



QUICKBOOKS 2016 STUDENT GUIDE

Lesson 12

Doing Payroll with QuickBooks

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Lesson Objectives

- To gain an overview of payroll in QuickBooks
- To learn more about payroll setup
- To set up employee payroll information
- To set up payroll schedules
- To practice writing and printing a payroll check
- To learn how QuickBooks tracks your tax liabilities
- To practice paying payroll taxes

Setting Up for Payroll

By default, the QuickBooks payroll feature is turned on. Keep in mind that you must subscribe to one of the available QuickBooks Payroll services that work with QuickBooks Desktop in order to run payroll in QuickBooks. However, you can test out the features of QuickBooks Payroll using one of the sample companies such as Rock Castle Construction. Do not use this feature for actual payroll as the rates are not accurate.

If you want to turn off payroll in your company file, follow the procedure below.



To turn payroll off in a company file:

1. Make sure you are signed in to the QuickBooks company as the Admin user. (If other users have been set up on other computers to access the company in multi-user mode, ensure that they are not signed in and that you are in single-user mode.)
2. From the **Edit** menu, choose **Preferences** then click **Payroll & Employees** in the left panel.
3. Click the **Company Preferences** tab and select **No payroll**.
4. Click **OK**.

QuickBooks maintains a list for everything that affects the amount on a payroll check and for every company expense related to payroll. This list is called the Payroll Item list. There are payroll items for compensation, taxes, other additions and deductions, and employer-paid expenses. QuickBooks uses payroll items to track individual amounts on a paycheck, and accumulated year-to-date wage and tax amounts for each employee.

Payroll items affect either Payroll Liabilities or Payroll Expenses on the Chart of Accounts by default (unless you make changes to their setup). However, you will be able to run detailed reports related to Payroll based on the payroll items and how they are used in paychecks and payroll liabilities payments.



To view the Payroll Item list:

- From the **Employees** menu, choose **Manage Payroll Items** then choose **View/Edit Payroll Item List**. (You must have payroll turned on to see this choice.)

ITEM NAME	TYPE	AMOUNT	LIMIT	TAX TRAC...	PAYABLE TO	ACCOUNT ID
Salary	Yearly Salary			Compensa...		
Sick Salary	Yearly Salary			Compensa...		
Vacation Salary	Yearly Salary			Compensa...		
Overtime Rate	Hourly Wage			Compensa...		
Regular Pay	Hourly Wage			Compensa...		
Sick Hourly	Hourly Wage			Compensa...		
Vacation Hourly	Hourly Wage			Compensa...		
Bonus	Bonus	0.00		Compensa...		
Mileage Reimb.	Addition	0.45		Compensa...		
Health Insurance	Deduction		-1,200.00	None		
Workers Compensation	Company C...			None	State Fund	
Advance Earned Incom...	Federal Tax			Advance EI...	Great State...	00-7904153
Federal Unemployment	Federal Tax	0.6%	7,000.00	FUTA	Great State...	00-7904153
Federal Withholding	Federal Tax			Federal	Great State...	00-7904153
Medicare Company	Federal Tax	1.45%		Comp. Med...	Great State...	00-7904153
Medicare Employee	Federal Tax	1.45%		Medicare	Great State...	00-7904153

Payroll Item Activities Reports Include inactive

- Close the Payroll Item List.



NOTES

If you need to add a payroll item after you've set up payroll in QuickBooks, you can use the following procedure.



To add a payroll item:

1. From the **Employees** menu, choose **Manage Payroll Items** then choose **New Payroll Item**.
2. Select **Custom Setup** then click **Next**.
3. QuickBooks displays the Add new payroll item window, which steps you through the payroll item setup process.

Add new payroll item

Payroll item type

Select the type of payroll item you want to create.

- Wage** (Hourly Wages, Annual Salary, Commission, Bonus)
- Addition** (Employee Loan, Mileage Reimbursement)
- Deduction** (Union Dues, 401(k) deferral, Simple IRA, HSA)
- Company Contribution** (Employer 401(k) matching contribution, HSA contribution)
- Federal Tax** (FUTA, Social Security, Medicare)
- State Tax** (State Withholding, SDI, SUI)
- Other Tax** (Local Tax, Misc. State Tax)

Back **Next** **Finish** **Help** **Cancel**

4. Select the type of payroll item you want to create then click **Next**.
QuickBooks will open the Payroll Setup window.
5. Follow the onscreen instructions to create the payroll item.
6. When you are done, click **Finish**.
7. Close the Payroll Item list.



NOTES

Setting Up Employee Payroll Information

QuickBooks calculates payroll for each employee on the basis of that employee's pay rate, marital status, exemptions, and so on. The Employee list stores general information about each employee as well as payroll information.



To view information stored in the Employee list:

1. Click **Employees** on the icon bar to open the Employee Center.
2. Select the employee you wish to view from the list and then right-click, select **Edit Employee**.
3. Click the **Address & Contact** tab to enter the employee's address, phone number, and emergency contact details.
4. Click the **Additional Info** tab to access the employee id or account number, billing rate level, and custom fields.
5. Click the **Payroll Info** tab. This is where you set up the employee pay schedule, additions, deductions, and company contributions.
6. Use the buttons on this tab to access additional information for direct deposit, taxes, and sick/vacation pay.

INFORMATION FOR **Dan T. Miller**

Personal PAYROLL SCHEDULE **Biweekly** ?

Address & Contact PAY FREQUENCY Biweekly

Additional Info CLASS

Payroll Info

Employment Info

Workers' Comp

Direct Deposit Taxes... Sick/Vacation...

EARNINGS		ADDITIONS, DEDUCTIONS AND COMPANY CONTRIBUTIONS		
ITEM NAME	HOURLY/ANNUAL RATE	ITEM NAME	AMOUNT	LIMIT
Salary	41,500.00	Health Insurance	-25.00	-600.00

Use time data to create paychecks

Employee is covered by a qualified pension plan

Employee is inactive

OK Cancel Help

7. Click **OK** to return to the Edit Employee window from the additional information boxes.
8. Click **OK** again to return to the Employee Center.

Using Employee Defaults to Store Common Information

QuickBooks stores a wealth of information about each employee, but it doesn't require you to enter the same information over and over. When you have information that applies to most of your employees, you can enter it into your employee defaults. Then when you add an employee, QuickBooks automatically fills in the information stored with the defaults. You just need to add or change any information that is different for a particular employee.



To view employee defaults:

1. From the **Employee Center**, choose **Change New Employee Default Settings** from the **Manage Employee Information** menu button.

ITEM NAME	HOURLY/ANNUAL RATE
Regular Pay	

ITEM NAME	AMOUNT	LIMIT
-----------	--------	-------

2. Set the default pay schedule, earnings items, etc. from the window.
3. Use the **Taxes** button to set up the default state/federal tax settings.
4. Click **OK** to close the Taxes Defaults window.
5. Click **Sick/Vacation** to modify the default settings then **OK** to close it.
6. Click **OK** to close the Employee Defaults window.

Setting Up Payroll Schedules

You can set up payroll schedules to group employees with the same pay frequency (daily, semi-monthly, bi-weekly, and monthly). You define how often you pay your employees, which date their paycheck is due, and which day you run payroll. QuickBooks calculates your upcoming payroll schedule so you can pay your employees on time.

Using payroll schedules is a quick and convenient way to pay your employees each pay period. You set up the payroll schedule one time, assign the payroll schedule to the appropriate employees, and QuickBooks calculates the due dates for each upcoming pay period.

You do not require payroll schedules to run payroll, however. You can run payroll without them by running **Unscheduled Payroll** or paying an employee a **Termination Check**.



To define a payroll schedule:

1. From the **Employees** menu, choose **Add or Edit Pay Schedules**.
2. Click the **Payroll Schedule** menu button at the bottom left then choose **New**.

3. Enter a name for your payroll schedule in the **What do you want to name this payroll schedule?** field.
4. Press **Tab** and select the pay frequency.
5. Press **Tab** and select the pay period end date for the next period you wish to run payroll.
6. Press **Tab** and select the date that should appear on the checks for the next period you wish to run payroll.
7. Press **Tab** and select the day that should appear on the checks for the next period you wish to run payroll.

The information you provide will be used to create a payroll schedule. [What is a payroll schedule?](#)
You can set up multiple payroll schedules if you need to. [Why do I need multiple schedules?](#)

Tell us how you'll be processing payroll using QuickBooks: [How do I set up a payroll schedule?](#)

What do you want to name this payroll schedule? (e.g., "Weekly", "Biweekly", "Monthly", etc)

How often will you pay your employees on this schedule?

What is the pay period end date?

What date should appear on paychecks for this pay period?

What day should appear on paychecks for this pay period?

The following is based on the information supplied above:
You pay your employees on the same day as the pay period end date in this payroll schedule.
The paycheck date for the current month is 12/31/2020 for the pay period ending on 12/31/2020.

Schedule is inactive

8. Click **OK**.
9. Repeat as needed to set up your pay schedules.
10. Close the Payroll Schedule list.

Now that you've set up the pay schedules, you can assign each employee to the appropriate pay schedule.



NOTES

To assign employees to a schedule, choose the payroll schedule on the Payroll Compensation Info tab of the employee record. (You can also assign employees during the Payroll Schedule Setup process, but for this exercise we'll use the employee records.)



To assign a pay schedule:

1. From the **Employees** menu, choose **Employee Center**.
2. Click the **Employees** tab if it is not already selected.
3. Right-click on the employee you wish to assign a pay schedule to then select **Edit Employee**.
4. In the **Edit Employee** window, choose the **Payroll Info** tab.
5. From the **Payroll Schedule** drop-down list, select the pay schedule you wish to assign.
6. Click **OK**.
7. Repeat the steps for each employee to assign the proper pay schedules.



NOTES

Adding a New Employee



To add a new employee:

1. With the **Employee Center** displayed, click **New Employee** at top left.
2. Enter the corresponding information in the **Personal**, **Address & Contact** and **Additional Info** fields.
3. In the **Payroll Info** tab:
 - Assign the **Payroll Schedule** from the drop-down list.
 - Choose the earning items that apply to this employee in the **Earnings** grid (e.g., salary, hourly, overtime, etc.).
 - Choose any items that apply to the employee from the **Additions, Deductions and Company Contributions** grid.
 - Click on the **Direct Deposit** button to set up direct deposit information.
 - Click on the **Taxes** button to set up federal withholding and state tax information.
 - Click on the **Sick/Vacation** button to add any sick/vacation time accrual information.

INFORMATION FOR **Michael White**

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

PAYROLL SCHEDULE: **Biweekly** ?

PAY FREQUENCY: **Biweekly**

CLASS: []

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

EARNINGS		ADDITIONS, DEDUCTIONS AND COMPANY CONTRIBUTIONS		
ITEM NAME	HOURLY/ANNUAL RATE	ITEM NAME	AMOUNT	LIMIT
Regular Pay	15.00	Health Insurance	-20.00	-1,200.00

Use time data to create paychecks

Employee is covered by a qualified pension plan

Employee is inactive

Buttons: **OK**, **Cancel**, **Help**



IMPORTANT: *If you would like the time automatically entered from timesheets, you will want to place a check in the box labeled Use time data to create paychecks.*

4. Enter remaining information in the **Employment Info** and **Workers Comp** tabs.
5. Click **OK**.



NOTES

Running a Payroll Schedule

QuickBooks lets you print payroll checks in a batch based on payroll schedules.



To run a paycheck schedule:

1. In the **Employee Center**, click the **Payroll** tab in the left section.
2. In the right section, click the **Pay Employees** tab.
3. In the **Pay Employees** section, choose the **Biweekly** pay schedule.
4. Click the **Start Scheduled Payroll** button.
5. Specify the last date of the **Pay Period**, the **Check Date**, and the **Bank Account** from which paychecks will be produced, and whether the checks are to be printed or handwritten. If they are handwritten, specify the first check number.

Enter Payroll Information

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

[How do I pay my employees?](#)

PAYROLL INFORMATION

PAYROLL SCHEDULE: **Biweekly** PAY PERIOD ENDS: **12/31/2020** BANK ACCOUNT: **10100 - Checking**

EMPLOYEES SELECTED TO PAY: **3** CHECK DATE: **01/05/2021** BANK ACCOUNT BALANCE: **114,306.28**

[Explain Printing Options](#)

CHECK OPTIONS

Print paychecks on check stock [First Check#](#)

Handwrite & Assign check numbers

 SORT BY: **Employee Name**

✓ EMPLOYEE	REGULAR PAY	OVERTIME R...	SICK HOURLY	VACATION H...	SALARY	TOTAL HOURS
✓ Dan T. Miller						
✓ Elizabeth N. Mason	80:00					80:00
✓ Gregg O. Schneider	80:00					80:00
<input type="checkbox"/> Michael White						

[How do I use this window to enter payroll information?](#)

6. Select the employees you wish to pay by placing a check mark next to their name in the grid.
7. Click Continue.

Review and Create Paychecks

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

[How do I pay my employees?](#)

PAYROLL INFORMATION

PAYROLL SCHEDULE: **Biweekly** PAY PERIOD ENDS: 12/31/2020 BANK ACCOUNT: 10100 - Checking

NUMBER OF PAYCHECKS: 3 CHECK DATE: 01/05/2021 BANK ACCOUNT BALANCE: 114,306.28

[Explain Printing Options](#)

CHECK OPTIONS

Print paychecks on check stock [First Check#](#)
 Handwrite & Assign check numbers 1113

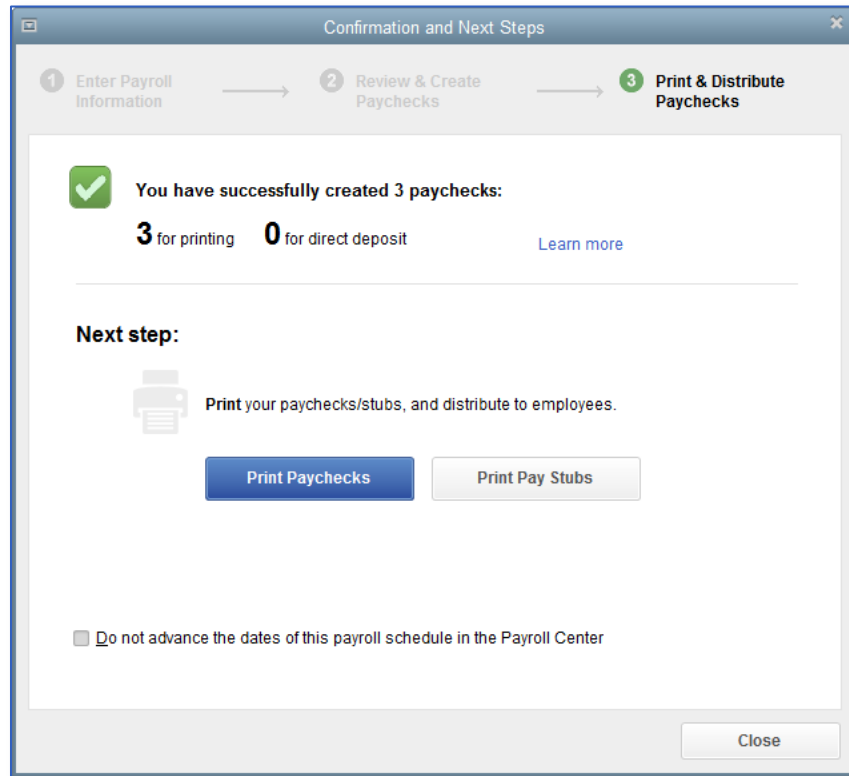
[Open Paycheck Detail...](#)

Employee	Gross Pay	Taxes	Deductions	Net Pay	Employer Tax	Contributions	Total Hours	Direct De
Dan T. Miller	1,596.15	-229.57	-25.00	1,341.58	215.48	266.11		
Elizabeth N. Mason	1,180.00	-245.66	-25.00	909.34	159.30	121.18	80:00	
Gregg O. Schneider	1,380.00	-304.01	-12.50	1,063.49	186.30	13.11	80:00	
	4,156.15	-779.24	-62.50	3,314.41	561.08	400.40	160:00	

< Back Finish Later Create Paychecks

8. To review all paychecks, click on the **Open Paycheck Detail** button or, to review one paycheck, click on the employee's name in the grid.
9. Click **Save & Close** to return to the Review and Create Paychecks window.
10. Click **Create Paychecks**.

QuickBooks creates a payroll check for each employee in the chosen payroll schedule (Biweekly in this case) for the correct net amount, showing the deductions in the voucher area. QuickBooks confirms that you have created the paychecks. You can then choose **Print Paychecks** (or **Print Pay Stubs** only if they are going to be handwritten checks).



11. If you don't want to print the paychecks now, click **Close**.



NOTES

Viewing the Paycheck

QuickBooks records payroll checks in your QuickBooks bank account register (whichever bank account you selected when you started to pay these employees). You can see the check by going to the register, but it is easiest to view employee checks from the Employee Center.



To view the paycheck from the Employee Center:

1. From the **Employees** drop-down menu, click on **Employee Center**.
2. Click on the **Employees** tab if it isn't already selected.
3. Select the name of the employee whose paycheck you want to view.
4. Double-click on the paycheck you want to open from the employee's transaction list.

EARNINGS	1,596.15	PAY PERIOD	12/02/2007 - 12/15/2007
ADDITIONS	0.00	HOURS WORKED	0:00
TAXES	-271.55		
DEDUCTIONS	-25.00		

5. Click **Save & Close** to close the paycheck.



NOTES

Printing Paychecks after Leaving Pay Employees Window

As you know, you can print paychecks after creating them while still in the Pay Employees area. However, you do not have to print them at that time. You can close the payroll function and print them at any time later.

You can print paychecks in a fashion similar to other QuickBooks checks. If you use voucher checks, QuickBooks prints the payroll item detail in the voucher area. If you don't use voucher checks, you can print a paystub to give to your employees.



To print one or more paychecks after you have exited from the Pay Employees window:

1. From the **File** menu, choose **Print Forms** then choose **Paychecks**.
2. Select the bank account that is the source of the paychecks from the **Bank Account** drop-down.
3. Enter the starting check number from the check stock on which you are printing in the **First Check Number** field.
4. Make sure there's a checkmark next to all employee names, and then click **OK**.

Select Paychecks to Print

Bank Account: 10100 - Checking First Check Number: 10080

Select Paychecks to print, then click OK.
There are 3 Paychecks to print for \$3,314.41.

✓	DATE	EMPLOYEE	AMOUNT
✓	01/05/2021	Dan T. Miller	1,341.58
✓	01/05/2021	Elizabeth N. Mason	909.34
✓	01/05/2021	Gregg O. Schneider	1,063.49

Show: Both Paychecks Direct Deposit

Company message to be printed on all pay stubs:

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

5. If desired, enter the text for a company message that is to appear on all pay stubs.
6. Click **Print**.



NOTES

Printing or Emailing Pay Stubs after Leaving Pay Employees Window

As you know, you can print pay stubs after recording paychecks to be handwritten while still in the Pay Employees area. However, you do not have to print them at that time. You can close the payroll function and print or email them at any time.



To print or email one or more pay stubs after you have exited from the Pay Employees window:

1. From the **File** menu, choose **Print Forms** then choose **Pay Stubs**.
2. Select the bank account that is the source of the paychecks from the **Bank Account** drop-down.
3. Specify a date range for listing pay stubs.
4. Make sure that **All Employees** is selected; if desired, specify one employee.
5. Place a checkmark next to the employees' paychecks for which you want to print or email a pay stub.
6. If desired, enter the text for a company message that is to appear on all pay stubs.

Select Pay Stubs

Bank Account: 10100 - Checking Checks Dated: 12/14/2020 thru 12/31/2020

Select Pay Stubs, then click Print or E-mail. Employee: All Employees

There are 4 Pay Stubs to print for \$4,174.42.

✓	DATE	EMPLOYEE	AMOUNT
✓	12/15/2020	Dan T. Miller	1,299.60
✓	12/15/2020	Elizabeth N. Mason	907.92
✓	12/15/2020	Gregg O. Schneider	1,033.98
	12/15/2020	Dan T. Miller	1,350.15
✓	12/15/2020	Elizabeth N. Mason	932.92
	12/15/2020	Gregg O. Schneider	1,062.12
	12/15/2020	Gregg O. Schneider	1,062.12

Show: Both Paychecks Direct Deposit

Company message to be printed on all pay stubs:

Buttons: Preview, Select All, Select None, Preferences, Default Email Text, Print, Email, Close, Help

7. Click either **Print** or **Email**. If you chose **Email**, you will see a Password Protection screen. Read the information and click **OK**. You would then follow the prompts to complete any missing employee email addresses.

**NOTES**

Paying Payroll Taxes

If you're about to pay taxes or other liabilities, the payroll liabilities report shows you how much to pay. Suppose you are ready to make a tax payment and you want to see how much you owe.



To create a payroll liabilities report:

1. From the **Reports** menu, choose **Employees & Payroll** then choose **Payroll Liability Balances**.
2. Select **This Calendar Year** in the **Dates** cell.
3. Click the drop-down menu in the **Show Columns** section at the top of report then select **Year** to change the report display.

Payroll Liability Balances

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

Dates This Calendar Year From 01/01/2020 To 12/31/2020 Show Columns Year Sort By Default

2:52 PM
12/15/20

Rock Castle Construction Payroll Liability Balances January through December 2020

	BALANCE
Payroll Liabilities	
Advance Earned Income Credit	0.00
Federal Withholding	1,364.00
Medicare Employee	200.81
Social Security Employee	858.60
Federal Unemployment	100.00
Medicare Company	200.81
Social Security Company	858.60
CA - Withholding	299.19
CA - Disability Employee	48.13
CA - Unemployment Company	100.00
CA - Employee Training Tax	10.00
Health Insurance	150.00
Workers Compensation	1,214.31
Total Payroll Liabilities	5,404.45

4. Close the report.



NOTES

Writing a Check for Payroll Taxes

When it's time to deposit payroll taxes with your deposit institution, use the Liability Check window to fill out a QuickBooks check.



To pay payroll liabilities:

1. From the **Employees** drop-down menu, choose **Payroll Taxes and Liabilities** then click **Create Custom Liability Payments**.
2. In the **From** and **Through** fields, enter the date range for which you are paying the liabilities.
3. Click **OK**.
4. Complete the information in the **Pay Liabilities** window to mirror the payment you making:
 - Ensure the proper **Bank Account** is selected.
 - Enter the proper **Check Date**.
 - Place checkmarks next to the liabilities you wish to pay.

The screenshot shows the 'Pay Liabilities' window with the following details:

- To be printed:**
- Bank Account:** 10100 - Checking
- Check Date:** 01/15/2021
- Review liability check to enter expenses/penalties:**
- Create liability check without reviewing:**
- SHOW PAYROLL LIABILITIES:**
 - Dates:** Custom
 - From:** 01/01/2020
 - Through:** 12/31/2020
- Sort By:** Payable To
- Buttons:** Create, Cancel, Payroll Liabilities Report, Help

PAYROLL ITEM	PAYABLE TO	BALANCE	AMT. TO PAY
<input checked="" type="checkbox"/> Health Insurance		150.00	0.00
<input type="checkbox"/> CA - Disability Employee	Employment Development Department	48.13	0.00
<input type="checkbox"/> CA - Employee Training Tax	Employment Development Department	10.00	0.00
<input type="checkbox"/> CA - Unemployment Company	Employment Development Department	100.00	0.00
<input type="checkbox"/> CA - Withholding	Employment Development Department	299.19	0.00
<input checked="" type="checkbox"/> Advance Earned Income Credit	Great Statewide Bank	0.00	0.00
<input type="checkbox"/> Federal Unemployment	Great Statewide Bank	100.00	0.00
<input checked="" type="checkbox"/> Federal Withholding	Great Statewide Bank	1,364.00	1,364.00
<input checked="" type="checkbox"/> Medicare Company	Great Statewide Bank	200.81	200.81
<input checked="" type="checkbox"/> Medicare Employee	Great Statewide Bank	200.81	200.81
<input checked="" type="checkbox"/> Social Security Company	Great Statewide Bank	858.60	858.60
<input checked="" type="checkbox"/> Social Security Employee	Great Statewide Bank	858.60	858.60
<input checked="" type="checkbox"/> Workers Compensation	State Fund	1,214.31	1,214.31
		5,404.45	4,697.13

Hide zero balances

Ending Bank Balance 106,294.74

5. Make sure **Review liability check to enter expenses/penalties** is selected then click **Create**.

The screenshot shows the 'Liability Check - Checking' window in QuickBooks. The window title is 'Liability Check - Checking'. The 'BANK ACCOUNT' is '10100 - Checking' and the 'ENDING BALANCE' is '106,294.74'. The check is dated '01/15/2021' and is payable to 'Great Statewide Bank' for the amount of '\$ 3,482.82'. The check number is '00-7904153'. The address is 'Great Statewide Bank, P.O. Box 522, Bayshore CA 94326'. The period is from '01/01/2020' to '12/31/2020'. Below the check form, there is a table of payroll liabilities:

PAYROLL ITEM	AMOUNT	MEMO	CLASS
Advance Earned Incom...	0.00		
Federal Withholding	1,364.00		
Medicare Company	200.81		

The total amount for 'Payroll Liabilities' is '\$3,482.82'. The 'Expenses' total is '\$0.00'. At the bottom of the window, there are 'Save & Close' and 'Revert' buttons.

QuickBooks will create one liability check per institution.

6. Click **Save & Close** to record the check.



NOTES

Doing Payroll with QuickBooks — Review Questions

1. What is required in order for QuickBooks to calculate payroll in a real company file?

2. Which two accounts are typically linked to payroll items?
 - a. _____
 - b. _____
3. Which of the following are QuickBooks payroll item types?
 - a. Wage
 - b. Addition
 - c. Deduction
 - d. All of the above
4. What report would you run to determine how much you owe in payroll taxes?

5. What QuickBooks feature would you use to make setting up payroll easier when a number of employees have the same hourly wage, pay period, and base deductions?
 - a. Tax tables
 - b. Employee defaults
 - c. Payroll items
 - d. Assisted payroll
6. True or false: Payroll schedules are required to run payroll in QuickBooks.
 - a. True
 - b. False
7. Payroll schedules help you do which of the following?
 - a. Group employees with the same pay frequency
 - b. Write bonus checks
 - c. Prepare termination checks
 - d. Pay payroll tax liabilities

Review Activities

1. Add a salaried employee to the Employee Center. Enter the employee's personal information, federal and state tax information, and at least one additional paycheck deduction. Assign the employee to the monthly payroll schedule.
2. Run the monthly payroll schedule and process a paycheck for the new employee. Then view the check in QuickBooks. Open at least one payroll liability account register to see how the paycheck changes the account's balance.
3. Select one of the payroll expense accounts from the Chart of Accounts. Create a QuickReport for that expense account.

Answers to Review Questions

1. What is required in order for QuickBooks to calculate payroll in a real company file?
A subscription to a QuickBooks payroll service
2. Which two accounts are typically linked to payroll items?
 - a. *Payroll Liabilities*
 - b. *Payroll Expenses*
3. Which of the following are QuickBooks payroll item types?
 - a. Wage
 - b. Addition
 - c. Deduction
 - d. ✓ All of the above
4. What report would you run to determine how much you owe in payroll taxes?
Payroll Liabilities Balance
5. What QuickBooks feature would you use to make setting up payroll easier when a number of employees have the same hourly wage, pay period, and base deductions?
 - a. Tax tables
 - b. ✓ Employee defaults
 - c. Payroll items
 - d. Assisted payroll
6. True or false: Payroll schedules are required to run payroll in QuickBooks.
 - a. True
 - b. ✓ False. You do not require payroll schedules to run payroll, however. You can run payroll without them by running *Unscheduled Payroll* or paying an employee a *Termination Check*.
7. Payroll schedules help you do which of the following?
 - a. ✓ Group employees with the same pay frequency
 - b. Write bonus checks
 - c. Prepare termination checks
 - d. Pay payroll tax liabilities