



QUICKBOOKS 2019 STUDENT GUIDE

Lesson 12

QuickBooks Payroll

intuit.

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Table of Contents

Lesson Objectives 4

Payroll Overview 5

6 Steps to Setting Up QuickBooks Payroll..... 6

Employee Setup30

Running Payroll36

Viewing Paycheques45

Pay Payroll Liabilities 46

Issue T4 Forms..... 49

Review Activities53

Lesson Objectives

- Learn how to setup QuickBooks payroll
- Set up employee payroll information
- Set up payroll schedules
- Learn how to create and print a payroll cheques
- Learn how QuickBooks tracks your payroll tax liabilities
- Learn how to remit payroll taxes
- Learn how to create T4s
- Learn how to create Records of Employment

Payroll Overview

This lesson is designed to demonstrate some of the QuickBooks payroll features. The way you process payroll for your company may differ from this lesson depending on which (if any) payroll service you subscribe to. Because payroll information is already set up in the exercise file, you will not go through the payroll setup process in this lesson. To calculate payroll, QuickBooks uses tax tables.

QuickBooks calculates each employee's gross pay, and then calculates taxes and deductions to arrive at the net pay. With QuickBooks, you can write the paycheque, record the transaction in your QuickBooks chequing account, keep track of your tax liabilities, and pay them. You, as the employer, must subtract taxes and other deductions before issuing an employee's paycheque. Some typical paycheque deductions are Income taxes, Canada Pension Plan /Quebec Pension Plan (CPP/QPP), and Employment Insurance.

You may also deduct for benefits such as a Registered Retirement plans (RRSP), or contributions to your company's medical/dental plan. Then you must submit regular deposits of the withheld tax money (biweekly or monthly, depending on the size of your payroll), and file annual forms that list the total amounts you withheld from each employee's paycheque.

To do its payroll calculations, QuickBooks needs four kinds of information:

1. **Information about your company** - Besides the company name and address, this includes information about your Business Number from the CRA. You enter this information in the EasyStep Interview when you set up your QuickBooks company data file. (You can view most company information by choosing Company Information from the Company menu.)
2. **Information about your employees** - The QuickBooks Employee list stores general information about each of your employees, and specific information related to payroll (such as the employee's Social Insurance Number, date of birth, salary or hourly rate, Federal and Provincial TD1 amounts, and miscellaneous additions, deductions, and company contributions). You can store payroll information that most have in common in employee defaults. Whenever you have a new employee to add, simply enter information that's specific to that employee (name, address, and so on).
3. **Information about your payroll items** - QuickBooks maintains a list of items that affect the amount on a payroll cheque, including company expenses related to payroll. When you specify that you want to use payroll, QuickBooks creates a number of payroll items for you. You add others as you need them.
4. **Tax tables for federal and provincial withholdings** - QuickBooks uses tax tables to calculate payroll. You get the current tax tables and keep them current when you subscribe to the Intuit Payroll. Once you've set up your company, employee data, and payroll items, to run payroll you enter the number of hours worked during the pay period for each employee. QuickBooks calculates the gross wages for the employee, and then refers to its tax tables and the company and employee information you've entered to calculate all withholdings and deductions and to arrive at the net pay amount. QuickBooks also calculates your company payroll expenses (for example, your contributions to CPP and EI), and, if you want print paycheques.

6 Steps to Setting Up QuickBooks Payroll

Payroll Overview

QuickBooks Payroll can manage your small business payroll including wages, additions, deductions, company contributions and other payroll items. It tracks your payroll liabilities including CPP, EI, and Federal Tax. You will also print cheques and paystubs for your employees. QuickBooks helps you manage your T₄'s and ROE's at the appropriate time of the year.

Before you process your first payroll run there are several steps to getting setup. The key steps to getting going in QuickBooks Payroll are the following:

1. **Update QuickBooks** - To ensure that your company deductions are correct, you must update QuickBooks to the latest Tax Table. A tax table is the method used by the CRA to determine withholding amounts. QuickBooks uses tax tables to determine the rates for tax amounts that must be withheld from employee paycheques. Because of the frequent changes to payroll withholding amount regulations, the tax tables in QuickBooks eventually become outdated. For example, if withholding information changes, you need a new tax table so that QuickBooks withholds the correct amount from each employee's wages.
2. **Enable Payroll** – by default the QuickBooks payroll feature is turned on. You can enable in the QuickBooks Preferences.
3. **Setup Payroll Items** - QuickBooks uses payroll items to track individual amounts on a pay cheque and accumulate year-to-date wage and tax amounts for each employee. There are payroll items for compensation, taxes, other additions and deductions, and company-paid expenses. You can assign these payroll items to different accounts as needed. When the payroll feature is turned on, QuickBooks automatically provides some payroll items for you. These include payroll items for salary, CPP, EI, and Federal Income Tax. To fully track your payroll, you may need to add more payroll items to the list. For example, employee additions such as employee purchases, and company-paid benefits.
4. **Setup Payroll Preferences** – Choose the preferences that work for your business situation.
5. **Setup Payroll Defaults** - The employee defaults are where you enter payroll information that most employees have in common, such as deductions for pensions, health insurance, or union dues. The default setup saves you time, because you enter this information only once. When you are setting up the payroll record for a new employee, QuickBooks automatically fills in the information you entered into the default setup. If you need to, you can customize any of the prefilled information for each employee.
6. **Setup Payroll Schedules** - Payroll schedules allow you to group employees who have the same pay frequency in whichever way that helps make your payroll runs convenient and hassle-free.

Update QuickBooks

1. Choose **Help > Update QuickBooks**.
2. Click the **Update Now** button.
3. Click **Get Updates**. In most cases, QuickBooks automatically installs updates once it downloads them. Maintenance releases require that you authorize the update before it installs. Only users with Windows Administrator permissions can install updates.
4. To complete the installation of a maintenance release, close and reopen QuickBooks. You will be prompted to install the update: Click **Install Now** to start the installation of the maintenance release. Click **Install Later** to open QuickBooks without installing the maintenance release.

Enable Payroll

By default, the QuickBooks payroll feature is turned on. If it is not enabled do the following:

1. From the **Edit** menu, choose **Preferences** then click **Payroll & Employees** in the left panel.
2. Click the **Company Preferences** tab and select **Full Payroll**.
3. Click **OK**.

QuickBooks maintains a list for everything that affects the amount on a payroll cheque 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 paycheque, and accumulated year-to-date wage and tax amounts for each employee.

Setup Payroll Items

QuickBooks maintains a list for everything that affects the amount on a payroll cheque 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 pay cheque and accumulated year-to-date wage and tax amounts for each employee. QuickBooks adds some items to the list for you, and you can add others as you need them.

For common payroll items, such as compensation and benefits, QuickBooks provides extra assistance so you can set them up quickly and accurately. You work directly with payroll items as you do payroll tasks. Behind the scenes, QuickBooks tracks your payroll liabilities in the Payroll Liabilities account (an **Other Current Liability** account) and your when you create any kind of payroll transaction in QuickBooks—whether it's a pay cheque, a payroll withholding amount payment, or an adjustment—QuickBooks expresses the transaction in terms of a payroll item.

Every item on a paycheque is setup as a payroll item. There are 5 common types of payroll items in addition to the payroll items QuickBooks uses to track Federal Tax, EI and CPP. The 5 types are the following:

- Wage
- Addition
- Deduction
- Company Contribution
- Other Tax

To view the payroll item list in QuickBooks:

1. From the **Employees** menu, choose **Manage Payroll Items** then choose **View/Edit Payroll Item List**.

ITEM NAME	TYPE	AMOUNT	LIMIT	TAX TRACKING	PAYABLE TO
Salary	Yearly Salary			Box 14/A - Employment Income / Revenus d'emploi	
Sick Salary	Yearly Salary			Box 14/A - Employment Income / Revenus d'emploi	
Vacation Salary	Yearly Salary			Box 14/A - Employment Income / Revenus d'emploi	
Hourly Rate	Hourly Wage			Box 14/A - Employment Income / Revenus d'emploi	
Sick Hourly Rate	Hourly Wage			Box 14/A - Employment Income / Revenus d'emploi	
Vacation Hourly Rate	Hourly Wage			Box 14/A - Employment Income / Revenus d'emploi	
VacPay-Accrual Paid Out	Vacation Pay			Box 14/A - Employment Income / Revenus d'emploi	
Bonus	Bonus			Box 14/A - Employment Income / Revenus d'emploi	
Advance	Advance			None	
Automobile Allowance	Addition	250.00	3,000.00	Box 40/L - Other taxable benefits / Autres avantages	
Performance Bonus	Addition			Box 14/A - Employment Income / Revenus d'emploi	
Charitable Donation	Deduction	-15.00		Box 46 - Charitable donations	Children's Charities
Long Term Disability	Deduction	-12.00	-144.00	None	Insurance Experts
Health Plan	Company Contribution	27.00	324.00	None	Insurance Experts
VacPay-Accrued	Vacation Pay			None	
VacPay-Paid Out	Vacation Pay			Box 14/A - Employment Income / Revenus d'emploi	
Federal Income Tax	Payroll Taxes			Box 22 - Income Tax deducted	Receiver General
CPP - Company	Payroll Taxes			Company's CPP contributions	Receiver General
CPP - Employee	Payroll Taxes			Box 16 - Employee's CPP contributions	Receiver General
EI - Company	Payroll Taxes			Company's EI premiums	Receiver General
EI - Employee	Payroll Taxes			Box 18/C - Employee's EI premiums / Cot. d'assura...	Receiver General

Payroll Item ▼ Activities ▼ Reports ▼ Include inactive

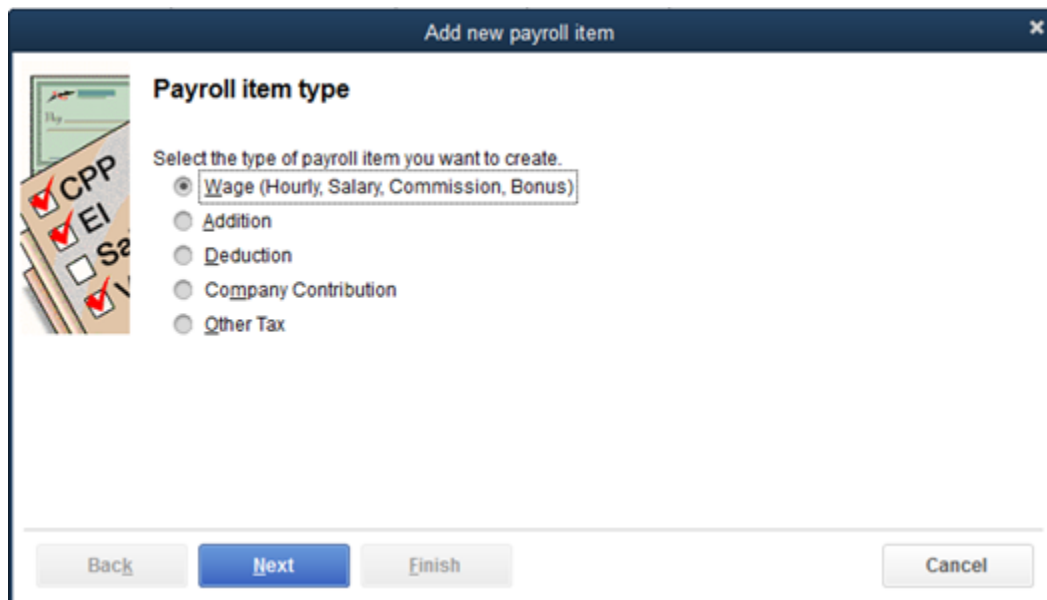


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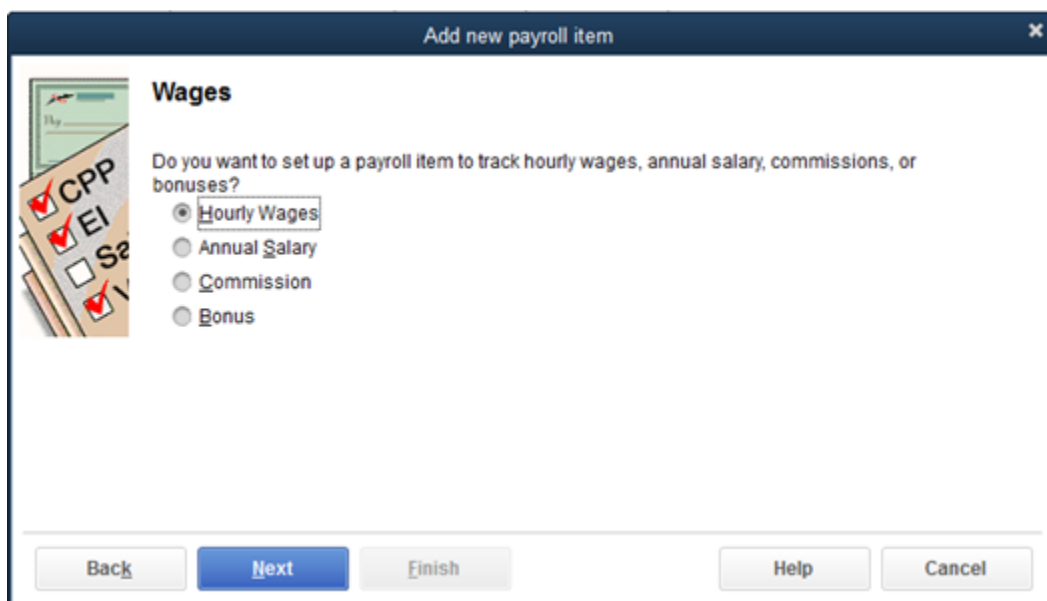
QuickBooks includes some common payroll items that can be used by many businesses. If you need to create new payroll items, QuickBooks lets you add items to the Payroll Item List. You can add any of the 5 payroll item types available in QuickBooks. You'll find examples of the 5 types of payroll items listed below.

To add a Wage payroll item:

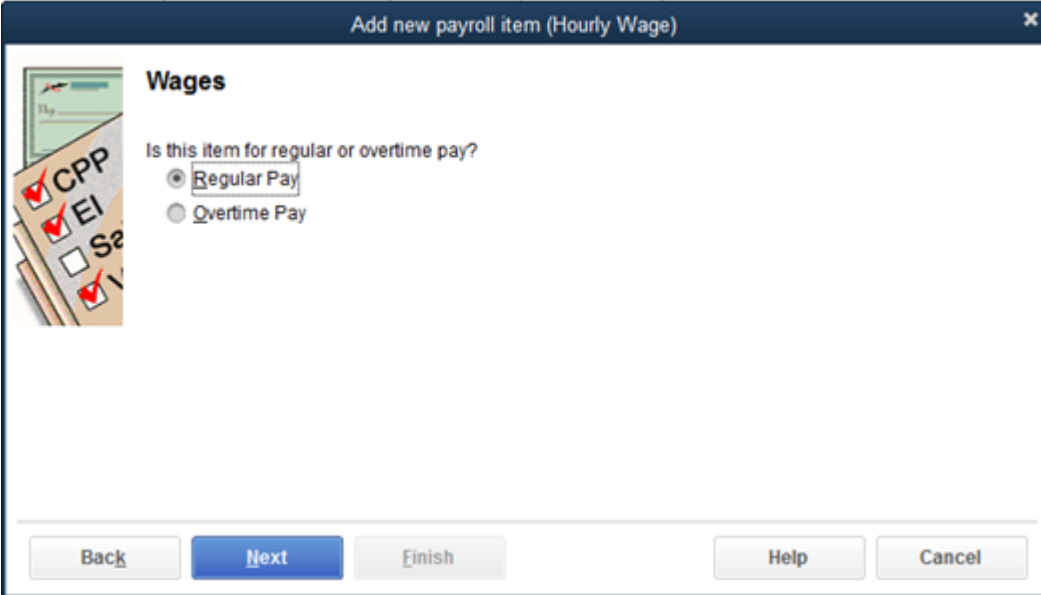
1. From the **Employees** menu, click **Payroll Setup**, then click **Add or Edit Payroll Items**.
2. Click the **Payroll Item** button and then click **New**.
3. Choose the type of payroll item **Wage** then click **Next**.



4. Select the type of **Wages**. You can choose from **Hourly Wages**, **Annual Salary**, **Commission** or **Bonus**.



- Click **Next** and then select **Regular Pay** or **Overtime Pay**.
- Click **Next**.



Add new payroll item (Hourly Wage)

Wages

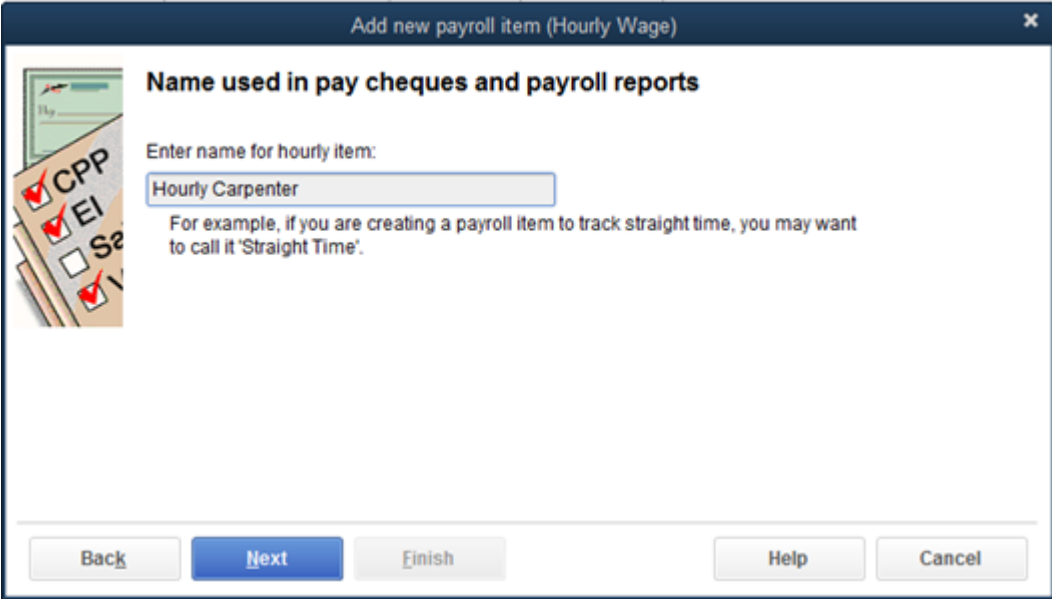
Is this item for regular or overtime pay?

Regular Pay

Overtime Pay

Back Next Finish Help Cancel

- Enter a name for the **Hourly Wage** and then click **Next**.



Add new payroll item (Hourly Wage)

Name used in pay cheques and payroll reports

Enter name for hourly item:

Hourly Carpenter

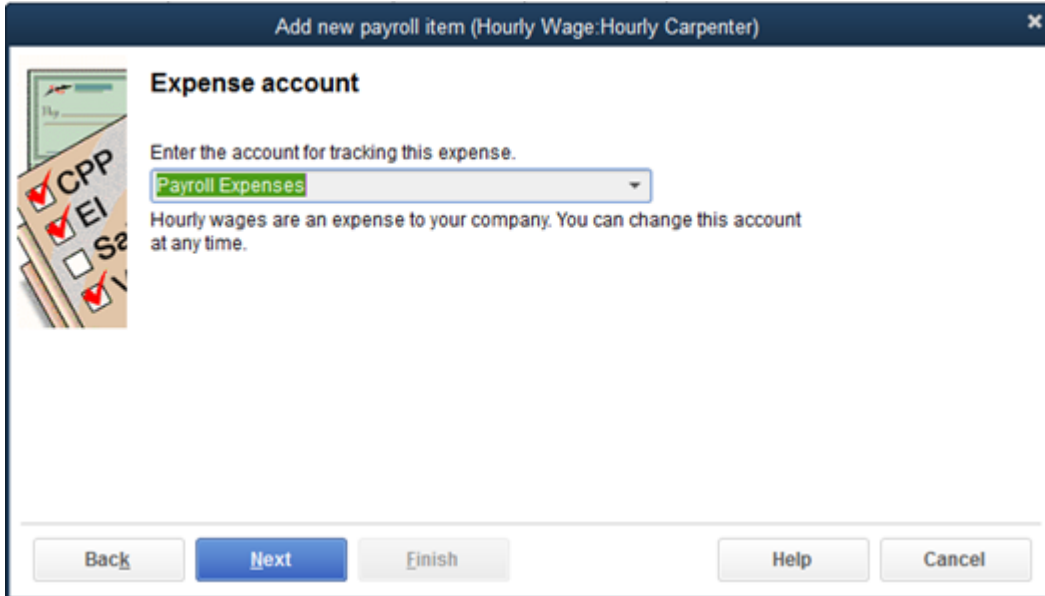
For example, if you are creating a payroll item to track straight time, you may want to call it 'Straight Time'.

Back Next Finish Help Cancel



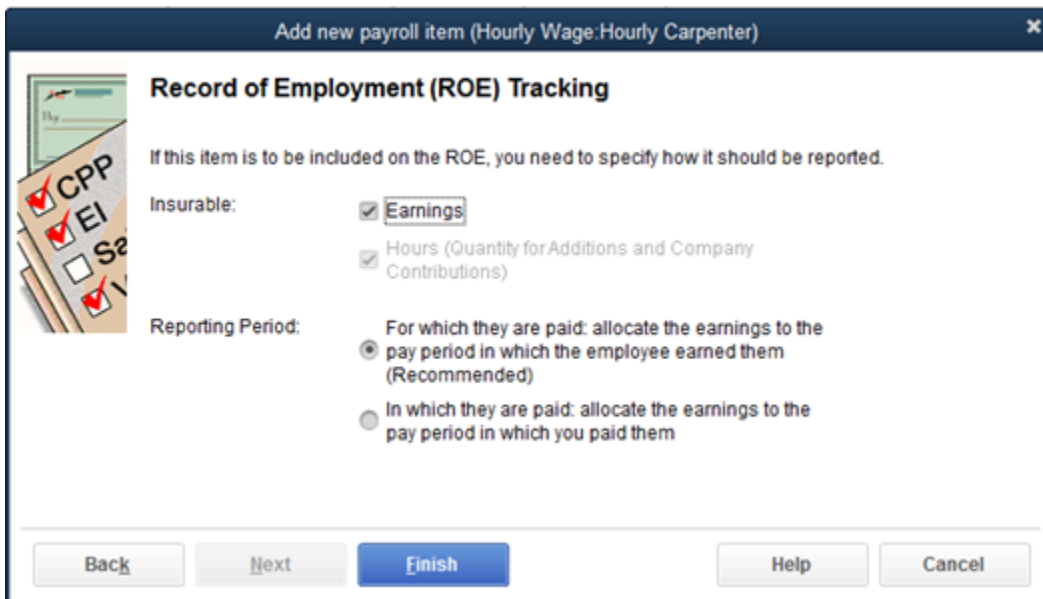
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8. Choose the expense account to track the wage expense and then click **Next**.



The screenshot shows a dialog box titled "Add new payroll item (Hourly Wage: Hourly Carpenter)". The main heading is "Expense account". Below the heading, it says "Enter the account for tracking this expense." A dropdown menu is open, showing "Payroll Expenses" selected. Below the dropdown, it says "Hourly wages are an expense to your company. You can change this account at any time." At the bottom of the dialog, there are five buttons: "Back", "Next", "Finish", "Help", and "Cancel". The "Next" button is highlighted in blue.

9. Select the settings for the **Record of Employment (ROE) Tracking**. Select the **Earnings** option. **Select the Reporting Period.** (View the Help in QuickBooks for more information regarding the Insurable and Reporting Period settings)



The screenshot shows a dialog box titled "Add new payroll item (Hourly Wage: Hourly Carpenter)". The main heading is "Record of Employment (ROE) Tracking". Below the heading, it says "If this item is to be included on the ROE, you need to specify how it should be reported." Under "Insurable:", there are two checked options: "Earnings" and "Hours (Quantity for Additions and Company Contributions)". Under "Reporting Period:", there are two radio button options: "For which they are paid: allocate the earnings to the pay period in which the employee earned them (Recommended)" (which is selected) and "In which they are paid: allocate the earnings to the pay period in which you paid them". At the bottom of the dialog, there are five buttons: "Back", "Next", "Finish", "Help", and "Cancel". The "Finish" button is highlighted in blue.



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To add an Addition item:

You must set up a separate payroll item for each addition your company makes to gross or net pay. Examples of payroll additions include tips, expense reimbursements, travel advances, and other additions to gross or after-tax pay.

1. From the **Employees** menu, click **Payroll Setup** and then click **Add or Edit Payroll Items**.
2. Click the **Payroll Item** button and then click **New**.
3. Choose the type of payroll item **Addition** then click **Next**.
4. Enter the **Name for Addition** and then click **Next**.

Add new payroll item (Addition)

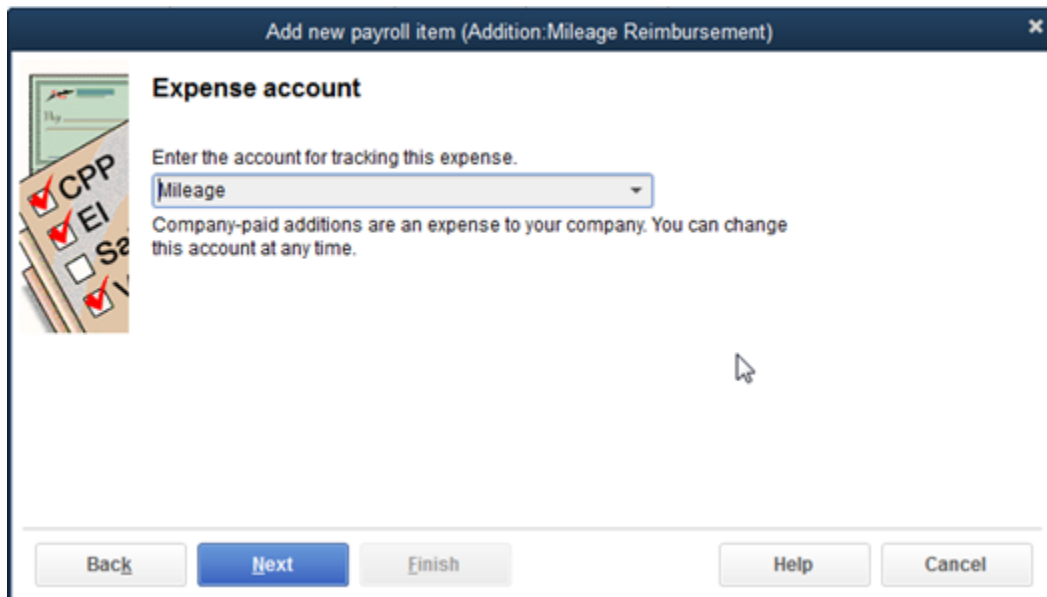
Name used in pay cheques and payroll reports

Enter name for addition:

For example, if you are creating an addition for an employee loan, you may want to call it 'Employee Loan'.

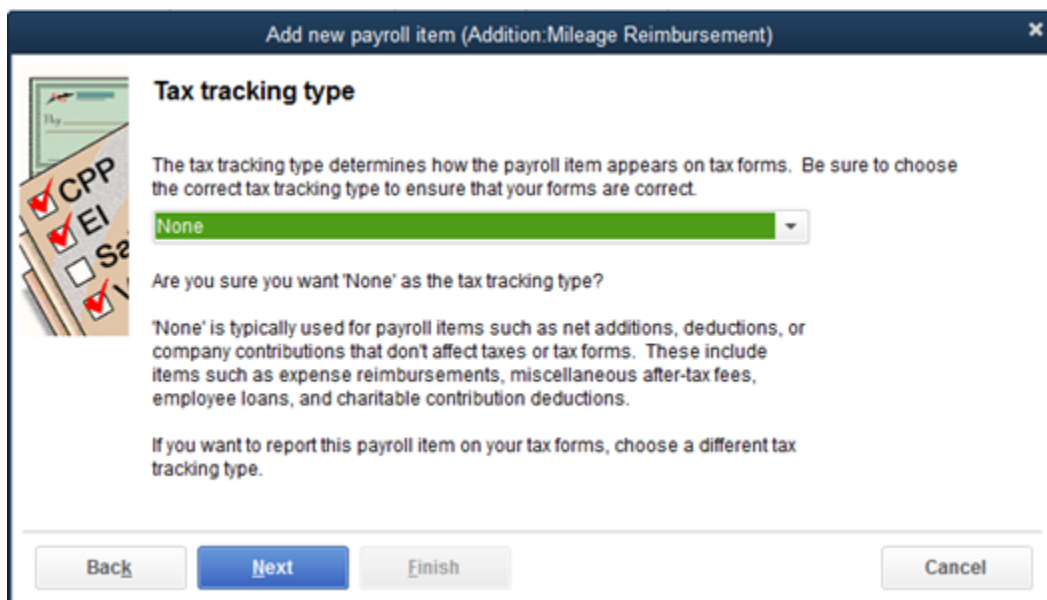
Track Expenses By Job
To track expenses by customer and job, by class, and by service item, select the checkbox.
For more information, click [Help](#).

5. Choose the **Expense account** for the payroll item and then click **Next**.



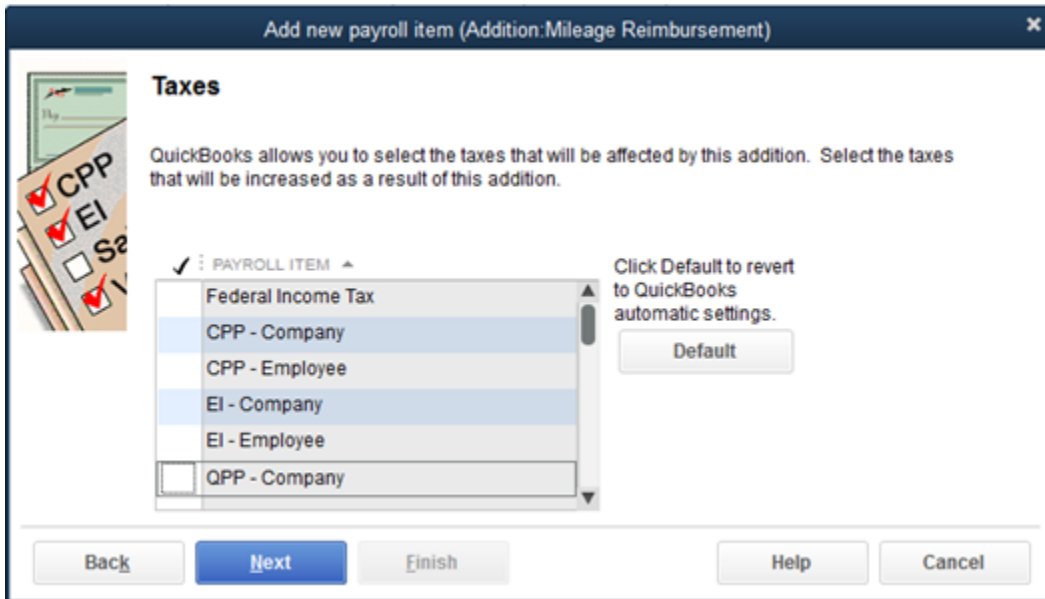
The screenshot shows a dialog box titled "Add new payroll item (Addition: Mileage Reimbursement)". On the left is an icon of a checklist with items "CPP", "EI", "Se", and "V" checked. The main heading is "Expense account". Below it, the text says "Enter the account for tracking this expense." and a dropdown menu is set to "Mileage". A note states: "Company-paid additions are an expense to your company. You can change this account at any time." At the bottom, there are buttons for "Back", "Next", "Finish", "Help", and "Cancel".

6. Select the **Record of Employment (ROE) Tracking** options.
7. If required choose the **Tax Tracking Type** and then click **Next**.



The screenshot shows the same dialog box as above, but now the heading is "Tax tracking type". The text says: "The tax tracking type determines how the payroll item appears on tax forms. Be sure to choose the correct tax tracking type to ensure that your forms are correct." A dropdown menu is set to "None". A question asks: "Are you sure you want 'None' as the tax tracking type?". Below that, a note explains: "'None' is typically used for payroll items such as net additions, deductions, or company contributions that don't affect taxes or tax forms. These include items such as expense reimbursements, miscellaneous after-tax fees, employee loans, and charitable contribution deductions." A final note says: "If you want to report this payroll item on your tax forms, choose a different tax tracking type." At the bottom, there are buttons for "Back", "Next", "Finish", and "Cancel".

8. Select the **Taxes** that apply to this addition. This will be determined by the type of addition being added to the employee paycheck. Click Next.

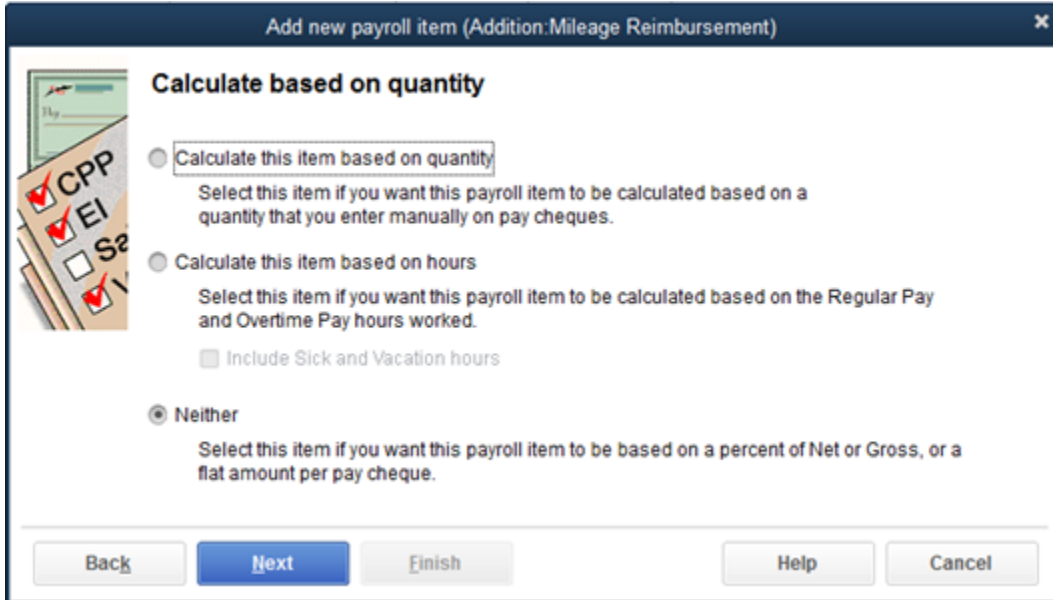


The screenshot shows a dialog box titled "Add new payroll item (Addition: Mileage Reimbursement)". On the left is an icon of a stack of tax forms with checkboxes for CPP, EI, and Sa. The main area is titled "Taxes" and contains the following text: "QuickBooks allows you to select the taxes that will be affected by this addition. Select the taxes that will be increased as a result of this addition." Below this is a list of payroll items with checkboxes:

- PAYROLL ITEM ^
- Federal Income Tax
- CPP - Company
- CPP - Employee
- EI - Company
- EI - Employee
- QPP - Company

 To the right of the list is a button labeled "Default" with the text "Click Default to revert to QuickBooks automatic settings." At the bottom of the dialog are buttons for "Back", "Next", "Finish", "Help", and "Cancel".

9. Choose how to calculate this addition. You can choose to **Calculate this item based on quantity** or **Calculate this item based on hours**. Choose **Neither** if you want this to be based on a percent or a flat amount.

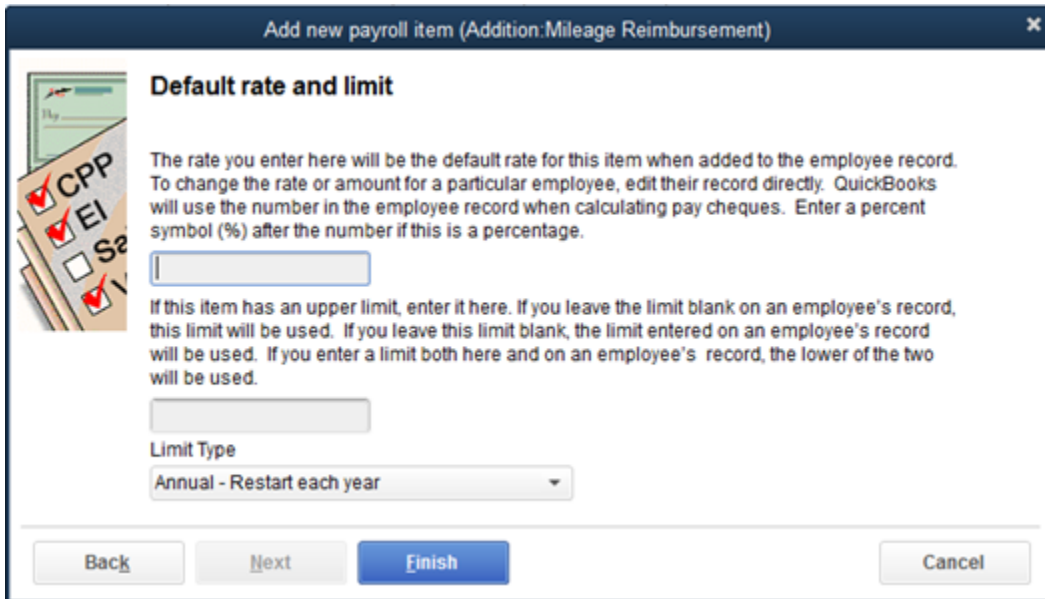


The screenshot shows the same dialog box as above, but now the "Calculate based on quantity" section is active. The title is "Calculate based on quantity". There are three radio button options:

- Calculate this item based on quantity: Select this item if you want this payroll item to be calculated based on a quantity that you enter manually on pay cheques.
- Calculate this item based on hours: Select this item if you want this payroll item to be calculated based on the Regular Pay and Overtime Pay hours worked. Below this is a checkbox for "Include Sick and Vacation hours".
- Neither: Select this item if you want this payroll item to be based on a percent of Net or Gross, or a flat amount per pay cheque.

 The "Next" button is highlighted in blue. The "Back", "Finish", "Help", and "Cancel" buttons are also visible at the bottom.

10. If you choose, you can enter the **Default rate and limit** for the addition. Enter a Limit if required. These fields can be left blank. Click **Finish** to complete the addition setup.



The screenshot shows a dialog box titled "Add new payroll item (Addition: Mileage Reimbursement)". The main heading is "Default rate and limit". To the left of the text is an icon of a checklist with items "CPP", "EI", and "Se" (partially visible). The text explains that the rate entered will be the default rate for this item when added to the employee record. It also states that the number in the employee record will be used for calculating pay cheques. Below this text is an empty input field. The second paragraph explains that if the item has an upper limit, it should be entered here. It notes that if the limit is blank on both the item and the employee record, the limit from the employee record will be used. Below this text is another empty input field. Underneath is a "Limit Type" dropdown menu currently set to "Annual - Restart each year". At the bottom of the dialog are four buttons: "Back", "Next", "Finish" (highlighted in blue), and "Cancel".

To add a Deduction:

You must set up a separate payroll item for each deduction your company makes to gross or net pay. You must create a separate payroll item for each payroll deduction from gross or net pay. Examples of payroll deductions include union dues, loan repayments, employee-paid insurance, and employee contributions to a pension plan.

From the **Employees** menu, click **Payroll Setup** and then click **Add or Edit Payroll Items**.

11. Click the **Payroll Item** button and then click **New**.
12. Choose the type of payroll item **Deduction** then click **Next**.
13. Enter the **Name for Deduction** and then click **Next**.
14. **Enter name of the agency to which the liability is paid.** This is the vendor to which the deducted amounts will be paid. In this example the agency is the union to which the union dues will be paid. **Enter the number that identifies you to agency.** This is the account or other identification number.
15. Choose the **Liability Account.** After the amount is deducted from an employee paycheques it is tracked in the liability account in this field. Click **Next**.

Add new payroll item (Deduction: Union Dues)

Agency for employee-paid liability

Enter name of agency to which liability is paid: Union 8017

Enter the number that identifies you to agency: 349803

Liability account (employee-paid): Payroll Liabilities

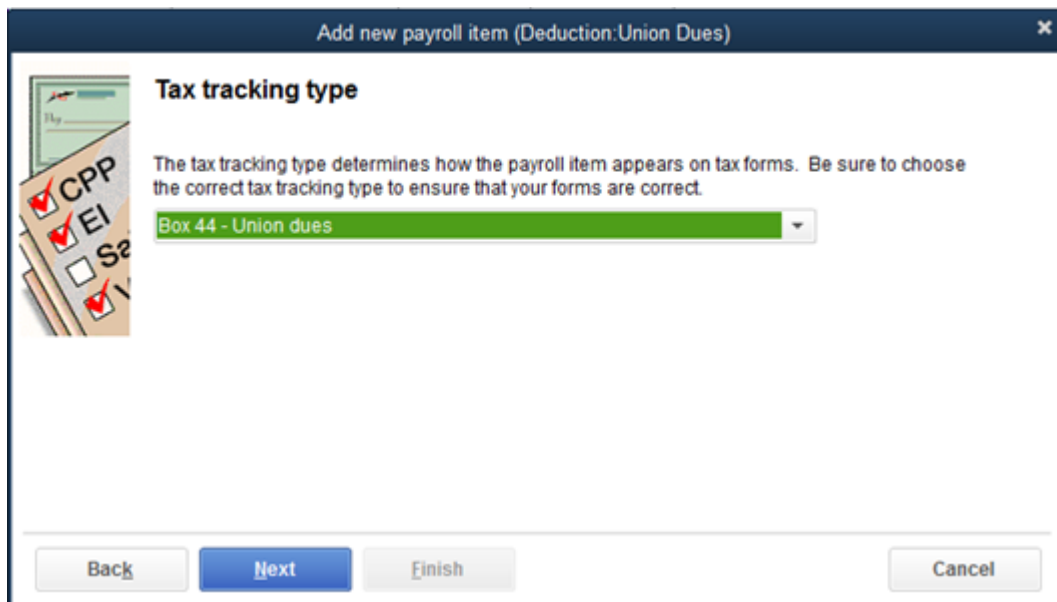
This liability account tracks deductions to be paid. You can change this account at any time.

Back Next Finish Help Cancel



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16. Choose the **Tax Tracking Type**. Click **Next**.

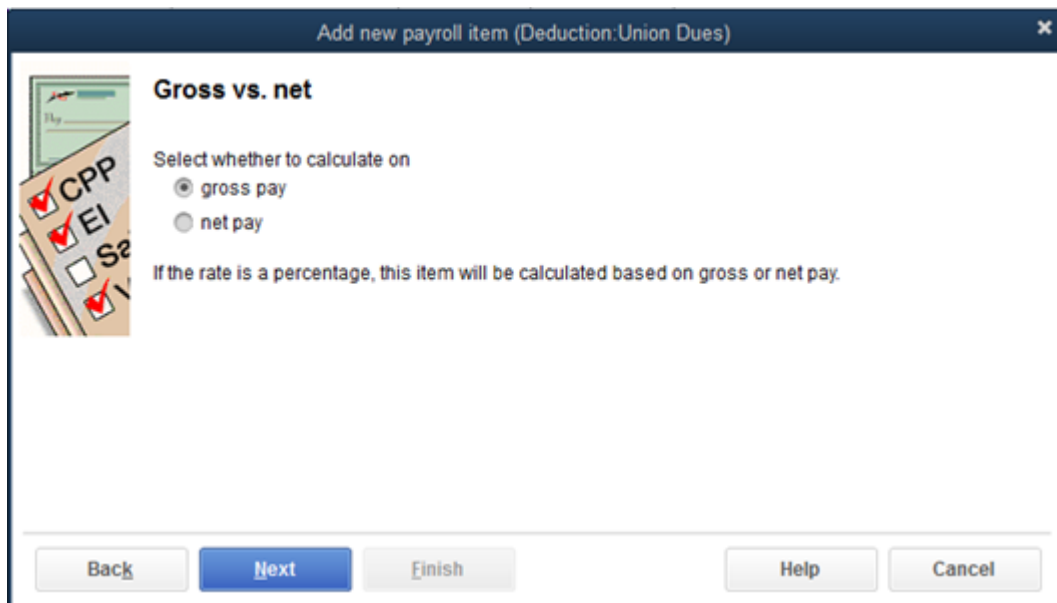


The screenshot shows a dialog box titled "Add new payroll item (Deduction: Union Dues)". On the left is an icon of a tax form with checkboxes for CPP, EI, and S. The main heading is "Tax tracking type". Below it is a text box: "The tax tracking type determines how the payroll item appears on tax forms. Be sure to choose the correct tax tracking type to ensure that your forms are correct." A dropdown menu is set to "Box 44 - Union dues". At the bottom are buttons for "Back", "Next", "Finish", and "Cancel".

17. Choose the **Taxes** that apply. Click **Next**.

18. Choose how to calculate this addition. You can choose to **Calculate this item based on quantity** or **Calculate this item based on hours**. Choose **Neither** if you want this to be based on a percent or a flat amount. Click **Next**.

19. Select the **Gross vs. Net** option. You can choose to calculate the deduction on **gross pay** or on **net pay**. Click **Next**.



The screenshot shows the same dialog box, now at the "Gross vs. net" step. The icon on the left is the same. The heading is "Gross vs. net". Below it is the text: "Select whether to calculate on". There are two radio button options: "gross pay" (which is selected) and "net pay". Below that is a note: "If the rate is a percentage, this item will be calculated based on gross or net pay." At the bottom are buttons for "Back", "Next", "Finish", "Help", and "Cancel".

20. Enter the **Default rate limit**. Click **Next**.

21. Click **Finish** to complete the deduction setup.

To add a Company Contribution:

You must set up a separate payroll item for each company-paid contribution your company makes. Examples of company-paid benefits and expenses include health or life insurance paid by the company, company contributions to an employee's pension plan, or a per-kilometre travel allowance. From the **Employees** menu, click **Payroll Setup** and then click **Add or Edit Payroll Items**.

1. Click the **Payroll Item** button and then click **New**.
2. Choose the type of payroll item **Company Contribution** then click **Next**.
3. Enter the **Name used in pay cheques and payroll reports**. Click **Next**.

Add new payroll item (Company Contribution)

Name used in pay cheques and payroll reports

Enter name for company contribution:
RRSP Company Portion

For example, if you are creating a company-paid expense, such as health insurance, you may want to call it 'Health Insurance'.

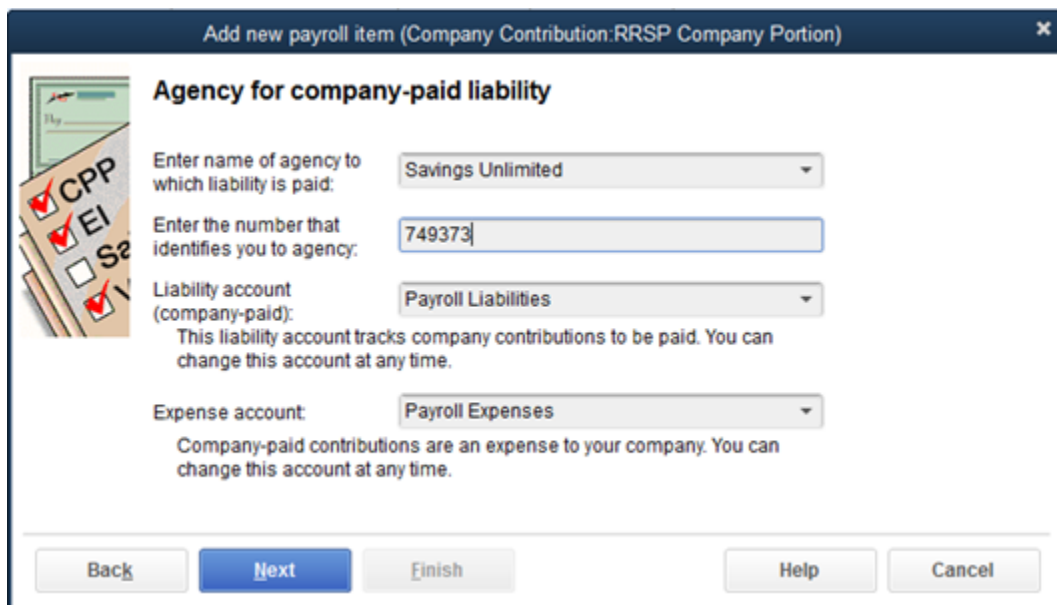
Track Expenses By Job

To track expenses by customer and job, by class, and by service item, select the checkbox. For more information, click Help.

Back Next Finish Help Cancel

4. **Enter name of the agency to which the liability is paid.** This is the vendor to which the contributed amounts will be paid. In this example the agency is the investment company to which the RRSP contribution is made. **Enter the number that identifies you to agency.** This is the account number or other identification number.

5. Choose the **Expense account**. Since this is a company-paid contribution, you're required to choose and expense account to record the expense portion of the transaction. Click **Next**.

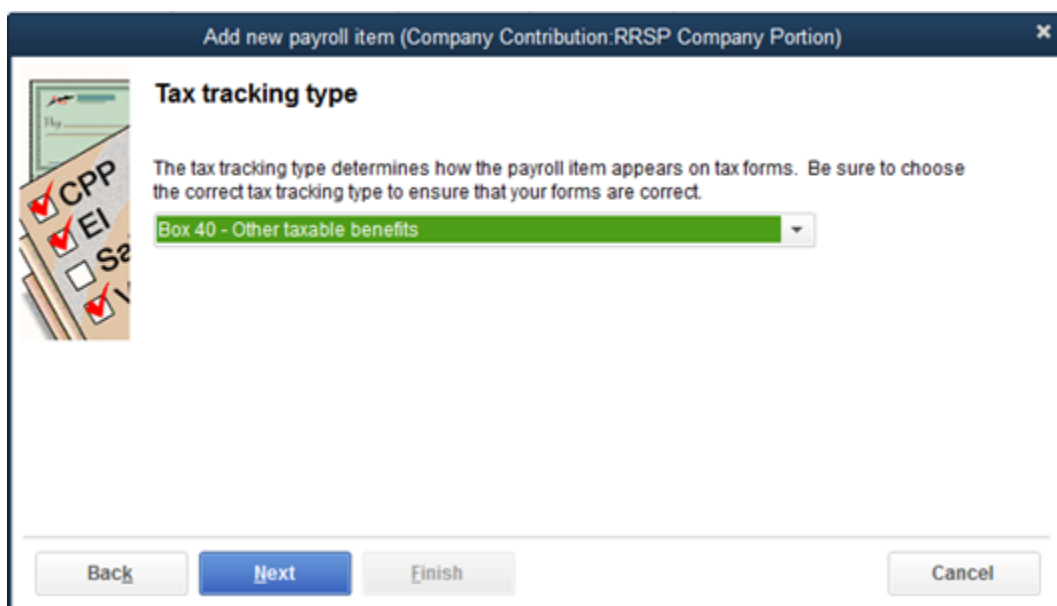


The screenshot shows a dialog box titled "Add new payroll item (Company Contribution:RRSP Company Portion)". On the left is an icon of a checklist with items "CPP", "EI", and "Sa" checked. The main area is titled "Agency for company-paid liability". It contains the following fields and text:

- "Enter name of agency to which liability is paid:" with a dropdown menu showing "Savings Unlimited".
- "Enter the number that identifies you to agency:" with a text input field containing "749373".
- "Liability account (company-paid):" with a dropdown menu showing "Payroll Liabilities". Below this is the text: "This liability account tracks company contributions to be paid. You can change this account at any time."
- "Expense account:" with a dropdown menu showing "Payroll Expenses". Below this is the text: "Company-paid contributions are an expense to your company. You can change this account at any time."

At the bottom are five buttons: "Back", "Next" (highlighted in blue), "Finish", "Help", and "Cancel".

6. Select the **Record of Employment (ROE) Tracking**. Click **Next**.
7. Choose the **Tax Tracking Type**. Click **Next**.



The screenshot shows the same dialog box as above, but now on the "Tax tracking type" step. The icon on the left is the same checklist. The main area is titled "Tax tracking type" and contains the following text and field:

The tax tracking type determines how the payroll item appears on tax forms. Be sure to choose the correct tax tracking type to ensure that your forms are correct.

A dropdown menu is shown with "Box 40 - Other taxable benefits" selected and highlighted in green.

At the bottom are four buttons: "Back", "Next" (highlighted in blue), "Finish", and "Cancel".

8. Select the **Taxes** that affect this Company Contribution. Click **Next**.

Add new payroll item (Company Contribution: RRSP Company Portion)

Taxes

This company contribution is added to wages before calculating the following selected taxes.

PAYROLL ITEM ▲

- Federal Income Tax
- CPP - Company
- CPP - Employee
- EI - Company
- EI - Employee
- QPP - Company

Click Default to revert to QuickBooks automatic settings.

Default

Back Next Finish Help Cancel

9. Select how to calculate the **Company Contribution**. Click **Next**.

10. Enter the **Default rate and limit**. Click **Finish**.

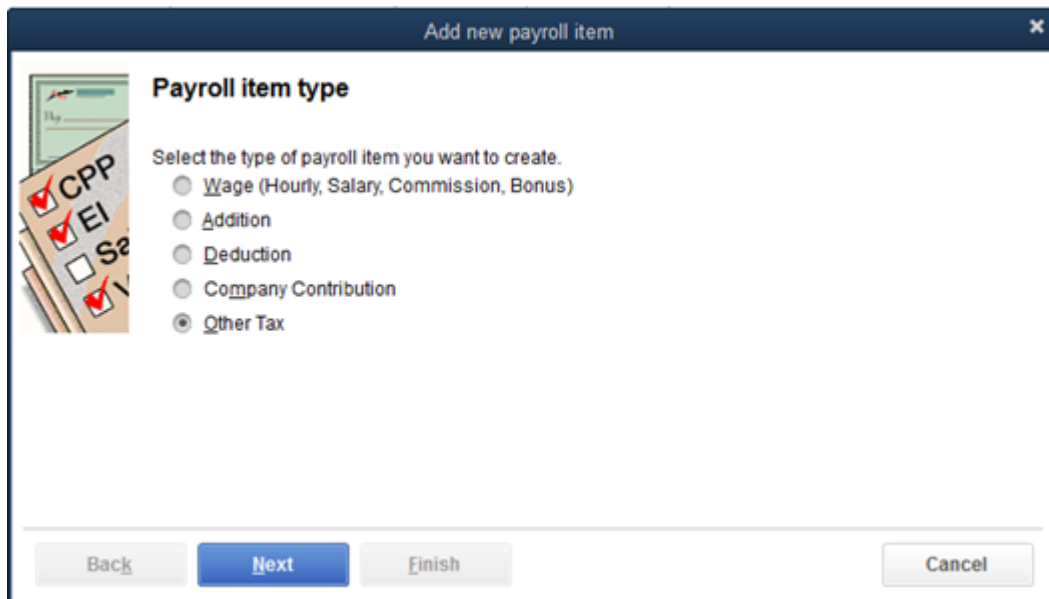


NOTES

To add an Other Tax:

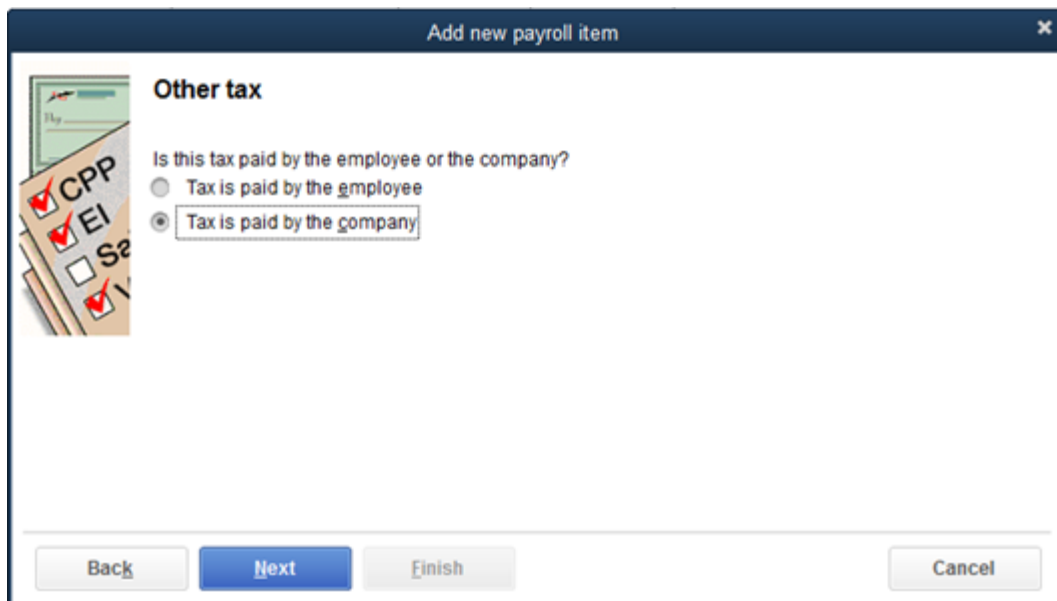
You must set up a separate payroll item for each company-paid or employee-paid tax. Examples of other Taxes are WSIB in Ontario or WCB in other provinces. From the **Employees** menu, click **Payroll Setup** and then click **Add or Edit Payroll Items**.

1. Click the **Payroll Item** button and then click **New**.
2. Choose the type of payroll item **Other Tax** then click **Next**.



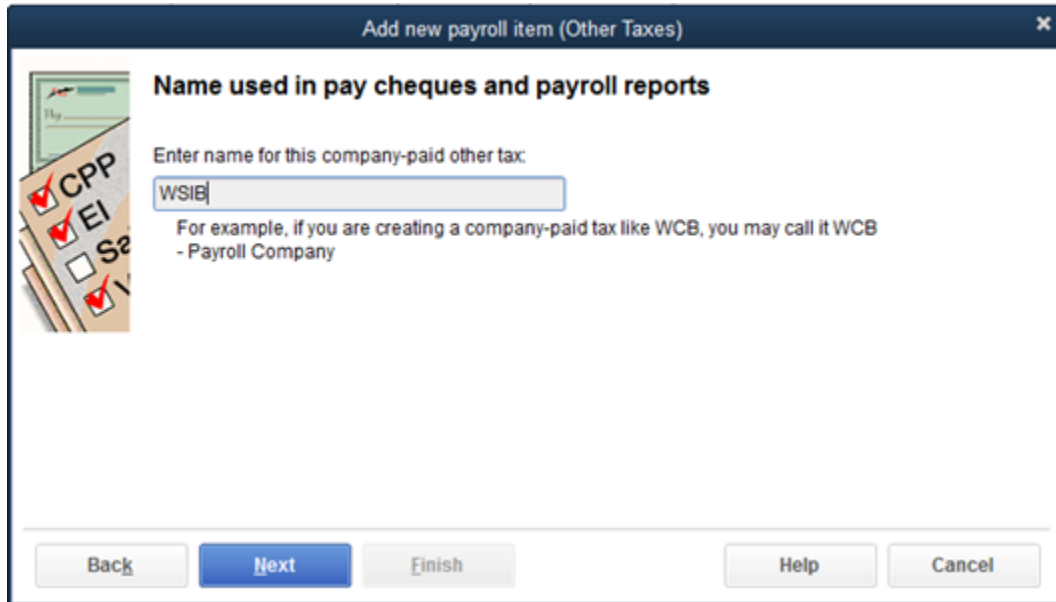
The screenshot shows a dialog box titled "Add new payroll item" with a close button (X) in the top right corner. On the left side, there is a graphic of a document with checkboxes for "CPP", "EI", and "Sa". The main area is titled "Payroll item type" and contains the instruction "Select the type of payroll item you want to create." Below this are five radio button options: "Wage (Hourly, Salary, Commission, Bonus)", "Addition", "Deduction", "Company Contribution", and "Other Tax". The "Other Tax" option is selected. At the bottom, there are four buttons: "Back", "Next" (highlighted in blue), "Finish", and "Cancel".

3. Select **Tax is paid by the employee** or **Tax is paid by the company**. Click **Next**.



The screenshot shows the same dialog box titled "Add new payroll item" with a close button (X) in the top right corner. On the left side, there is a graphic of a document with checkboxes for "CPP", "EI", and "Sa". The main area is titled "Other tax" and contains the question "Is this tax paid by the employee or the company?". Below this are two radio button options: "Tax is paid by the employee" and "Tax is paid by the company". The "Tax is paid by the company" option is selected. At the bottom, there are four buttons: "Back", "Next" (highlighted in blue), "Finish", and "Cancel".

4. Enter the **Name used in pay cheques and payroll reports**. Click **Next**.



Add new payroll item (Other Taxes)

Name used in pay cheques and payroll reports

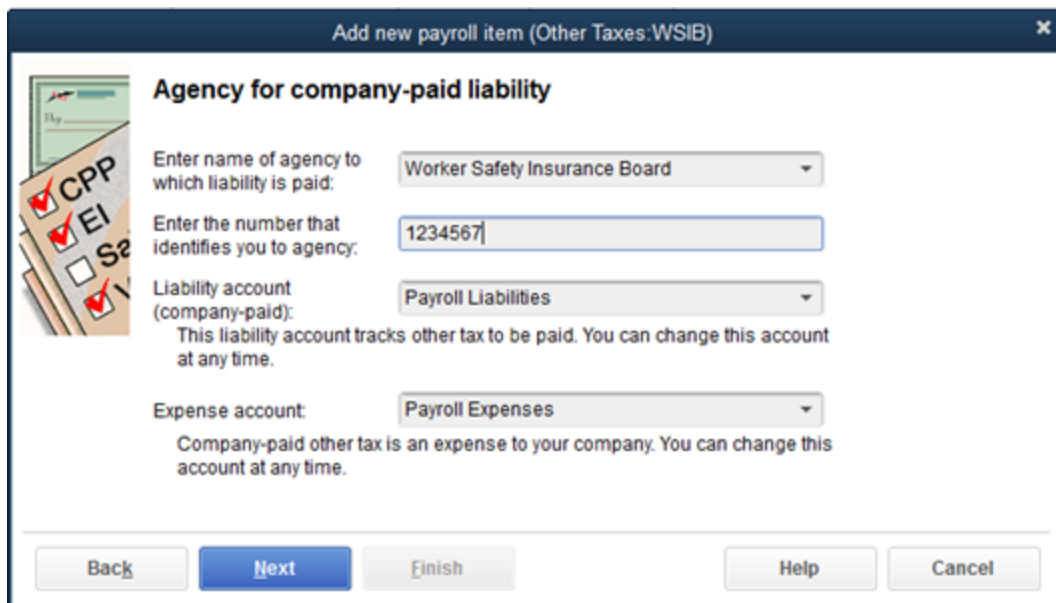
Enter name for this company-paid other tax:

WSIB

For example, if you are creating a company-paid tax like WCB, you may call it WCB - Payroll Company

Back Next Finish Help Cancel

5. Enter the necessary information for the **Agency for company-paid liability**. Click **Next**.



Add new payroll item (Other Taxes: WSIB)

Agency for company-paid liability

Enter name of agency to which liability is paid: Worker Safety Insurance Board

Enter the number that identifies you to agency: 1234567

Liability account (company-paid): Payroll Liabilities

This liability account tracks other tax to be paid. You can change this account at any time.

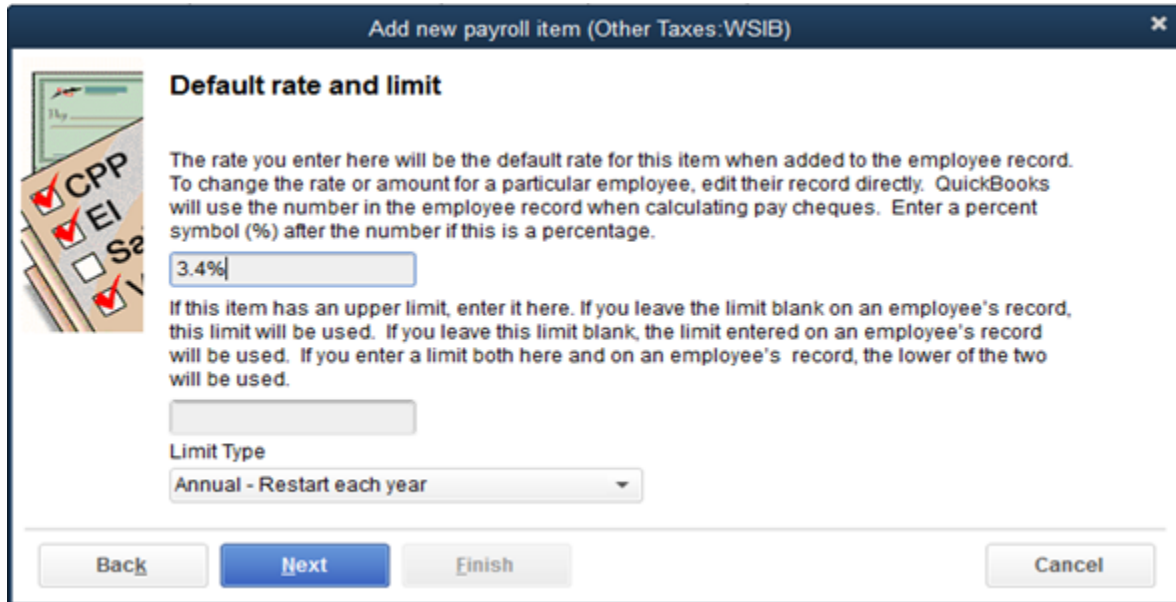
Expense account: Payroll Expenses

Company-paid other tax is an expense to your company. You can change this account at any time.

Back Next Finish Help Cancel

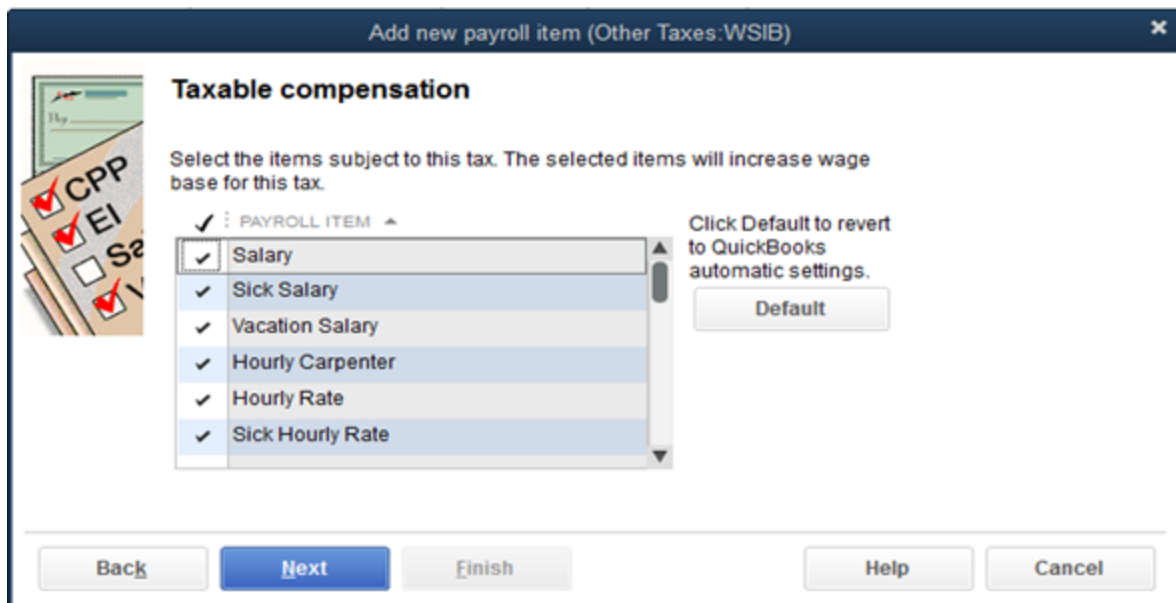
6. Choose the **Tax tracking type**.

7. Enter the **Default rate and limit**. Click **Next**.



The screenshot shows a dialog box titled "Add new payroll item (Other Taxes:WSIB)". The main heading is "Default rate and limit". Below the heading is an explanatory text: "The rate you enter here will be the default rate for this item when added to the employee record. To change the rate or amount for a particular employee, edit their record directly. QuickBooks will use the number in the employee record when calculating pay cheques. Enter a percent symbol (%) after the number if this is a percentage." Below this text is a text input field containing "3.4%". Another paragraph of text follows: "If this item has an upper limit, enter it here. If you leave the limit blank on an employee's record, this limit will be used. If you leave this limit blank, the limit entered on an employee's record will be used. If you enter a limit both here and on an employee's record, the lower of the two will be used." Below this is another empty text input field. At the bottom, there is a "Limit Type" dropdown menu with "Annual - Restart each year" selected. At the very bottom of the dialog are four buttons: "Back", "Next" (highlighted in blue), "Finish", and "Cancel".

8. Select the **Payroll Items** to which this tax will be applied. Click **Next**.

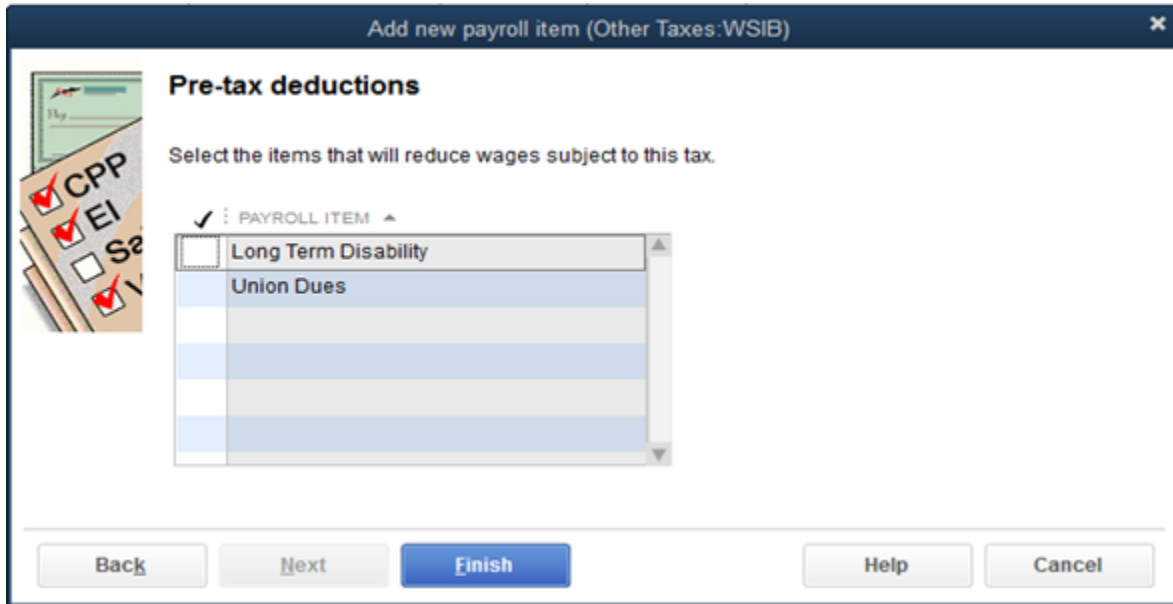


The screenshot shows the same dialog box, now at the "Taxable compensation" step. The heading is "Taxable compensation". The text reads: "Select the items subject to this tax. The selected items will increase wage base for this tax." Below this is a list of payroll items, each with a checkmark in a box: "Salary", "Sick Salary", "Vacation Salary", "Hourly Carpenter", "Hourly Rate", and "Sick Hourly Rate". To the right of the list is a "Default" button and a note: "Click Default to revert to QuickBooks automatic settings." At the bottom of the dialog are five buttons: "Back", "Next" (highlighted in blue), "Finish", "Help", and "Cancel".



NOTES

9. Select any **Pre-Tax deductions** that will reduce wages subject to this tax. Click **Finish** to complete the item setup.



NOTES

Setup Payroll Preferences

There are several payroll preferences available for selection in the **Company Preferences**. To edit the payroll preferences, click, **Edit > Preferences** menu > click **Payroll & Employees**.

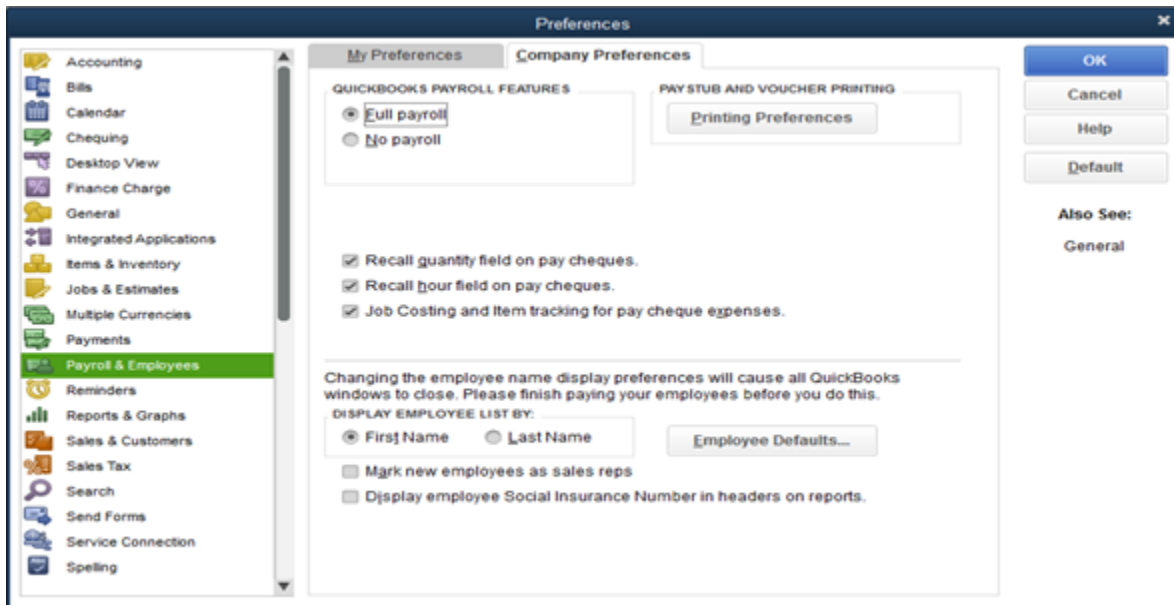
Edit the following preferences as needed in your business.

1. **Recall quantity field on pay cheques** - Determines whether QuickBooks automatically carries forward quantities from the pay cheques with the latest transaction date (this may not be the last pay cheque you actually entered.) Select this option when you have a fixed quantity that recurs from pay cheque to pay cheque and you want this quantity carried forward.
2. **Recall hour field on pay cheques** - Determines whether QuickBooks automatically carries forward hours from the pay cheques with the most recent transaction date as seen in the register. Select this option when you have fixed hours that recur from pay cheque to pay cheque and you want the quantity carried forward. If you checkmark "**Recall hour field on pay cheques**", QuickBooks carries forward hours for all payroll items that are based on hours that are also part of the employee's payroll record.
3. **Job Costing and item tracking for pay cheque expenses** - On pay cheques, QuickBooks prorates company-paid taxes by your jobs, classes, and/or service items, using the ratios it derives from the way you split up earnings in the Earnings table. When you create or edit payroll items that are additions or company contributions, QuickBooks displays a checkbox called Track Expenses by Job on the "Name used in pay cheques and payroll reports" screen of the payroll item setup wizard. If you select this box, QuickBooks prorates those items on employee pay cheques the same way it does company-paid taxes, as described above.



NOTES

4. **Printing Preferences** – View the Help file to find out more details about your printing options for QuickBooks payroll.
5. **Employee Defaults** - When you set up your employee defaults, you enter payroll information that most employees have in common, such as deductions for taxes, health insurance, or union dues. QuickBooks saves the information so that you won't have to re-enter it when you set up the payroll record for an individual employee. If there are a few exceptions, you can change them on an individual basis whenever you need to. Any changes you make to the default setup will appear every time you enter information for a new employee.



NOTES

Setup Employee Defaults

QuickBooks stores 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 adds the information stored in the defaults to the employee record. You just need to add or change any information that is different for a particular employee.

To setup employee defaults:

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

2. Set the default **Payroll Schedule**, or **Pay Frequency**.
3. Setup the **Earnings items**.
4. Set the default **Additions, Deductions and Company Contributions**. You'll use the payroll items that you previously setup for your company.
5. Use the **Taxes and TD1** button to set up the taxes and TD1 information (see Employee Setup section for more information)
6. Click **Vacation Pay...** to setup vacation pay details (see Employee Setup section for more information).
7. Click **Sick/Vacation** to modify the default settings (see Employee Setup section for more information).
8. Click **OK** to close the Employee Defaults window.

Set Up Payroll Schedules

Payroll schedules allow you to group employees who have the same pay frequency in whichever way that helps make your payroll runs convenient and hassle-free. **You can use payroll schedules to group together employees in whichever way makes the most sense for you to effectively run your payroll and your business. However, all employees grouped in the same payroll schedule must have the same pay frequency (for example, weekly, bi-weekly, semi-monthly, and so on).**

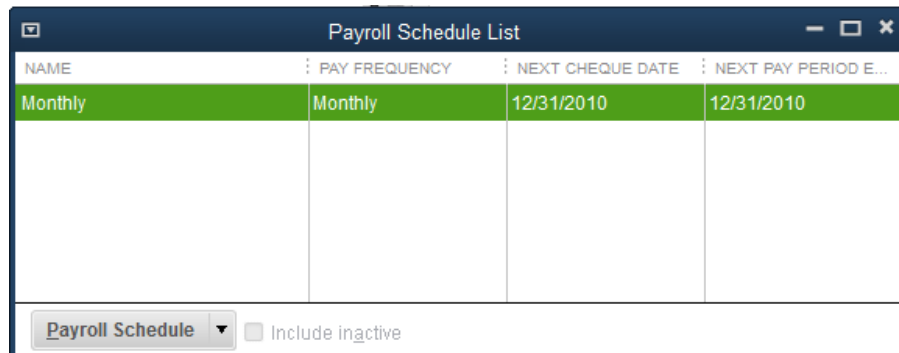
In other words, you can set up multiple payroll schedules for the same pay frequency. For example, even if you're paying all your employees weekly, you could set up separate payroll schedules to group together:

- Salaried employees and hourly employees.
- Employees who are paid via Direct Deposit and those who are paid by regular cheque.
- Employees by location or department, class, or job.

Note: You can set up a maximum of 200 payroll schedules.

To setup a payroll schedule:

1. From the **Employees** menu, click **Payroll Setup** and then click **Add or Edit Pay Schedules**.
2. Click the **Payroll Schedule** menu button and then click **New**.



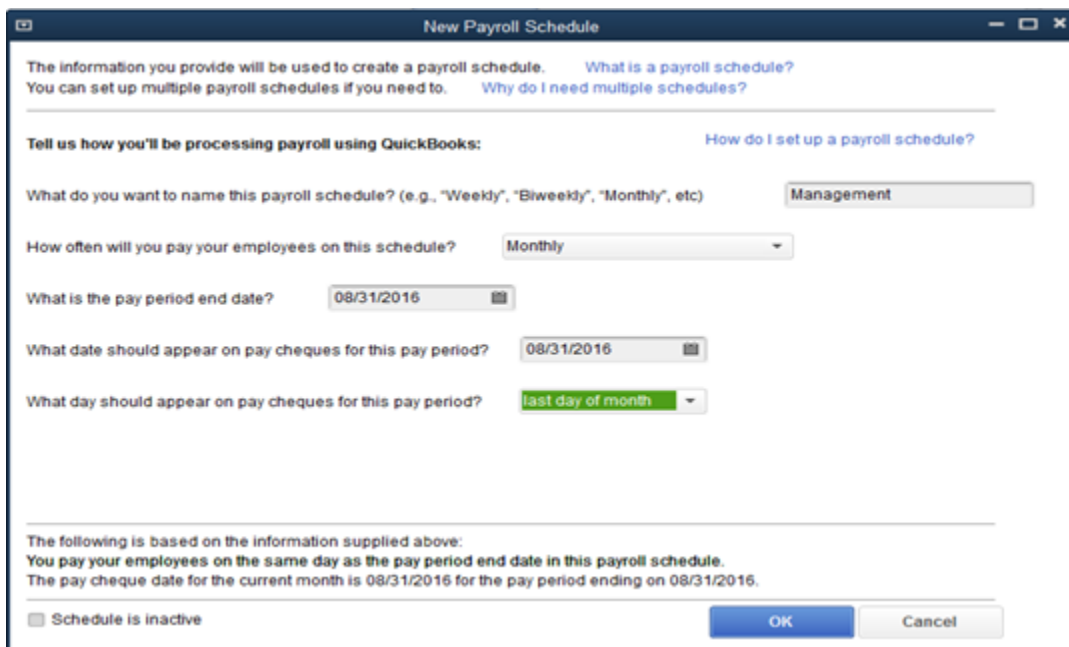
NAME	PAY FREQUENCY	NEXT CHEQUE DATE	NEXT PAY PERIOD E...
Monthly	Monthly	12/31/2010	12/31/2010

Payroll Schedule Include inactive



NOTES

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 cheques for the next period you wish to run payroll.
7. Press **Tab** and select the day that should appear on the cheques 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 pay cheques for this pay period?

What day should appear on pay cheques 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 pay cheque date for the current month is 08/31/2016 for the pay period ending on 08/31/2016.

Schedule is inactive

8. Click **OK**.
9. Repeat as needed to set up your pay schedules.

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



NOTES

Employee Setup

QuickBooks defines an employee as someone you give a T4 or Relevé 1 form to at the end of the year. You pay employees with pay cheques and withhold taxes for them. Set up all those who fall into this category as employees. If you hire independent contractors, add them as vendors (not employees). The Employee list stores general information about each employee as well as payroll information.

To add a new employee:

1. Click **Employee Centre**.
2. On the **Employees** tab, click **New Employee**.
3. Click the **Personal** tab to enter the employee's **Name**, **SIN** number, **Gender** and **Date of Birth**.

The screenshot shows the 'New Employee' dialog box in QuickBooks. The title bar reads 'New Employee'. The main content area is titled 'INFORMATION FOR Matthew Christensen'. On the left, there is a sidebar with tabs: 'Personal' (selected), 'Address & Contact', 'Additional Info', 'Payroll Info', and 'Employment Info'. The 'Personal' tab contains the following fields:

- LEGAL NAME: Mr/Ms J., Matthew, M.I. Christensen
- PRINT NAME AS: Matthew Christensen
- SIN: 408 916 351
- GENDER: Male (dropdown menu)
- DATE OF BIRTH: 08/03/1976 (calendar icon)

At the bottom left, there is a checkbox labeled 'Employee is inactive'. At the bottom right, there are three buttons: 'OK', 'Cancel', and 'Help'.

4. Click the **Address & Contact** tab to enter the employee contact information. Enter the necessary information. This information will display on the employee paycheques and paystubs as well as the T4 form.
5. Click the **Additional Info** tab to access custom fields, billable rate, and employee identification number.

INFORMATION FOR **Matthew Christensen**

Personal

Address & Contact

Additional Info

Payroll Info

Employment Info

HOME ADDRESS

ADDRESS 600 Toy Ave.

CITY Newcastle

PROVINCE ON POSTAL CODE L1H 1H8

COUNTRY Canada

MAIN PHONE 647-555-9887

MAIN EMAIL

Work Phone

Mobile

Fax

CC Email

Website

Other 1

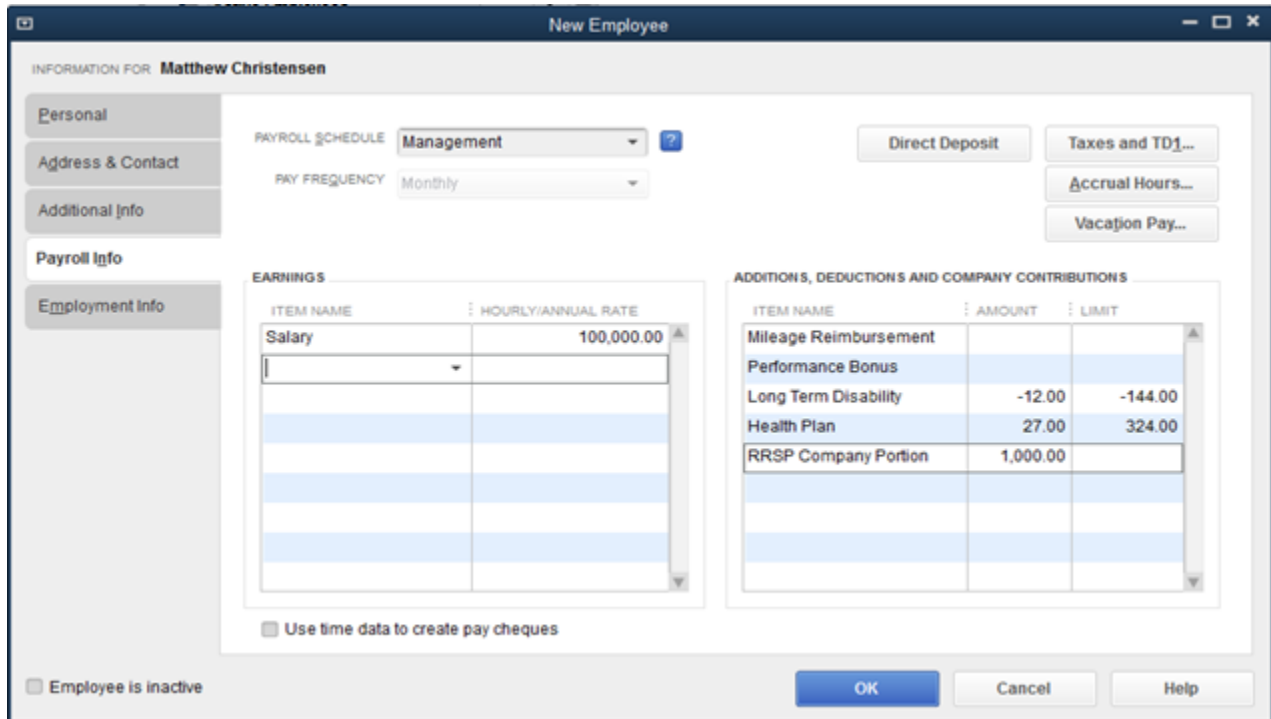
Employee is inactive

OK Cancel Help



NOTES

6. Click the **Payroll Info** tab. This is where you set up the employee pay schedule, additions, deductions, and company contributions for the employee.
7. Choose a **Payroll Schedule** if appropriate for the employee.
8. Choose the **Earnings** items for this employee. Each of the payroll items selected from the **Item Name** menu will display on the employee paycheck/Paystub. Choose the items that will be used for the employee's regular pay.



9. Use the buttons on this tab to access additional information for direct deposit, taxes, and sick/vacation pay. Click **Taxes and TD1**. Choose the employee's **Tax Table**. You can update the **Federal TD1** and **Provincial TD1** if necessary in this window. Add any **Additional Tax**, this employee has requested to be deducted from each paycheque.
10. Click **Ok** to save the information.

Taxes and TD1 for Matthew Christensen ✕

Tax Table Ontario

SUBJECT TO

<input checked="" type="checkbox"/> Federal Income Tax	Federal TD1	8,929.00
	Additional Tax	0.00
<input checked="" type="checkbox"/> Employment Insurance	El Factor	1.4
<input checked="" type="checkbox"/> Canada Pension Plan	Provincial TD1	10,011.00

OK

Cancel

Help

OTHER TAXES

Item Name	Amount	Limit



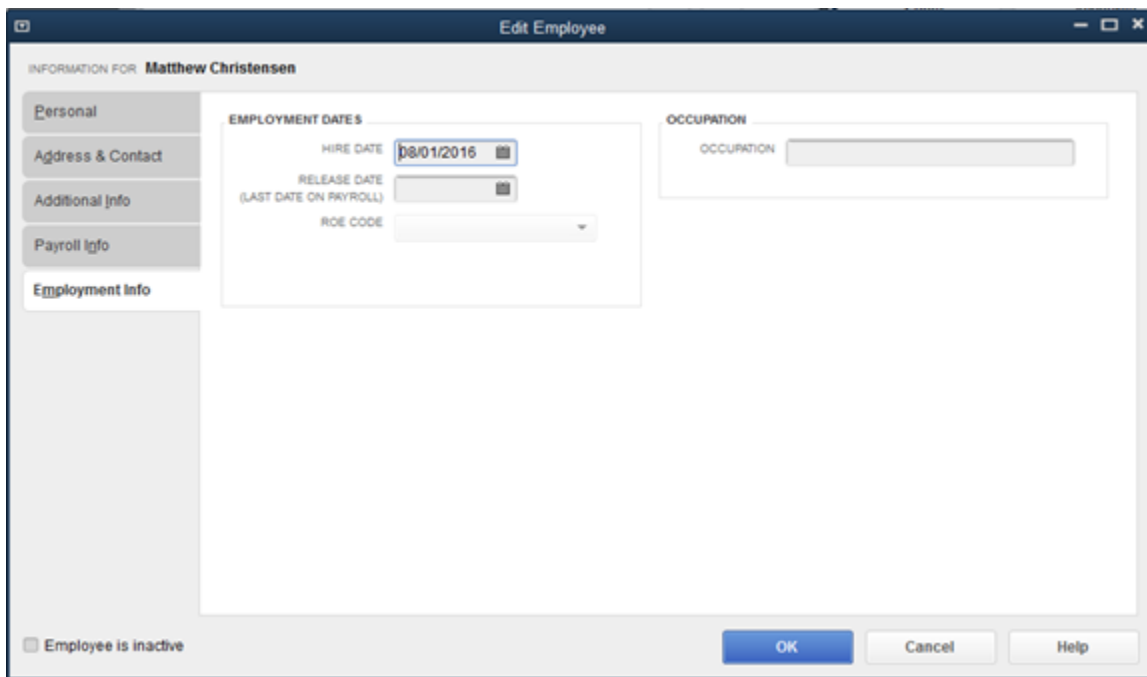
NOTES

11. Click the **Accrual Hours** button to add accrual hours for this employee. You use this window to set up how your employees accrue time (such as sick time or time-in-lieu), how many hours they currently have available, and how many hours they have used so far this year. Click **Ok** to save the information.

12. Click **Vacation Pay...** to setup vacation pay for this employee. Do the following to setup vacation pay for the employee:
- Select "Retain" if you would like QuickBooks to calculate and accrue vacation pay through the year.
 - Select "Pay every period" if you would like QuickBooks to calculate the employees' vacation pay and add it to each of their cheques.
 - In the Percentage field, enter the percentage of the employees' pay that QuickBooks should use to calculate vacation pay (usually 4% or 6%).
 - From the "Earnings that accrue vacation" list, choose the payroll items QuickBooks should use to calculate the employees' vacation pay.

Note: In some provinces, you should select earnings items only. In other provinces, you may need to also calculate additional vacation pay on vacation pay that is paid out to the employee. If you are not sure which method applies to you, check with your accountant.

13. Click the **Employment Info.** tab and enter the **Hire Date.**
14. Click **OK** to save the employee record.



The screenshot shows the 'Edit Employee' window for Matthew Christensen. The 'Employment Info' tab is selected in the left sidebar. The main area contains the following fields:

- EMPLOYMENT DATES:**
 - HIRE DATE: 08/01/2016
 - RELEASE DATE (LAST DATE ON PAYROLL):
 - ROE CODE:
- OCCUPATION:**
 - OCCUPATION:

At the bottom left, there is a checkbox labeled 'Employee is inactive'. At the bottom right, there are three buttons: 'OK', 'Cancel', and 'Help'.



NOTES

Running Payroll

Now that you have completed the 6 important steps to setup your company payroll, you're ready to run your first payroll.

You can set up payroll schedules or run payroll without a schedule. A payroll run that is set up to occur at a regular frequency is **scheduled**, while payroll that you might run only for special circumstances or outside your regular payroll run is **"Unscheduled Payroll"**.

Use payroll schedules for regular payroll, and Unscheduled Payroll for other instances when you need to pay your employees outside their pay cycle. You set up payroll schedules, while Unscheduled Payroll runs are done on-the-fly, as and when you need to pay an employee off-cycle.

Pay Employees using a Payroll schedule

1. In the **Employee Centre**, click the **Payroll tab**.
2. In the **Create Pay Cheques** section, click the **Payroll Schedule** to run.
3. Click the **Start Scheduled Payroll** button.

Create Pay Cheques

PROCESS PAYROLL BY	STATUS	PAYROLL SCHEDULE	PAY PERIOD	CHK DATE
09/30/2016	2 Weeks	Management	09/01/2016 - 09/30/2016	09/30/2016
09/30/2016	2 Weeks	Monthly	09/01/2016 - 09/30/2016	09/30/2016

Payroll Schedules: [Dropdown] Start Unscheduled Payroll Start Scheduled Payroll

Recent Payrolls

DATE	STATUS	PAY CHEQUE COUNT	GROSS PAY	NET PAY
11/30/2016	Complete	5	21,083.33	12,460.81
10/31/2016	Complete	2	5,725.00	3,639.56
09/30/2016	Complete	5	18,833.33	11,410.43
08/31/2016	To Print	6	26,916.66	20,558.05

Quick Guides
[Setting Up Payroll](#)
[Pay Employees](#)

Other Activities
[Add Employee](#)
[Create Termination Cheque](#)
[Set Up YTD Amounts](#)
[Payroll Item List](#)
[Edit/Void Pay Cheque](#)

Reports
[Payroll Summary](#)
[Payroll Detail Review](#)
[Go To Report Centre](#)

Supplies
[Order Cheques](#)

4. Select the employees to pay in this payroll run.
5. Verify the information is correct including the **Pay Period Ends**, **Cheque Date** and **Bank Account**. Verify the correct list of employees are selected to be paid.
6. Click **Continue**.

Enter Payroll Information
Review & Create Pay Cheques
Print & Distribute Pay Cheques

PAYROLL INFORMATION

PAYROLL SCHEDULE: **Monthly**

EMPLOYEES SELECTED TO PAY: **5**

PAY PERIOD ENDS: **08/31/2016**

CHEQUE DATE: **08/31/2016**

BANK ACCOUNT: **Chequing**

BANK ACCOUNT BALANCE: **228,909.30**

[Why are my employees highlighted yellow?](#)

SORT BY: **Employee Name**

<input checked="" type="checkbox"/>	EMPLOYEE	HOURLY RATE	SALARY	TOTAL HOURS
<input checked="" type="checkbox"/>	Carol Walker		160.00	160.00
<input checked="" type="checkbox"/>	Kelly Lawson			0.00
<input checked="" type="checkbox"/>	Reynaldo Lopez			0.00
<input checked="" type="checkbox"/>	Rob deMontarnal		164.00	164.00
<input checked="" type="checkbox"/>	Sandra Adams		164.00	164.00
<input type="checkbox"/>				

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



NOTES

- To review all paycheques, click on the **Open Pay Cheque Detail...** button or, to review one paycheque, click the employee's name.

The screenshot shows the 'Review and Create Pay Cheques' window. At the top, there are three steps: 'Enter Payroll Information', 'Review & Create Pay Cheques', and 'Print & Distribute Pay Cheques'. Below this, there are sections for 'PAYROLL INFORMATION' and 'PAY CHEQUE OPTIONS'. The 'PAYROLL INFORMATION' section includes fields for 'PAYROLL SCHEDULE' (Monthly), 'PAY PERIOD ENDS' (08/31/2016), 'BANK ACCOUNT' (Chequing), 'NUMBER OF PAY CHEQUES' (5), 'CHEQUE DATE' (08/31/2016), and 'BANK ACCOUNT BALANCE' (228,909.30). The 'PAY CHEQUE OPTIONS' section has two radio buttons: 'Print pay cheques from QuickBooks' (selected) and 'Assign cheque numbers to handwritten cheques'. There is also a 'First Cheque Number' field set to 107. Below the options is a button labeled 'Open Pay Cheque Detail...'. At the bottom of the window is a table with columns: EMPLOYEE, GROSS PAY, TAXES, DEDUCTIONS, NET PAY, EMPLOYER TAXES, CONTRIBUTIONS, and TOTAL HOURS. The table lists five employees: Carol Walker, Kelly Lawson, Reynaldo Lopez, Rob deMontarnal, and Sandra Adams. The total row shows: 19,333.33, -4,225.15, -135.00, 14,973.18, 1,393.67, 135.00, and 808.00. At the bottom of the window are three buttons: '< Back', 'Finish Later', and 'Create Pay Cheques'.

EMPLOYEE	GROSS PAY	TAXES	DEDUCTIONS	NET PAY	EMPLOYER TAXES	CONTRIBUTIONS	TOTAL HOURS
Carol Walker	4,000.00	-877.54	-27.00	3,095.46	288.84	27.00	160.00
Kelly Lawson	4,000.00	-877.54	-27.00	3,095.46	288.84	27.00	160.00
Reynaldo Lopez	4,000.00	-877.54	-27.00	3,095.46	288.84	27.00	160.00
Rob deMontarnal	3,583.33	-747.80	-27.00	2,808.53	257.26	27.00	164.00
Sandra Adams	3,750.00	-844.73	-27.00	2,878.27	269.89	27.00	164.00
	19,333.33	-4,225.15	-135.00	14,973.18	1,393.67	135.00	808.00

8. Review the paycheques as needed.

Review Or Change Pay Cheque
PAY PERIOD: 08/01/2016 - 08/31/2016

Carol Walker Use Direct Deposit

Earnings

ITEM NAME	RATE	HOURS	CUSTOMER JOB
Salary	3,750.00	160.00	
TOTAL HOURS:		160.00	

ADV. PAY BAL. (\$) 0.00

SICK AVAIL. (HR) 0.00

VACATION AVAIL. (\$) 1,026.60

SICK ACC. (HR) 0.00

VAC. ACCRUED (\$) 225.00

Do not accrue

Other Payroll Items

ITEM NAME	RATE	QUANTITY
Long Term Disability	-12.00	
Charitable Donation	-15.00	
Health Plan	27.00	

Employee Summary

ITEM NAME	AMOUNT	YTD
Salary	3,750.00	15,000.00
Long Term Disability	-12.00	-48.00
Charitable Donation	-15.00	-60.00
Automobile Allowance	250.00	1,000.00
CPP - Employee	-183.56	-739.82
EI - Employee	-75.20	-675.20
Federal Income Tax	-618.78	-4,363.80
Cheque Amount:		3,095.46

Company Summary

ITEM NAME	AMOUNT	YTD
Health Plan	27.00	108.00
CPP - Company	183.56	739.82
EI - Company	105.28	945.28
VacPay-Accrued	225.00	900.00

Clear all
Save & Previous
Save & Next
Save & Close
Cancel
Help
 Enter net/Calculate gross

9. Click **Save & Next** to review all paycheques or click **Save & Close** to return to the Review and Create Paycheques window.
10. Click **Create Paycheques**.

The screenshot shows the 'Review and Create Pay Cheques' window in QuickBooks. The window is divided into three main sections: 'Enter Payroll Information', 'Review & Create Pay Cheques', and 'Print & Distribute Pay Cheques'. The 'Review & Create Pay Cheques' section is active and contains the following information:

PAYROLL INFORMATION

- PAYROLL SCHEDULE: Monthly
- PAY PERIOD ENDS: 08/31/2016
- BANK ACCOUNT: Chequing
- NUMBER OF PAY CHEQUES: 5
- CHEQUE DATE: 08/31/2016
- BANK ACCOUNT BALANCE: 228,909.30

PAY CHEQUE OPTIONS

- Print pay cheques from QuickBooks
- Assign cheque numbers to handwritten cheques
- First Cheque Number: 107
- Buttons: Explain Printing Options, Printing Preferences

Table of Employee Payroll Data:

EMPLOYEE	GROSS PAY	TAXES	DEDUCTIONS	NET PAY	EMPLOYER TAXES	CONTRIBUTIONS	TOTAL HOURS
Carol Walker	4,000.00	-877.54	-27.00	3,095.46	288.84	27.00	160:00
Kelly Lawson	4,000.00	-877.54	-27.00	3,095.46	288.84	27.00	160:00
Reynaldo Lopez	4,000.00	-877.54	-27.00	3,095.46	288.84	27.00	160:00
Rob deMontamal	3,583.33	-747.80	-27.00	2,808.53	257.26	27.00	164:00
Sandra Adams	3,750.00	-844.73	-27.00	2,878.27	269.89	27.00	164:00
	19,333.33	-4,225.15	-135.00	14,973.18	1,393.67	135.00	808:00

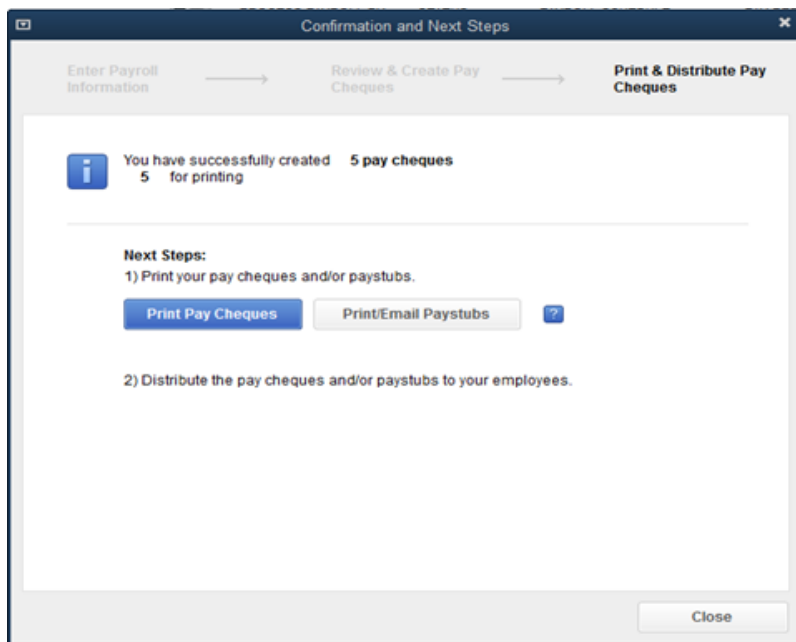
At the bottom of the window, there are three buttons: '< Back', 'Finish Later', and 'Create Pay Cheques'.

NOTE: QuickBooks writes a payroll cheque for each employee in the payroll schedule for the correct net amount, showing the deductions in the voucher area. QuickBooks confirms that you have created the paycheques. You can then choose to print the paycheques.

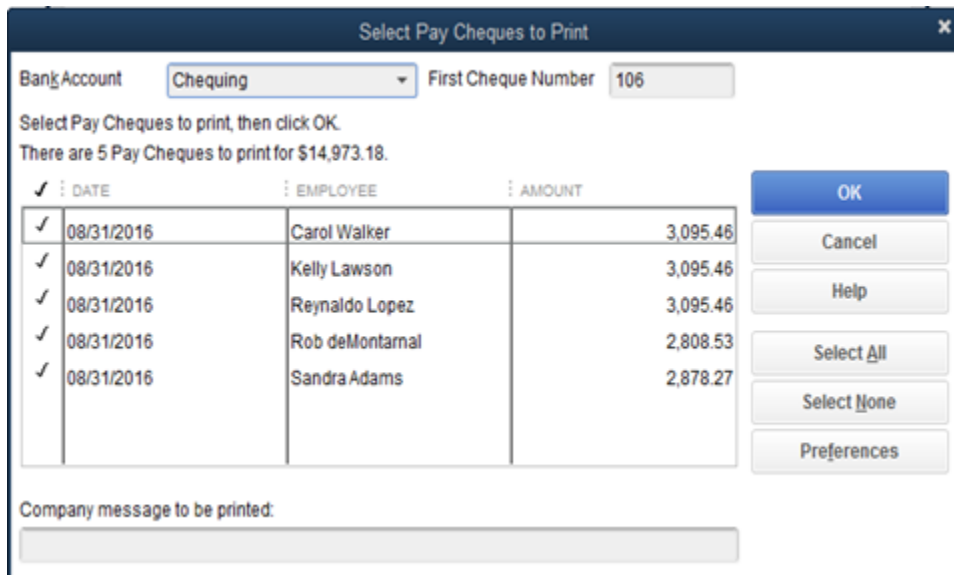


NOTES

11. Click **Print Pay Cheques** to print or **click Print/Email Paystubs**.



12. When you click **Print Pay Cheques** you can select the **Pay Cheques to Print**. Enter the **First Cheque Number** and then click **OK** to print the selected cheques.



13. Alternatively, you can choose **Print/Email Paystubs**. From this window you can select paystubs to be printed or to email to employees.

✓	DATE	EMPLOYEE	AMOUNT
✓	08/31/2016	Kelly Lawson	3,095.46
✓	08/31/2016	Reynaldo Lopez	3,095.46
✓	08/31/2016	Carol Walker	3,095.46
✓	08/31/2016	Rob deMontarnal	2,808.53
✓	08/31/2016	Sandra Adams	2,878.27

14. Click **Email**. Review the message to understand how your employees will access their emailed paystubs. Click **OK**. **Note:** If you're emailing paystubs to employees, you should add the employee's email address to the employee record. If it is not added, you will need to add the email from the next window.

Important

QuickBooks requires your employees to enter a password to view their paystubs when you email them. QuickBooks generates the passwords automatically; each password consists of the first three letters of the employee's last name followed by the employee's date of birth(MMDDYYYY).

Examples

Name:	Date Of Birth:	Paystub Password:
Ben Narramore	01 Nov 1958	nar11011958
Deb D'Spain	12 Jan 1978	dsp01121978
Jimmy Wu	01 Feb 2001	wu02012001

Note that all characters must be entered in lowercase and punctuation characters are not included in the password. When a last name has fewer than three characters, the whole last name is used but no additional characters are added.

You will need to inform each employee of this password requirement.

15. Before sending the employee paystub, QuickBooks lets you review and update the email information as needed. Click **Send Now** to send the email.

Select the email(s) you want to send and click **Send Now**

1 of 1 Selected ✉ 1 email(s) to Send

<input checked="" type="checkbox"/>	SEND TO	TYPE	NUM	DATE	AMOUNT
<input checked="" type="checkbox"/>	Kelly Lawson	STUB		08/31/2016	\$3,095.46

FROM: [Dropdown]

TO: getmatthewpeterson@gmail.com Cc: Bcc

ATTACH: Paystub from White Ridge Construction Company_3304
Attached 60KB of 2MB limit

TEMPLATE: Basic Paystub [Dropdown]

SUBJECT: Paystub from White Ridge Construction Company

BODY: Dear Kelly Lawson:
Your paystub is attached.
Instructions for opening the form:

- Click the attachment provided with this email.
- The password window may appear.

Note: The password is a combination of first 3 characters of your last name + MMDDYYYY of your date of Birth. For example, if your name is John Dave and your birth date is 12th January 1978, then your password is dav01121978.
Sincerely,
White Ridge Construction Company
604 987-6541

Pay Employees using Unscheduled Payroll

1. In the **Employee Centre**, click the **Payroll** tab.
2. Click the **Start Unscheduled Payroll** button.
3. Follow the same process as listed above for scheduled payroll.

Why are my employees highlighted yellow?

PAYROLL INFORMATION

PAYROLL SCHEDULE: PAY PERIOD ENDS: 09/30/2016 BANK ACCOUNT: Chequing

EMPLOYEES SELECTED TO PAY: 2 CHECK DATE: 09/12/2016 BANK ACCOUNT BALANCE: 208,351.25

Uncheck All Open Pay Cheque Detail...

✓	EMPLOYEE	HOURLY RATE	SALARY	TOTAL HOURS
	Carol Walker		160.00	
✓	Kelly Lawson			
	Matthew Christensen		160.00	
✓	Reynaldo Lopez			
	Rob deMontarnal		164.00	
	Sandra Adams		164.00	

Viewing Paycheques

QuickBooks records payroll cheques in the Employee Centre. You can view historical employee paycheques

To view the paycheque from the Employee Centre:

1. From the **Employee Centre**, click the **Employees** tab.
2. Click the employee to view. The employee's paycheques display in the **Transactions** tab.
3. Double-click the Paycheque and QuickBooks will display the cheque.
4. Click **Pay Cheque Detail...** to view more details.

Pay Cheque - Chequing

Main Reports

Find New Save Delete Memorize Create a Copy Print Print Later Attach File Select PO Enter Time Clear Splits Recalculate Reorder Reminder Order Cheques

BANK ACCOUNT: Chequing ENDING BALANCE: 167,235.15

NO. TO PRINT: [] DATE: 08/31/2016

PAY TO THE ORDER OF: Matthew Christensen \$ 5,584.87

Five thousand five hundred eighty-four and 87/100* Dollars

ADDRESS: Matthew Christensen
600 Toy Ave.
Newcastle, ON L1H 1H8

MEMO: []

PAY CHEQUE SUMMARY			
EARNINGS	8,333.33	PAY PERIOD	08/01/2016 - 08/31/2016
ADDITIONS	0.00	HOURS WORKED	160:00
TAXES	-2,736.46		
DEDUCTIONS	-12.00		

Pay Cheque Detail...

Save & Close Revert

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

Pay Payroll Liabilities

When it's time to deposit payroll taxes with your deposit institution, use the Liability cheque window to fill out a QuickBooks cheque. Most businesses must send a cheque to the CRA or Revenu Québec for last month's payroll deductions by the 15th of the current month. Check with the CRA or your accountant to see what's right for your business.

When you are ready to pay your payroll liabilities, QuickBooks lets you choose all or just some of them to pay and creates cheques to pay them. You can also add penalties, expenses and discounts to the payroll liability cheque.

Before your payroll liabilities can be paid, you must have a payee name associated with each liability.

To pay payroll liabilities:

1. On the Pay Liabilities tab of the Payroll Centre, click the Pay Liabilities icon.

The screenshot displays the QuickBooks Employee Centre Payroll Centre interface. The main window is titled "Employee Centre: Payroll Centre" and includes navigation tabs for "Pay Employees", "Pay Liabilities", and "File Forms". The "Pay Liabilities" tab is active, showing a "Pay Taxes & Other Liabilities" section with three icons: "Pay Liabilities", "Pay Annual Payroll Liabilities", and "Adjust Liabilities". Below this is a "Payment History" table with columns for DATE, STATUS, CHEQUE NUMBER, PERIOD END DA., PAYEE, PAYMENT, ACCOUNT, and AMOUNT. The table is currently empty. At the bottom, there are three sections: "Quick Guides" with links for "Pay Liabilities" and "Liability Adjustments"; "Other Activities" with a link for "Deposit Refund Of Liability"; and "Reports" with links for "Payroll Liability Balances", "PD7A Report", "TPZ-1015 Report", and "Go To Report Centre". On the left side, there is a sidebar with a "SUBSCRIPTION STATUS" section indicating the subscription is active, and two calendar views for September and October 2016.

- In the Date Range window, enter the start and end dates of the period. Then click OK.

Note: Check the dates carefully as QuickBooks uses them to create the PD7A and Payroll Liability Balances reports.

- In the Pay Liabilities window, select the **To be printed** checkbox to print the liability cheques using QuickBooks, or clear it if you are writing them by hand.
- Choose the **Chequing Account** to write the cheque from (**not** your Payroll Liabilities account!).

PAYROLL ITEM	PAYABLE TO	AMT. DUE	AMT. TO PAY
Charitable Donation	Children's Charities	75.00	0.00
Health Plan	Insurance Experts	162.00	0.00
Long Term Disability	Insurance Experts	72.00	0.00
✓ CPP - Company	Receiver General	1,332.37	1,332.37
✓ CPP - Employee	Receiver General	1,332.37	1,332.37
✓ EI - Company	Receiver General	754.52	754.52
✓ EI - Employee	Receiver General	538.94	538.94
✓ Federal Income Tax	Receiver General	5,090.30	5,090.30
		10,357.50	9,048.50

- In the **Payment Date** field, enter the date that you want to appear on your liability payments.
- Verify the date range shown in the Show Payroll Liabilities "**from / through**" fields.
- Select the liabilities you want to pay.

Some liabilities can be selected and paid only as a group. For example, CPP Employee, CPP Employer, EI Employee, EI Employer, Federal Income Tax Withholding, and other federal withholding items can only be selected together.

8. (Optional) If you want to pay less than the full amount of a liability you marked, enter the amount you want to pay in the **Amt. To Pay** field.
9. Click **Review**. If you're satisfied with the review, click **Save & Close**.
10. QuickBooks writes a single cheque for all liabilities paid to the same vendor.

The screenshot shows the 'Liability Cheque - Chequing' window in QuickBooks. The window title is 'Liability Cheque - Chequing'. The 'BANK ACCOUNT' is set to 'Chequing' and the 'ENDING BALANCE' is 158,186.65. The cheque is payable to 'Receiver General' for the amount of \$9,048.50, dated 09/12/2016. The cheque number is blank. The amount is written in words as 'Nine thousand forty-eight and 50/100*'. The address is 'Receiver General'. The period is from 08/01/2016 to 08/31/2016. Below the cheque form, there is a table of payroll liabilities with a total of \$9,048.50.

PAYROLL ITEM	AMOUNT	MEMO
CPP - Company	1,332.37	
CPP - Employee	1,332.37	
EI - Company	754.52	
EI - Employee	538.94	
Federal Income Tax	5,090.30	



NOTES

Issue T4 Forms

In January or February, you need to create T4 for your employees and the CRA. In Québec, you also need to Releve 1 Slips for your employees and Revenu Québec.

QuickBooks can create and print T4 slips for you. It can also create a T4 Summary report to help you fill out the T4 Summary form for the CRA.

1. If you have a page-oriented printer, QuickBooks prints T4 slips on blank paper or preprinted forms from CRA.
2. Create and review a T4 slip for each employee who worked for you at any time during the last year.
3. Make any adjustments that are needed.
4. If you are printing on pre-printed forms, test the alignment of the T4 slips on your printer.
5. Print T4 slips for employees and E-File T4 slips for the CRA.
6. Distribute the printed slips. Usually, the employee receives two copies. If you printed slips for the CRA instead of E-Filing them, the CRA receives one slip.
7. Create a T4 Summary report to summarize the T4 slips for your T4 Summary form.

Note: Employees should receive a T4 slip for each province or territory they worked in for your company.

To create T4 Forms for Employees

1. From the **Employee Centre**, click the **File Forms** tab.
2. Click the **T4** line from the list of Forms.
3. Click **Process Form**.

The screenshot displays the 'File Forms' section in QuickBooks. At the top, there are navigation tabs for 'Pay Employees', 'Pay Liabilities', and 'File Forms'. The 'File Forms' section contains a table with the following data:

FORM	FEDERAL/PROVINCIAL	FILING PERIOD
T4	Federal	Annual
Relevé 1(RL-1)	Provincial	Annual
Record of Employment (ROE)	Federal	

Below the table is a 'Process Form' button. Underneath is the 'Filing History' section, which is currently empty. At the bottom of the interface, there are three columns of links and buttons:

- Quick Guides:**
 - Filing T4s/RL-1s
 - Paying Subcontractors
 - Record Of Employment (ROE)
- Other Activities:**
 - Process T4A
- Reports:**
 - T4 Summary
 - Relevé 1 Summary
 - Go To Report Centre

4. Choose the **Form** in the Form menu. Choose the **Year**.
5. Select the employees.

6. Click **Review** to review each employee’s T4 form.

7. Click **Next** to review each T4 form.
8. Click **OK** after you've completed your review.
9. From this window you can choose to **Print, Email** (T4's to employees) or **EFILE** your T4 forms.
10. Click **Done**.

Form: T4
Year: 2016

SELECT THE TYPE OF FORM YOU NEED TO GENERATE:

- Original
- Amended
- Cancelled

Uncheck All

Employee	SIN	Reviewed	Printed	Emailed	EFILE Started On
✓ Sandra Adams	111 888 111	✓			
✓ Matthew Christensen	408 916 351	✓			
✓ Rob deMontarnal	111 888 111	✓			
✓ Kelly Lawson	111 888 111	✓			
✓ Reynaldo Lopez	111 888 111	✓			
✓ Carol Walker	111 888 111	✓			

Review Print Email EFILE Done

Review Activities

1. From the **File menu** in QuickBooks, choose **Open or Restore Company**. QuickBooks displays the **Open or Restore Company window**.
2. Select **Restore a backup copy** and click **Next**.
3. Select **Local backup** and click **Next**.
4. In the **Open Backup Copy** window, navigate to the appropriate directory.
5. Select the **qblesson.qbb** file, and then click **Open**.
6. In the **Open or Restore Company** window, click **Next**.
7. Navigate to your directory.
8. In the **File Name** field of the **Save Company File As window**, type **Lesson12** and then click **Save**.
9. Enter the **Password: QBDT2019!**
10. Click **OK** when you see the message that the file has been successfully restored.

1. Setup a Salary Payroll item in QuickBooks called Management Salary. Track the item to the Payroll Expense account.
2. Setup a payroll item in QuickBooks to pay hourly employees. Call the payroll item Construction Hourly. Track the item to the Payroll Expense account.
3. Setup an item to track Union Dues for the hourly construction employees. The Union name is Construction Union. Track the item to Box 44 on the T4. This item has no effect on any taxes for the employees. The amount deducted from each cheque is a flat amount of \$25.00. It will be calculate on Gross Pay.
4. Setup the Employee Defaults to include Construction Hourly item, Union Dues. The pay frequency is Semi-Monthly. All employee are based in Ontario with default TD1 amounts. Vacation is calculated at a rate of 4%.
5. Add an hourly employee using the following information:
 - Name: Sam Bell
 - Birthdate: October 12, 1973
 - Phone: 416-456-4984
 - Address: 3898 Halsey Ave.
Toronto, ON. M3B 2W6
 - Hire Date: First day of the current month
 - SIN: 536 864 262
6. Add an hourly employee using the following information:
 - Name: James Persson
 - Birthdate: April 12, 1979
 - Phone: 416-456-4000
 - Address: 2409 Queen Elizabeth Road.
Toronto, ON. M3B 2W9
 - Hire Date: First day of the current month
 - SIN: 588 890 558

7. Add an hourly employee using the following information:
 - Name: Joel Montanez
 - Birthdate: November 21, 1975
 - Phone: 416-699-1554
 - Address: 842 Robertson St.
Toronto, ON. M3N 2N8
 - Hire Date: First day of the current month
 - SIN: 474 449 428
 - Hourly Rate: \$25.00
8. Add a salaried employee using the following information:
 - Name: Jane Stewart
 - Birthdate: August 21, 1955
 - Phone: 519-720-4828
 - Address: 2738 Birkett Lane
Brantford, ON. N3T 2Z8
 - Hire Date: First day of the current month
 - SIN: 330 353 400
 - Salary: \$80,000 per year
9. Run your first payroll for the 15th of the current month. Pay employees using 80 hours per two-week period.
10. Run your second payroll for the last day of the current month. Pay employees using 80 hours per two-week period.