax payment

- You will see that your tax payment will be for CA Income Tax and CA State Disability Insurance with individual amounts for each.

< Pay Taxes

CA PIT / SDI

Liability Period Due Date
03/01/2017 to 03/03/2017 03/08/2017 (E-Payment Cutoff 03/06/2017 5:00 PM Pacific)

AMOUNT

TAX ITEM	
CA Income Tax	\$52.41
CA State Disability Ins	\$18.92
	\$71.33

Create payment

Click the **Create payment** button

- You will see that Pay Electronically is automatically selected.

Approve Payment
CA PIT / SDI

☒ Pay Electronically ☐ Make Payment Myself

Liability Period: 03/01/2017 to 03/03/2017 Due Date: 03/08/2017

Bank Account: Checking Balance \$1,129.67 Payment Date: 03/08/2017

TAX ITEM	AMOUNT
CA Income Tax	\$52.41
CA State Disability Ins	\$18.92
Notes (optional)	\$71.33

*We will debit your account two business days before the Payment Date.
Click Approve to authorize us to debit the amount from your bank account and transfer it to the CA Employment Development Department.

Click the **E-pay** button at the bottom-right side of the screen
Review the E-pay Payment Confirmation screen, click **Done**

 **Payment Confirmation**

Payment Method: E-Payment
Payment Type: CA PIT / SDI
Liability Period: 03/01/2017 to 03/03/2017
Due Date: 03/08/2017
Payment Date: 03/08/2017
Payment Amount: \$71.33

With E-Payment there is no coupon to print or submit.

Done

You are returned to the Pay Taxes screen

- Note that the first payment for CA PIT/SDI no longer shows as a Tax Payment Due.
- Close the Test Drive Company

EDIT AN EMPLOYEE—DRILL

Changes can and do occur for employees. As a result, it is possible to edit an employee and change basic payroll information. You may edit the employee to change personal information, pay and withholding information, and employment information.

MEMO

DATE: Current Date

Edit the employee Kari Steblay. Change her last name to Masters, her new address is 281 Apricot Lane, add her Mobile phone: 650-555-9238. Change her pay rate to \$18.50 per hour.

DRILL



Open the **Test Drive Company**, activate Payroll, and edit an employee

With the Test Drive Company open, click **Employees** on the Navigation bar or the Alternate Navigation bar, click **Turn On Payroll** to reactivate the feature

CHAPTER 9—Payroll

- If you have problems with QuickBooks activating payroll, click the **Gear** icon, click **Sign Out**, close your browser, and then reopen your browser and the Test Drive Company.
- Since you closed the Test Drive Company, all previous payroll information was erased and payroll was deactivated.

Click the employee **Kari Steblay**

- Note that in the section for Employee details, you have three distinct areas of information for Kari: Pay, Profile, and Employment.
- If you want to edit information regarding Kari's pay, you would click the Pen icon next to Pay. If you wanted to change her address, you would click the Pen icon next to Profile. If you wanted to revise employment information, you would click the Pen icon next to Employment.

Since you want to change Kari's last name, click the **Edit employee** button just below her name



Kari Steblay

Edit employee

Employee details Paycheck list

Pay 		Profile 		Employment 	
Taxes	Married, with 2 allowances	Address	204 First Ave Mountain View, CA 94040	Employee ID	Active
Social Security no.	3333	Birth date	01/01/1980	Hire date	01/01/2017
Pay rate	\$18.00 / hour	Gender	Female	Work location	123 Main St. Palo Alto, CA 94306
Additional pay	Overtime Pay	Notes		Workers' comp class	
	Sick Pay				
	Vacation Pay				
Pay schedule	Friday				
Payment method	Check				
Deductions	401K 5.00% of gross pay \$18,000.00 max				
	Bright Smile Insurance \$10.00 / paycheck				
	Good Health Insurance \$50.00 / paycheck				
Company-paid contributions	None				
Garnishments	None				

Click in the Last name text box, delete Steblay, and then enter **Masters**

- As you look at the items and categories available for Kari in the Pay section, notice the bright yellow circle with an exclamation point. This means that information needs to be provided.

Kari Steblay

Pay Profile Employment

First name* Kari M.I. Last name* Masters

1 What are Kari's withholdings?

2

3 How often do you pay Kari?

4 Friday starting 03/10/2017

5 How much do you pay Kari?

Hourly \$18.00 / hour

Additional pay types: Overtime Pay, Sick Pay, Vacation Pay

Does Kari have any deductions? (Examples: retirement, health care)

401K

Bright Smile Insurance

Good Health Insurance

Add a new deduction

How do you want to pay Kari?

Paper check

Click the **Enter W-4 form** button

Review the information provided, no changes are needed

- Notice that only the last four digits of Kari's Social Security number are shown. This is done for security reasons.

Payroll Taxes Setup and Compliance

What are Kari's withholdings?

Need blank W-4 forms?

W-4 Employees Withholding Allowance Certificate **2017**

1. First name* Kari M.I. Last name* Masters

2. Social Security number* ...3333

Home address* 204 First Ave

3. ☐ Single ☒ Married ☐ Married, but withhold at higher Single rate ☐ Do Not Withhold

City or town* Mountain View State* CA ZIP code* 94040

4. Total number of allowances you are claiming

5. Additional amount, if any, you want withheld from each paycheck

4. 2 5. \$ 0.00

► California state taxes
We've filled out Kari's state withholding based on the Form W-4 above (They're usually the same).

► Tax exemptions
These are not common.

Click **Done**

- You return back to the Pay section for Kari.

Click the **Pen** icon for Step 3 How much do you pay Kari?

Click in the text box that shows 18.00, change the amount to **18.50**

How much do you pay Kari?

You pay Kari:
 Hourly \$ 18.50 / hour

Add an hourly rate

You can also pay Kari:

☒ Overtime Pay
☐ Double Overtime Pay
☒ Sick Pay
 Sick Leave 0.00 (in hours) Current balance: 0.00 (in hours)
☒ Vacation Pay
 Vacation 40.00 (in hours) Current balance: 40.00 (in hours)
☐ Holiday Pay
☐ Bonus
☐ Commission

► Even more ways to pay Kari... (not common)

Click **Done**

- You return back to the Pay section for Kari.
- There are no other pay changes required for Kari.

Click **Profile** at the top of screen

Change the Home address to **281 Apricot Lane**

Click in the text box for Mobile, enter **650-555-9238**, press **Tab**

Pay Profile Employment

Home address*
281 Apricot Lane

City or town*
 Mountain View

State
 CA

ZIP code*
 94040

Email

Phone

Home ext.

Work ext.

Mobile 650-555-9238 ext.

Gender*
☒ Female
☐ Male

Birth date
 01/01/1980

Notes

There are no changes required to the Employment section

Click **Done**

Click **<Employee list** above Kari Masters' name

- Sometimes, you will briefly see Kari's employment information and will then automatically return to the Employee list.
- Note the changes for Kari.

KM	Masters, Kari	\$18.50 / hour	Check	Active
----	---------------	----------------	-------	--------

Do not close the Test Drive Company continue to the next section

ADD NEW EMPLOYEE—DRILL

Whenever a new employee is hired, the employee is added to the Employees List. Basic payroll information; such as, pay type, voluntary and required deductions and withholdings, sick leave and vacation leave, gender, address, and other information are added for the employee.

MEMO

DATE: Current Date

Add a new part-time employee: Beth Wong. Pay Section: Item 1: W-4 Info: Social Security number: 100-55-4654; Home address: 2182 Carbonera Avenue, Sunnyvale, CA 94086; Single; Allowance: 1. Item 2: How often do you pay Beth: add a new Payroll schedule for Every Other Week; Name the Pay Schedule: Every Other Friday. Item 3: Paid: Hourly @ \$15 per hour. Also eligible for Overtime Pay. Profile Section: Mobile Phone: 650-555-7412; Birth date: 03/23/1993. Employment Section: click New Hire report and Form I-9; Hire date: two weeks before the current date.

DRILL



Continue to use the Test Drive Company and add a new employee

Click the **Add an employee** button

- You will enter the Pay, Profile, and Employment information for the new employee.

Click in First name, enter **Beth**, press **Tab** two times

In Last name, enter **Wong**

For Item 1, click the **Enter W-4 form** button

Complete the W-4 form:

Item 1: First name: **Beth**; Last name: **Wong**; Home address: **2182 Carbonera Avenue**;
City: **Sunnyvale**; State: **CA**; Zip code: **94086**

Item 2: Social Security number: **100-55-4654**

Item 3: **Single**

Item 4: **1**

Item 5: **0.00**

What are Beth's withholdings?

Need blank W-4 forms?

W-4

Employees Withholding Allowance Certificate

2017

1. First name*

Beth

M.I. Last name*

Wong

Home address*

2182 Carbonera Avenue

City or town*

Sunnyvale

State*

CA

ZIP code*

94086

4. Total number of allowances you are claiming

5. Additional amount, if any, you want withheld from each paycheck

2. Social Security number*

100-55-4654

3. ☒ Single☐ Married☐ Married, but withhold at higher Single rate☐ Do Not Withhold4. **1**

5. \$ 0.00

► California state taxes

We've filled out Beth's state withholding based on the Form W-4 above (They're usually the same).

► Tax exemptions

These are not common.

Click **Done**For Item 2 in the Pay section, click the drop-down list arrow next to Friday, click **Add new**

- The other employees are paid every Friday. Beth will be placed on the new Pay Schedule of Every Other Week.

Click the drop-down list arrow next to Every Week, click **Every Other Week**

Accept the dates and the pay schedule name shown by QuickBooks Online

Make sure Use this schedule for employees you add after Beth is selected (check box should be marked)

What's Beth's pay schedule?

How often do you pay Beth?

Every Other Week

When's the next payday?

03/10/2017

When's the last day of work (pay period) for that payday?

03/08/2017

What do you want to name this pay schedule?

Every Other Friday

☒ Use this schedule for employees you add after BethClick **Done**For Item 3 in the Pay section, enter **15** in the text box for / hourClick **Add additional pay types**Click **Overtime Pay**

How much do you pay Beth?

You pay Beth:

Hourly / hour

Add an hourly rate

You can also pay Beth:

☒ Overtime Pay

☐ Double Overtime Pay

☐ Sick Pay

☐ Vacation Pay

☐ Holiday Pay

☐ Bonus

☐ Commission

► Even more ways to pay Beth... (not common)

- Since Beth is a part-time employee, she is not eligible for sick or vacation pay. Click **Done**

For Items 4 and 5 in the pay section, do not make any changes

Click **Profile** at the top of the screen

- The address information was entered when the W-4 form was completed.

Pay **Profile** Employment

Enter Beth's Mobile Phone: **650-555-7412**

For Gender, click **Female**

Click in the text box for Birth date, enter **03/23/1993**. Press **Tab**

- In payroll you must enter the two-digit month, the /, two-digit day, the /, and the four-digit year.

Home address*
2182 Carbonera Avenue

City or town*
Sunnyvale

State
CA

ZIP code*
94086

Email

Phone

Home ext.

Work ext.

Mobile ext.

Gender*
☒ Female ☐ Male

Birth date

Click **Employment** at the top of the screen

Click the check box for *Have you filed a new-hire report with the state?*

- The new hire report requires the submission of the report to a designated state agency. The information in the report is used to prevent erroneous benefit payments for unemployment, workers' compensation, and public assistance. In addition, the report is used to enforce child support payments.

Click the check box for *Have you stored a completed Form I-9 in your files?*

Pay Profile **Employment**

Employee ID

Status
Active

☒ Have you filed a new-hire report with the state?

☒ Have you stored a completed Form I-9 in your files?

Hire date

Work location
123 Main St. (CA)

Workers' comp class

CHAPTER 9—Payroll

- Form I-9 verifies employment eligibility status.
- For Hire date, enter the date for two weeks ago
- The example uses 02/19/2017 and must be entered with the / and the four-digit year.

Click **Done**

Review the payroll details for Beth Wong

< Employee list



Beth Wong

Edit employee

Employee details
Paycheck list

Pay

Taxes: Single, with 1 allowances

Social Security no.: 4654

Pay rate: \$15.00 / hour

Additional pay: Overtime Pay

Pay schedule: Every Other Friday

Payment method: Check

Deductions: None

Company-paid contributions: None

Garnishments: None

Profile

Address: 2182 Carbonera Avenue
Sunnyvale, CA 94086

Birth date: 03/23/1993

Gender: Female

Notes:

Employment

Employee ID:

Status: Active

Hire date: 02/19/2017

Work location: 123 Main St.
Palo Alto, CA 94306

Workers' comp class:

Click <Employee list just above Beth's name

Do not close the Test Drive Company, continue with the next section

REINSTATE AND TERMINATE INACTIVE EMPLOYEES—DRILL

If you have employees who have been marked inactive, they may be reinstated. When you reinstate an employee, you must edit the employee and enter any missing details.

MEMO

DATE: Current Date

Activate John Johnson. Pay Section: Item 1: W-4 Form: Social Security number: 100-55-8525; Address: 1270 Dewey Street, Redwood City, CA 94061; Married, Allowances: 2; CA Filing status: Single or Married (with two or more incomes); Allowances: 2. Item 2: Pay schedule: Every Other Friday. Item 3: Salary: 28,000, Additional Pay Types: Sick Pay: Sick Leave Policy, Balance 40; Vacation Pay: Vacation Policy, Balance 40. Item 4: Dental Insurance: Bright Smile Dental, Monthly 10, Maximum 120; Health Insurance: Good Health Insurance, Monthly 40, Maximum 480. Profile: Mobile number: 650-555-2122; Gender: Male. Employment: Active, New Hire report and Form I-9.

Mark Emily Platt Terminated. Hire Date 01/02/2017, Termination Date: Current date, Birth Date: 08/03/1995.

DRILL



Continue to use the **Test Drive Company** to reactivate and terminate employees

- Click the drop-down list arrow next to the Active employees button, click **All Employees**
- You will see two additional names: John Johnson and Emily Platt. They are flagged because of missing information that must be entered before they may be reinstated.
 - Note that both employees have been assigned to the new Pay Schedule of Every Other Friday.

Click **John Johnson**

Enter the missing information for John

Click the **Pen** icon to edit the section for Pay

Item 1: Click **W-4 form** and enter the information:

Social Security number: **100-55-8525**

Address: **1270 Dewey Street**

City: **Redwood City**

State: **CA**

Zip code: **94061**

Exemptions: **Married**

Allowances: **2**

California Filing status: **Single or Married (with two or more incomes)**

Allowances: **2**

Click **Done**

Item 2: should show **Every Other Friday**

Item 3: How much do you pay John?

Click the drop-down list arrow next to Hourly, click **Salary**

Enter the salary amount **28,000**

Click **Add additional pay types**

Click **Sick Pay** to select, click the drop-down list arrow for No Sick Policy, click **Sick Leave**

Enter the Current balance: **40**

Click **Vacation Pay**

Click the drop-down list arrow for No Vacation Policy, click **Vacation**

Enter the Current balance: **40**

Click **Done**

Item 4: Does John have any deductions?, click the **Pen** icon

Click the drop-down list arrow for Deduction/contribution, click **Bright Smile Insurance - Dental**

Enter **10** as the Amount per pay period

Enter the Annual maximum: **120**

Click **OK**

Click **Add a new deduction** under Step 4

Click the drop-down list arrow for Deduction/contribution, click **Good Health Insurance - Medical**

Enter **40** as the Amount per pay period

Enter the Annual maximum: **480**

Click **OK**

Item 5: No changes

Click **Profile** at the top of the screen

Enter his Mobile number: **650-555-2122**, for Gender click **Male**

Click **Employment** at the top of the screen

Click the drop-down list arrow for the Not On Payroll button, click **Active**

CHAPTER 9—Payroll

- Click the boxes for New Hire report and Form I-9 to check
- Click **Done**

Click [Employee list](#)

Click the drop-down list arrow for Active employees, click **All employees**

Click **Emily Platt**

Click the **Pen** icon for Employment

Click the drop-down list arrow for the Not On Payroll button, click **Terminated**

- You will get a marked check box for Show in non-payroll lists.

Enter the Hire Date of **01/02/2017**

Tab to Termination date and enter the **Current Date**

Enter her Birth Date of **08/03/1995**

Click **Done**

Click [Employee list](#)

Click the drop-down list arrow next to Active Employees, click **All employees**

Review your Employee List

NAME		PAY RATE	PAY SCHEDULE	PAY METHOD	STATUS
EC	Catillo, Eloisa	\$40,000.00/ year	Friday	Direct deposit	Active
JJ	Johnson, John	\$28,000.00/ year	Every Other Friday	Check	Active
BL	Lucchini, Bill	\$60,000.00/ year	Friday	Direct deposit	Active
KM	Masters, Kari	\$18.50 / hour	Friday	Check	Active
EP	Platt, Emily	Missing	Every Other Friday	Check	Terminated
BW	Wong, Beth	\$15.00 / hour	Every Other Friday	Check	Active

Do not close the Test Drive Company, continue to the next section

EMPLOYEE DETAILS REPORT—DRILL

Once you have completed the exercises for adding and editing employees, it is important to print the Employee Details report. This report gives you complete information regarding salaries and wages, tax information, deductions, and vacation/sick leave.

DRILL



Continue to use the **Test Drive Company** and prepare the Employee Details report

Click **Reports** on the Navigation bar or the Alternate Navigation bar, click the category **Manage Payroll**

Click **Employee Details** report

Review the information shown for each employee

PERSONAL INFO	PAY INFO	TAX INFO
Eloisa Catillo 550 Front Boulevard Menlo Park CA 94025 Hired: 01/01/2017 Born: 01/01/1980	Salary:	\$40,000.00/Year
	Pay By:	DD, Acct0000
		DD2, Acct0000
		401K 2.0%
	Deductions:	Bright Smile Insurance \$40.00
		Good Health Insurance \$200.00
		Sick Leave
Vac/Sick:	Vacation	
		SSN: 123-45-1111 Fed: CA: Head of Household/ 2

Partial Report

Click the drop-down list arrow next to the Share button, click either **Printer Friendly** or **Export to Excel** and prepare the report as previously instructed

- If you save the report, name the document **5-Your Name Emp Details Ch 9**.
- After printing or exporting your report, immediately continue to the next section without closing the Test Drive Company

PAY PAYROLL, EDIT, AND DELETE PAYCHECK—DRILL

Now that you have a new payroll schedule in place, you will pay the employees who are on paid on the Every Other Friday schedule. If you make a mistake in processing the payroll, you may delete an individual check if you do so prior to printing the check.

MEMO

DATE: Current Date

Pay the employees on the Every Other Friday schedule—John Johnson and Beth Wong.
Enter 40 hours of regular pay and 2 hours of overtime pay for Beth Wong.

Edit the paycheck for Beth Wong. Change her overtime hours to 3.

Realized that you were paying Beth for the incorrect pay period. Delete the paycheck for Beth Wong.

DRILL



Continue to use the Test Drive Company and prepare the Every Other Friday payroll

Click **Employees** on the Navigator bar to return to the Employees List

Click the **Run Payroll** button

Select the **Every Other Friday** schedule if it is not already selected

Click **Continue**

- John Johnson and Beth Wong will be shown.

Use the dates provided by QuickBooks Online

Enter the hours worked for Beth Wong: Regular Pay Hrs: 40 OT Hrs: 2

- Even though Beth is part time and works 20 hours a week. She worked overtime for 2 hours one day to help get a project completed.

Click **Preview payroll**

Click the **Pen** icon for Beth Wong

Change her overtime hours to 3

Click **OK**

Click **Submit Payroll**, click **Finish payroll**

- If you get a Tax payments due message, click **I'll do it later**.

Click **Paycheck List** just below the Run payroll button

Click in the check box next to Beth Wong to select, click **Delete**

Paycheck list							
Print	Edit	Delete	1 item selected				
☐	PAY DATE	NAME		TOTAL PAY	NET PAY	PAY METHOD	CHECK NUMBER
☐	03/10/2017	Johnson, John		\$1,076.92	\$880.03	Check	
☒	03/10/2017	Wong, Beth		\$667.50	\$561.76	Check	

Read the warning screen for: Delete paycheck?

Click the check box for **I understand that this action cannot be undone**.

Click **Delete Paycheck**

- Beth's check is deleted and is no longer shown.

Click the check box for John Johnson to select, click **Print**

- If you save the check, name it **6-Your Name Payck J Johnson**.

Close the Test Drive Company after printing the paycheck

PAYROLL SETTINGS—DRILL

When you first subscribe to QuickBooks Online Payroll, you go through a series of screens that enable you to make selections regarding pay policies, electronic services, tax setup, deductions, and preferences. These may be edited and changed.

DRILL



Open the **Test Drive Company** and review and edit Payroll Settings

Click **Employees** on the Navigation bar or the Alternate Navigation bar

Click **Turn on Payroll**

Click the **Gear** icon, click **Payroll Settings** in the column for Your Company

- You will see the Preferences screen for payroll. It is divided into two sections Setup and Setup Overview.

Preferences		
Setup:	Electronic Services	Pay Policies Tax Setup Deductions Preferences
Setup Overview	Company and Account	Employees
Payroll and Services	Business Information	Overview
Payroll	Contact Information	Employees
Pay Schedules	Work Locations	Time Sheets
Vacation / Sick / PTO		
Deductions / Contributions	Preferences	
Direct Deposit	Accounting	
	Paycheck Printing	
Taxes	Form Printing	
General Tax Information	Emails	
Federal Taxes	Reports	
State Taxes		
Federal Form Preferences		
Electronic Services		
Update Electronic Services		

- While both sections allow you to access much of the same information, the Setup Overview section provides more details and choices for review and/or change and will be used for the chapter.

Payroll and Services

The category for Payroll and Services include sections for Payroll, Taxes, and Electronic Services. Review each of the items within each section and make the changes indicated in the step-by-step directions.

- Use the **Test Drive Company** to review the Payroll and Services category and to customize the payroll settings

Payroll

Click **Pay Schedules** in the Payroll and Services category of the Setup Overview
In the Payroll section, click the **Create** button for Pay Schedules to create an Every Other Friday pay schedule

Click the drop-down list arrow for Pay Period, click **Every Other Week**

Click the check box for: Use this schedule as the default for employees I add

- Use the dates inserted by QuickBooks Online. Your dates will not match the ones in the example.

Create Pay Schedule
* = Required

Pay Schedule

Pay Period* **Every Other Week**

Pay Date My next payday is* 03/10/2017 (mm/dd/yyyy)

This covers the pay period ending on* 03/10/2017 (mm/dd/yyyy)

☒ Use this schedule as the default for employees I add

OK Cancel

Click **OK**

- You will see a Pay Schedule Confirmation screen showing the Description: **Every Other Friday** and a list of Pay Periods and Pay Dates.

Pay Schedule Confirmation
Here are your next four pay periods, based on the dates you entered.

- To save this pay schedule, click OK
- To make changes, click Back

Pay Schedule

Description: **Every Other Friday**

Pay Period	Pay Date
02/25/2017 - 03/10/2017	03/10/2017
03/11/2017 - 03/24/2017	03/24/2017
03/25/2017 - 04/07/2017	04/07/2017
04/08/2017 - 04/21/2017	04/21/2017

OK Back

Click **OK**

- Note the addition of the new Pay Schedule.

There are no changes to Vacation and Sick Leave Policies

Edit Pay Policies

Pay Schedules

These are the pay schedules you have created. To add another schedule, click the Create button below.

Description	Frequency	
Friday	Every Friday, starting 01/06/2017	Edit
Every Other Friday (Default)	Every other Friday, starting 03/10/2017	Edit

[Create](#)

Vacation and Sick Leave Policies

These are the vacation and sick leave policies you have created. To add another policy, click the Create button below.

Description	Category	Rate	Frequency	
Vacation	Vacation	80.0 hours/year	Per Pay Period	Edit
Sick Leave	Sick	40.0 hours/year	Per Year	Edit

[Create](#)

Next Step: To assign new pay types, policies, or schedules to employees you have already set up, go to the **Employee Overview**. Click on an employee's name to edit their information. Each time you add an employee, you can assign policies that you've already created to that employee.

Click the back arrow button by the https URL until you return to the Setup Overview

← → ↻ 🔒 Secure | <https://qbo.intuit.com/app/payrollsettings>

Click **Deductions/Contributions** in the Payroll section of the Payroll and Services category

Review the Deductions/Company Contributions and Employee Garnishments

Click **Edit** next to Good Health Insurance

Delete the word **Good** from the Description

Edit Description

* = Required

Deduction/Contribution

Category* Health Insurance

Type* Medical Insurance

Description* **Health Insurance** (appears on paycheck)

Examples: Advance Repayment, Union Dues

This deduction/contribution is assigned to these employees:
Eloisa Catillo Bill Lucchini Kan Steblay

[OK](#) [Cancel](#)

Click **OK**

Review the changes

Edit Deductions/Company Contributions

Deductions/Company Contributions

These are your company's paycheck deductions and contributions. To add more, click the **Add a New Deduction/Contribution** link below.

Description	Type	
401K	401(k)	
Bright Smile Insurance	Dental Insurance - Taxable	Edit
Health Insurance	Medical Insurance - Taxable	Edit
+ Add a New Deduction/Contribution		Edit

Employee Garnishments

Garnishments, such as child support and tax levies, apply to specific employees. To set up a garnishment, select the employee here.

Add Garnishment for: (choose one) ▼

Click the **Back** arrow until you return to Setup Overview
 Click **Direct Deposit** in the Payroll section of the Payroll and Services category
 Read the information provided on the screen regarding Direct Deposit

Direct Deposit

Do you want to pay your employees by direct deposit? You'll need:

- **Company (employer) bank account information.** If you haven't already entered this, you need it to start setting up direct deposit. After you enter this information, it takes two to three days to complete direct deposit setup.
- **Employee bank account information.** You can start setting up direct deposit even if you don't have this. You can use the Direct Deposit Authorization Form to get this information from your employees and come back later to enter it.

No, thanks **Yes! Let's get started**

Click **No, Thanks**

Taxes

Click **General Tax Information** in the Taxes section of the Payroll and Services category
 For Company type, click the drop-down list arrow for **Other**, click **Sole Proprietor**
 In the Filing Name section, delete the company name and enter **Your Name** (your real name) for the Owner Name

Company General Tax Information

If you are planning to enroll in E-Payment, make sure that your filing name matches exactly with the name on record for your company with the IRS. The IRS will reject any enrollment for which name and EIN are mismatched.

* = Required

Company Type

Are you a Sole Proprietor, 501(c)3, or Other? **Sole Proprietor** ▼

Filing Name

Owner Name* **Your Name**

As a sole proprietor, you must file under your own name, not your business name. Changing the Filing Name will disable your ability to make electronic federal tax payments until you complete re-enrollment for EFTPS.

Filing Address

☒ Same as business address

Address 123 Main St.
Palo Alto, CA 94306

County:

First run of payroll with this service: before 01/01/2017

Change date

OK **Cancel**

Click **OK**

Click **Federal Taxes** in the Taxes section of the Payroll and Services category

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Review the information presented

Company Federal Tax Information	
* = Required	
Federal Tax Setup	
EIN	12-3456788 (12-3456789)
Filing & Deposit Requirements	
Filing Requirement & Deposit Schedule	Effective Date
941 filer, semi-weekly depositor (current schedule)	01/01/2002
Change or add new schedule	
OK Cancel	
If You Are a New Employer	
• Get your Employer Identification Number (EIN) by sending Form SS-4 to the IRS (the form includes the address and/or fax number for your region.) Or get your EIN online at the IRS website. • Choose a monthly deposit schedule. • Prepare to pay federal taxes. Sign up now to pay electronically.	

No changes are necessary, click **OK**
 Click **State Taxes** in the Taxes section of the Payroll and Services category
 Review the information presented

Company State Tax Information	
* = Required	
CA Withholding Setup	
CA Employer Account Number	123-4567-7 Example: 123-4567-8
CA PIT / SDI*	Effective Date
Deposit Schedule	01/01/2002
Semi-weekly (current schedule)	
Change or add new schedule.	
CA State Unemployment Insurance (SUI) Setup	
CA SUI*	Effective Date
Rate	01/01/2002
3.40% (current rate)	
Change or add new rate.	
CA Employment Training Tax Rates*	Effective Date
Rate	01/01/2002
0.10% (current rate)	
Change or add new rate.	
OK Cancel	
Help for New Employers	
• To get your Employer Account Number, print and complete Form DE 1. Mail to the address on the form. Household employers complete Form DE-1HW. Non-profit organizations use the DE-1NP on the state Web site. Or you can register online. • The SUI rate for new employers is 3.4%. In addition, you will pay .1% Employment Training Tax, but do not include the ETT in your SUI rate; our service calculates the ETT automatically. • Your deposit schedule is monthly • You can complete any part of this page and come back to complete the rest.	

No changes are necessary, click **OK**
 Click **Federal Form Preferences** in the Taxes section of the Payroll and Services category
 Review the information presented

Federal Form Preferences

Third Party Designee Information

If you have an accountant, you can authorize them to discuss your federal forms with the IRS by completing this section. We'll add the information to your federal forms 941, 944, and 940.

Does Collins Paint and Wallpaper Services have a third party designee? (This is not common)

☐ Yes
☒ No

Paid Preparer Information

If you pay someone to produce your 941, 944, and 940 returns, complete this section. We'll add the information to your federal forms.

Does Collins Paint and Wallpaper Services have a paid preparer? (This is not common)

☐ Yes
☒ No

OK **Cancel**

No changes are necessary, click **OK**

Electronic Services

Click **Update Electronic Services** in the Electronic Services section of the Payroll and Services category

Read the information on setting up E-Services

Electronic Services (E-Services) Enrollment

Employer Federal State Authorization Forms	Status: Federal E-Pay & E-File: Waiting for approval CA E-Pay & E-File: Active	Add / Edit Electronic Services You can add or edit your electronic service options and edit your employer and employees' bank account information.
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To Do

- ✓ 1 Fax your authorization form(s) to us
- ✓ 2 Confirm the amount of our test transaction

3/06/2017 - We received your forms.
- You confirmed the amount of our test transaction.

You've completed your enrollment. We're working with the government agencies to make your E-Services available.

No changes are necessary, click the **Back** arrow and continue in the next section

Company and Account

The category for Company and Account include sections for Business Information and Preferences. Review each of the items within each section and make the changes indicated in the step-by-step directions.



Continue to use the **Test Drive Company** to review the Company and Account category and to customize the payroll settings

Business Information

Click **Contact Information** in the Business Information section of the Company and Account category

Change the First Name and Last Name to **Your Name** (your real name)

Change and confirm the Email Address: **Your QuickBooks Email** (your actual email)

Edit Contact Information
* = Required

Business Information
Business Name* Collins Paint and Wallpaper \$

Primary Contact

First Name* Your
Middle Initial
Last Name* Name
Email Address* Your_QBO_Email@gmail.com
Confirm Email Address* Your_QBO_Email@gmail.com
User ID: SampleCompany100769059
Work Phone* 650-555-1212 (xxx-xxx-xxxx) Ext 10
Mobile Phones (xxx-xxx-xxxx)
Fax Number 650-555-1234 (xxx-xxx-xxxx)
Job Title
Edit Sample Customer

OK Cancel

Click **OK**

Click **Work Locations** in the Business Information section of the Company and Account category

Review the material presented, enter **Santa Clara** for the County

Edit Work Location
Modify your work location, or click "Add a Work Location". To add an employee to a work location, go to the Employees tab. Click on an employee and then go to the Employment section and select the work location.

Work Location Address

Address* 123 Main St.
City* Palo Alto
County* Santa Clara For example "Orange" for Orange County.
State* CA
Zip* 94306 (xxxxx or xxxxx-xxxx)
Add a Work Location

Save Cancel

Click **Save**

Preferences

Click **Accounting** in the Preferences section of the Company and Account category

- The first screen suggests two ways to enter your payroll information: Preferences (suggested by QBO) or Customize (enter preferences yourself).

Click **Next**

Accounting Preferences
* = Required
We'll help you get your payroll information into .
To see the preferences we recommend, click **Next**.
To enter preferences yourself (including advanced options), click **Customize**.

Next Customize Cancel

In the area for Bank Account, click the drop-down list arrow, click **Checking – Checking**

- The account name will be Checking.

Review the information presented, especially all of the payroll account names

Accounting Preferences		
* = Required Choose which accounts you'd like your paychecks and tax payments to go to. • To use our recommended preferences, click OK • To enter preferences yourself (including advanced options), click Customize		
Bank Account	Checking Account*	Checking
Wage Expense Accounts	Wage Account*	Payroll Expenses:Wages
Tax Expense Accounts	Tax Account*	Payroll Expenses:Taxes
Tax Liability Accounts	Federal Taxes (941/944)*	Payroll Liabilities:Federal Taxes (941/944)
	Federal Unemployment (940)*	Payroll Liabilities:Federal Unemployment (940)
	CA PIT / SDI*	Payroll Liabilities:CA PIT / SDI
	CA SUI / ETT*	Payroll Liabilities:CA SUI / ETT
Other Liability & Asset Accounts	401K*	Payroll Liabilities:401K
	Bright Smile Insurance*	Payroll Liabilities:Bright Smile Insurance
	Health Insurance*	Payroll Liabilities:Good Health Insurance

Click **OK** for Accounting Preferences

Click the **Back** arrow after reviewing the Accounting Preferences Summary screen

Click **Paycheck Printing** in the Preferences section of the Company and Account category

Read the information for printing paychecks and pay stubs

Paycheck Printing Settings	
* = Required Before continuing, please verify your printing settings below.	
Paycheck Printing Settings	
Paycheck and Pay Stub Printing	
How would you like to print your pay stubs and checks?*	
☒ Preprinted QuickBooks®-compatible voucher check stock	Where can I get compatible check stock?
☐ Print 2 stubs Give 1 check & stub to your employee, and keep a copy for yourself	☒ Print 1 stub Give the whole check & stub to your employee
☐ Plain paper stubs (to accompany handwritten checks)	
Number of Copies	
Set the number of copies that are printed when you print paychecks.	
Copies* 1 (minimum is 1)	
Phone Number on Pay Stub	
Do you want to print your primary contact's work phone number on employee pay stubs?	
☐ Yes, print the phone number (required for New York employers)	
☒ No, do not print the phone number	

No changes are required, click **OK**

The Printer Setup screen is shown

- This is used to test the Alignment of your Preprinted QuickBooks voucher checks. You will not test the alignment for paychecks

Printer Setup

These steps make sure your paychecks print in the right place on your preprinted check stock. Each time you use a new printer you should follow the steps.

1. Make sure you have QuickBooks®-compatible voucher check stock.
2. Just for this printing test, load **plain paper** in your printer (no need to waste check stock).
3. Click **Open Alignment Window**.

Open Alignment Window

Click **OK**

Click **Form Printing** in the Preferences section of the Company and Account category

This screen is used to select the paper to be used when printing W-2 forms

Form W-2 Printing Settings

* = Required

Before continuing, please verify your printing settings below.

Form W-2 Printing Settings

You can print your employee copies of Form W-2 on Laser W-2 Blank 3-part perforated paper, or on plain paper.

How do you want to print Form W-2s?*

- ☐ I'm planning to print on perforated paper.
- Purchase supplies for printing on perforated paper
 - Instructions for printing on perforated paper.
- ☒ I'll print employee W-2 forms on plain paper.

Since you plan on using plain paper, no changes are required, click **OK**

Click **Emails** in the Preferences section of the Company and Account category

On this screen, you select what type of payroll email reminders you want to receive

Email Preferences

Issues regarding this payroll account are communicated via email. Reminders are used to help keep you on top of payroll deadlines. Select your preferences for receiving these emails. All fields are optional.

Email Preferences**Reminder Emails**

☒ Payday Reminders

Send the Payday Reminder I have to run payroll (For Direct Deposit payrolls, we also send a reminder 2 business days before the payroll has to be run).

☒ Tax Payment Reminders

☒ Form Filing Reminders

No changes are required, click **OK**

Click **Reports** in the Preferences section of the Company and Account category

On this screen, you select which employee and employer reports you want to be made available for group reports after creating paychecks

Report Settings

Select reports you would like to be made available for group reports after creating paychecks.

Report Settings**Employee Reports**

☒ Payroll Summary

☒ Payroll Details

☒ Deductions

☐ Employee Details

Employer Reports

☐ Tax and Wage Summary

☒ Total Cost

☒ Tax Payments

☐ Tax Liability

☐ Total Pay

No changes are required, click **OK**

Employees

The category for Employees include an Overview section. Review each of the items within the section and make the changes indicated in the step-by-step directions.

-  Continue to use the **Test Drive Company** to review the Employees category and to customize the payroll settings

Overview

Click **Employees** in the Overview section of the Employees category
You will be taken to the Employees List for viewing and/or editing

- The Active Employees are shown. To see all employees, you would click the drop-down list arrow next to Active Employees.

EC	Catillo, Eloisa	\$40,000.00/ year	Direct deposit	AS	Active
BL	Lucchini, Bill	\$60,000.00/ year	Direct deposit	AS	Active
KS	Steblay, Kari	\$18.00 / hour	Check	AS	Active

No changes need to be made, click the **Back** arrow to return to Payroll Settings
Click **Time Sheets** in the Overview section of the Employees category
You are given the option to enter hours for hourly employees when creating paychecks or having QBO copy the hours from employee time sheets

Time Sheets		
How do you want to fill in employee hours on paychecks?		
☐ I'll enter hours when I create paychecks ☒ Copy hours from employee time sheets		
Employee	Time Sheets	Type of Pay
Kari Steblay	Enabled	Regular Pay

No changes are required, click **OK**
Close the Test Drive Company

ADDITIONAL TRANSACTIONS—DRILL

As with the other chapters, you will enter additional transactions now that you have completed the chapter. In Chapter 9, however, you will continue to use the Test Drive Company to process payroll and all related reports.

DRILL

-  Open the Test Drive company and enter the Additional Transactions

Print and/or Export to Excel as instructed within the Memos and by your professor

CHAPTER 9—Payroll

- If you save a document, use the same naming structure as previously instructed: Document number, your name, business form and number, vendor name. For example, 29-Your Name Payck J Doe.

MEMO

DATE: Current Date

Edit Payroll Settings in the Setup Overview: Create a Pay Schedule for Every Other Week; Use the schedule as the default for new employees. General Tax Information: Sole Proprietor; Owner: Your Name. Contact Information: Your Name; Your QBO Email Address. Work Locations: County Santa Clara. Accounting Preferences: Bank account name Checking.

Edit the employee: Bill Lucchini. Pay Section: Enter W-4 Form Information: Change allowances to 1. Change Pay Schedule to Every Other Friday. Profile Section: Mobil Phone 650-555-9512; Gender: Male.

Add a new employee: Evan Jordan. Pay Section: W-4 Information: Social Security number: 100-55-2233; Home Address: 3155 Laura Drive, San Jose, CA 95124; Married, Allowances 2; California State Taxes: Married (with two or more incomes), Allowances 2. Pay Schedule: Every Other Friday; Pay: Hourly, \$25 per hour; Additional Pay Types: Overtime Pay; Sick Pay: Sick Leave, Balance 0.00; Vacation Pay: Vacation, Balance 0.00. Deductions: Dental, \$10 per pay period, Maximum \$120; Health, \$40 per pay period, Maximum \$480. Use Paper Check. Profile: Home Phone: 650-555-4789; Gender: Male; Birth date: 02/02/1985. Employment: Check New Hire report and Form I-9; Hire Date: two weeks before current date.

Run Payroll for Every Other Friday employees. Evan Jordan worked 80 regular hours and an additional 8 hours in overtime. Bill Lucchini worked his regular amount. Do not print the paycheck or the pay stub until instructed to do so later in the additional transactions.

Edit the check to Evan Jordan. Change his overtime hours to 10.

Print Check for Evan Jordan (If saved, name it **7-Your Name Payck E Jordan**). Print Pay Stub for Bill Lucchini (If saved, name it **8-Your Name Pay Stub B Lucchini**).

Pay Payroll Taxes for CA PIT/SDI for the earlier of the two dates shown. (If you see more taxes, do not pay them.) Pay Electronically and use the dates provided by QBO.

Print and/or export Payroll Reports: Payroll Summary for Active Employees (If saved, name it **9-Your Name Payroll Sum Ch 9**); Employee Details (If saved, name it **10-Your Name Emp Details Ch 9**).

SUMMARY

In this chapter a thorough study of processing payroll, paying taxes, and preparing reports was accomplished by using the Test Drive Company. You practiced paying the payroll, adding new employees, reinstating inactive employees, editing existing employees, deleting employees, editing paychecks, and printing paychecks and pay stubs. In addition, several payroll reports were prepared and include the Payroll Summary, Tax Liability, and Employee Details reports. Payroll settings for Payroll and Services, Company and Accounts, and Employees were reviewed and edited. Finally, additional transactions were recorded for reinforcement.