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A Tour through QuickBooks' Payroll Setup Tool

Getting QuickBooks ready to process payroll is a complex, time-consuming process. Here's what you can expect.

Payday. You look forward to it when you're young and working at your first part-time job.

But as a grown-up who needs to start processing payroll for your employees, you probably anticipate it in a different way, perhaps even with a sense of dread. QuickBooks handles the real grunt work once you've done the initial setup, but those early hours you spend preparing to print your first paycheck can be challenging.

Fortunately, QuickBooks' payroll setup tool can guide you through the process. Once you've signed up for payroll, open the **Employees** menu and select **Payroll Setup**.



Figure 1: The **QuickBooks Payroll Setup** tool tells you'll what information you need to supply in order to start paying employees.

Easy Operations

The first screen you'll see in this step-by-step, wizard-like setup guide contains a link to QuickBooks' **payroll setup checklist**. You don't have to assemble all of the information you'll need about your company, your employees, and your payroll taxes, but we recommend that you gather as much as you can before you start.

You'll advance through setup by completing the information requested and then clicking the **Continue** button in the lower right. In some versions, you will have a **Next** button instead of a **Continue** button, which is often accompanied by a **Previous** button. If you don't have a particular detail immediately at hand, you can continue on and come back later. You'll be able to edit your work then.

To back out of the whole process and return at another time, click the **Finish Later** button in the lower left.

Building a Framework

QuickBooks first wants to know about the various types of compensation and employee benefits your company offers. To start adding your **Compensation** options, click **Add New**. Click in the box in front of any pay types you support (**Salary, Hourly wage and overtime, Commission**, etc.) to create a check mark. When you click **Next**, this window opens:

The screenshot shows a window titled "Add New" with a close button (X) in the top right corner. The main heading is "Tell us about hourly compensation". Below this is the question: "What would you like to call the hourly wage when it appears on paychecks?". There is a text input field containing "Hourly compensation" and a note below it: "31 characters or less".

The next question is: "Do your hourly employees ever work overtime at a 'time-and-a-half' rate?". There are two radio buttons: "No" (unselected) and "Yes" (selected).

Below this is another text input field containing "Overtime (x1.5) hourly" and a note: "31 characters or less".

The final question is: "Do your hourly employees ever work overtime at a 'double-time' rate?". There are two radio buttons: "No" (unselected) and "Yes" (selected).

Below this is a text input field containing "Double-time hourly" and a note: "31 characters or less".

At the bottom of the window, there are three buttons: "Cancel" on the left, "< Previous" in the middle, and "Next >" on the right.

Figure 2: It's easy to indicate the types of compensation your company offers.

Keep clicking **Next** after you've completed each screen until you come to a page that lists all of the compensation types you've defined. To make any changes, highlight the type and click **Edit** to modify or **Delete** to remove. Then click **Continue** when you're finished.

The next section is probably the most difficult: **Employee Benefits**. Here, using similar interface conventions to enter information and navigate, you'll provide information about your company's:

Insurance benefits

Retirement benefits

Paid time off, and

Miscellaneous items (cash advance, wage garnishment, mileage reimbursement, etc.).

It's absolutely critical that you set these up accurately, or you'll have unhappy benefits providers – and employees. If you're not absolutely confident of an answer, it's better to leave an item unfinished and come back later. You may want to ask us to work with you as you complete this section.

People and Taxes

QuickBooks will then ask you about your employees. Have your W-4 forms handy for this section, as you'll need to know Social Security numbers, birth dates, etc.

Tell us how you plan to pay Dan T. Miller

How often? Every other week (Biweekly)

	Amount	Description
<input type="checkbox"/> Double-time h		\$ per hour
<input type="checkbox"/> Hourly compen		\$ per hour
<input type="checkbox"/> Overtime (x1.5		\$ per hour
<input type="checkbox"/> Overtime Rate		
<input type="checkbox"/> Regular Pay		
<input checked="" type="checkbox"/> Salary	41500.00	
<input type="checkbox"/> Bonus		
<input type="checkbox"/> Commission		commission rate or amount

Figure 3: On this screen, you'll tell QuickBooks what type(s) of compensation and their dollar amounts apply to the employee.

All of those details you entered earlier about company benefits comes into play here. Once you've defined an employee's compensation types and amounts, the next screen will display the additions and deductions that your company supports. You will have set up defaults for some of these, but you can modify them for individual employees.

There are numerous other details that you'll have to supply for your staff, like how vacation and sick hours accrue, what state will want to collect taxes from them, and what their filing status is.

Unless you've worked with payroll before, you're going to want our help in completing the payroll tax section. Once it's done correctly, QuickBooks will calculate taxes due and help you pay them.

Finally, QuickBooks helps you determine whether you'll need to enter any previous payroll data from the current year before you start to process your payroll in the software.

Whether you're switching from manual payroll or a payroll service, or simply getting ready to pay your first employee, QuickBooks payroll-processing tools can help you save time and foster accuracy – as long as you get the details from the start.



Insero & Company CPAs, P.C.

Rochester >> 585.454.6996

Corning >> 607.973.2075

www.inserocpa.com

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For more information contact Jacquie Platt, Certified QuickBooks ProAdvisor® at 585.697.9668 or jacqueline.platt@inserocpa.com.

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