Using QuickBooks for Payroll

For Use with Chapter 8: Comprehensive Projects—QuickBooks Versions

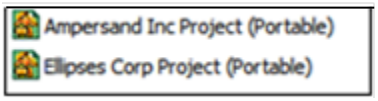
Classrooms may complete the comprehensive projects either manually, through the use of provided Excel templates (see the exercises in Chapter 7), or through the use of provided QuickBooks sample company files. Whichever method you use, these projects allow you to practice the skills learned in this course. This guide is designed to give you guidance when completing payroll using QuickBooks.

IN THIS GUIDE

- Getting Started with QuickBooks
- Using the Sample QuickBooks Files
- Accessing the QuickBooks Employees Center
- Processing Payroll
- Viewing Payroll Reports
- Viewing Checks in the Payroll Checking Account Register
- Terminating Employees
- Exporting to Excel

Getting Started with QuickBooks

Chapter 8 is comprised of two projects:



- The one-month project uses the Ellipses Corp Project (Portable) QuickBooks file.
- The three-month project uses the Ampersand Inc Project (Portable) QuickBooks file.

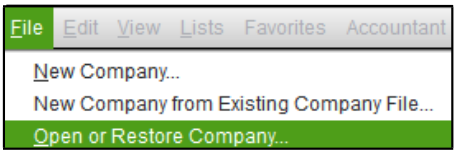
It's important to note that the sample files provided are *portable company files*. In QuickBooks, portable company files must be restored using a specific procedure. Don't worry; the following exercise will show you how to restore a portable company file.

Restore a Portable Company File

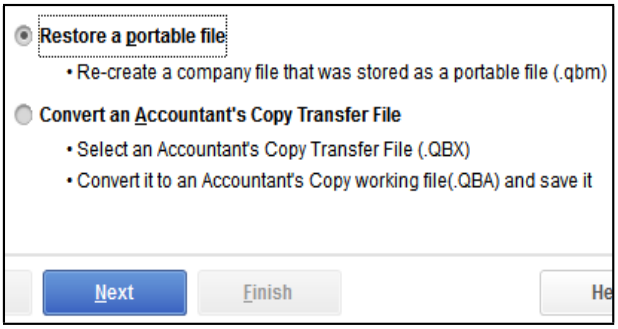
Before You Begin: *This exercise assumes that QuickBooks 2018 is already installed on your computer. Before you can use the sample QuickBooks files, you must install QuickBooks. If you need assistance, please refer to the QuickBooks Installation Guide, available as a link in your Learning Resource Center or eLab course, or go to: lablearning.com/qb-install*

This exercise shows how to restore the portable company files associated with the one- and three-month comprehensive projects in Chapter 8 of your *Payroll Accounting* textbook.

1. In QuickBooks, click File and then select Open or Restore Company.

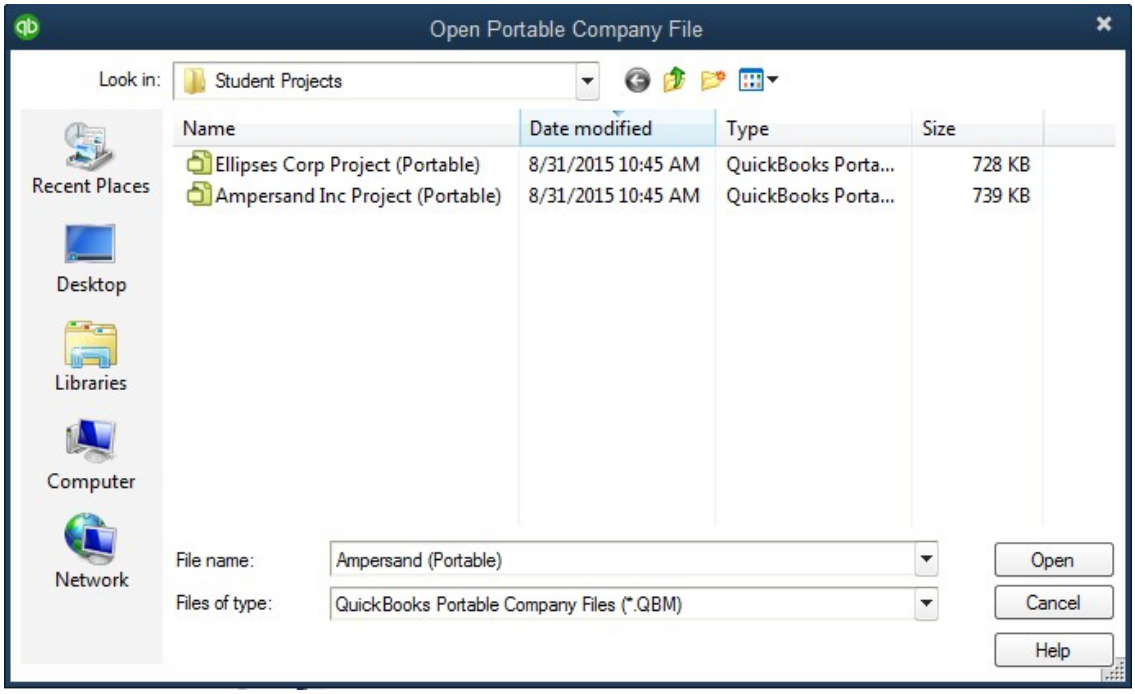


2. Choose Restore a Portable File and click Next.



3. Navigate to and choose the portable company file to restore; click Open.

   The files on your computer may be in a different location from that shown below.



4. Click Next, and on the next screen choose where to save the file and click Save.

   Create a folder on your Desktop in which to save these files. At the end of the project, you can simply delete the entire folder.

   Portable files take time to restore, so be patient!

5. Click OK when you receive the acknowledgement that the restore was successful.

6. You will receive a message saying that you are opening a sample QuickBooks Desktop file. If you receive a message about updating your file, accept it and let the file update to the newest release.

Using the Sample QuickBooks Files

Both of the sample QuickBooks company files use a default date of December 15, 2018, which you can then override as needed. Because these files are sample data files, the tax tables are not up to date. This means you may have to change the payroll dates and payroll reports frequently. There may be a need to review the taxes for each payday and override the data in QuickBooks to get the accurate net pay and employer tax liability.

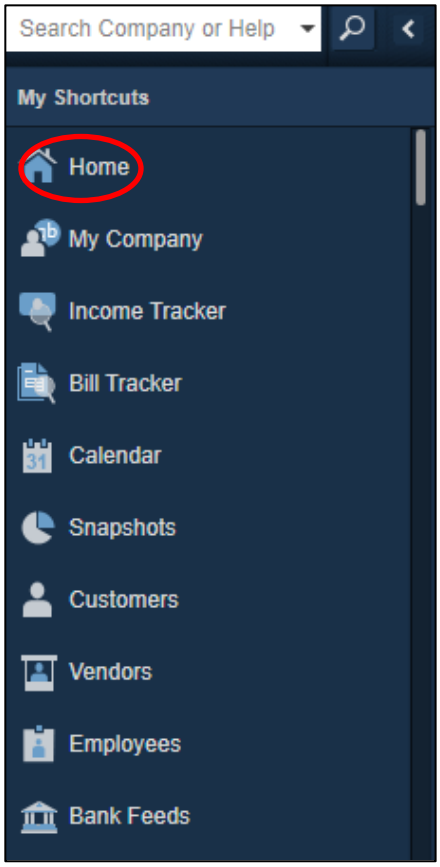
This section will assist you in completing the one- and three-month Comprehensive Projects found in Chapter 8 of your textbook using QuickBooks, but it *is not* designed to walk you step by step through the process.

Keep the following points in mind:

- All employees, their year-to-date earnings, and tax payments have been entered.
- QuickBooks records the general journal entry by each payroll check. You will not need to prepare additional entries.
- Screenshots are meant to display the work pattern and not to display actual accurate data for the projects.

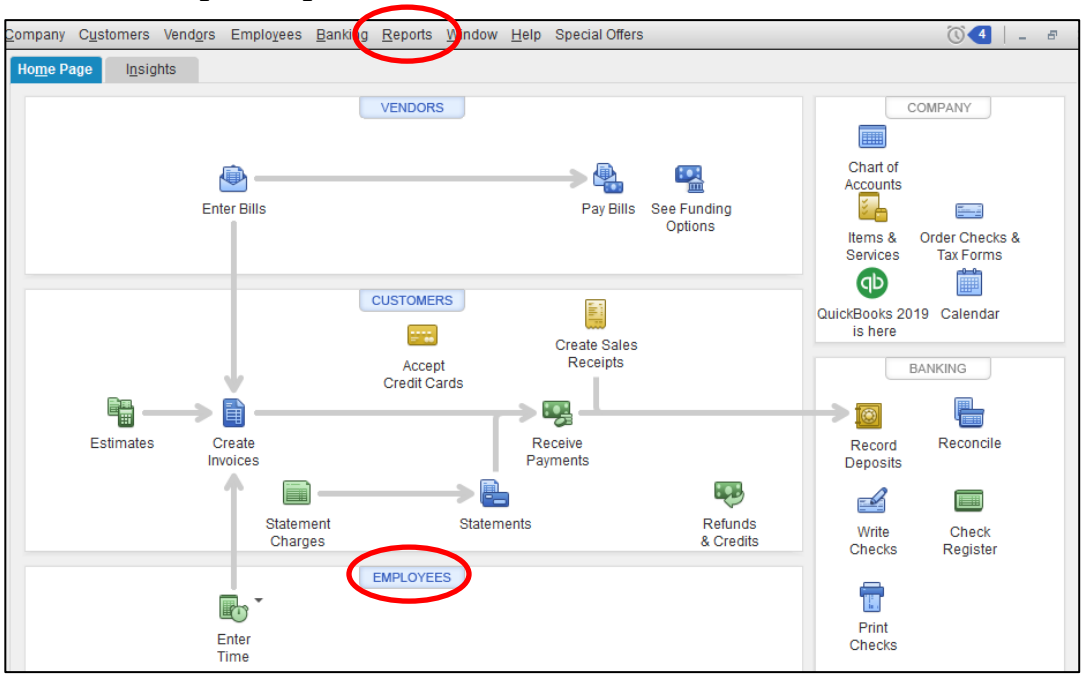
Accessing the QuickBooks Employee Center

If your Home page is not showing, you can open it by using the shortcuts menu of the left side of your screen.

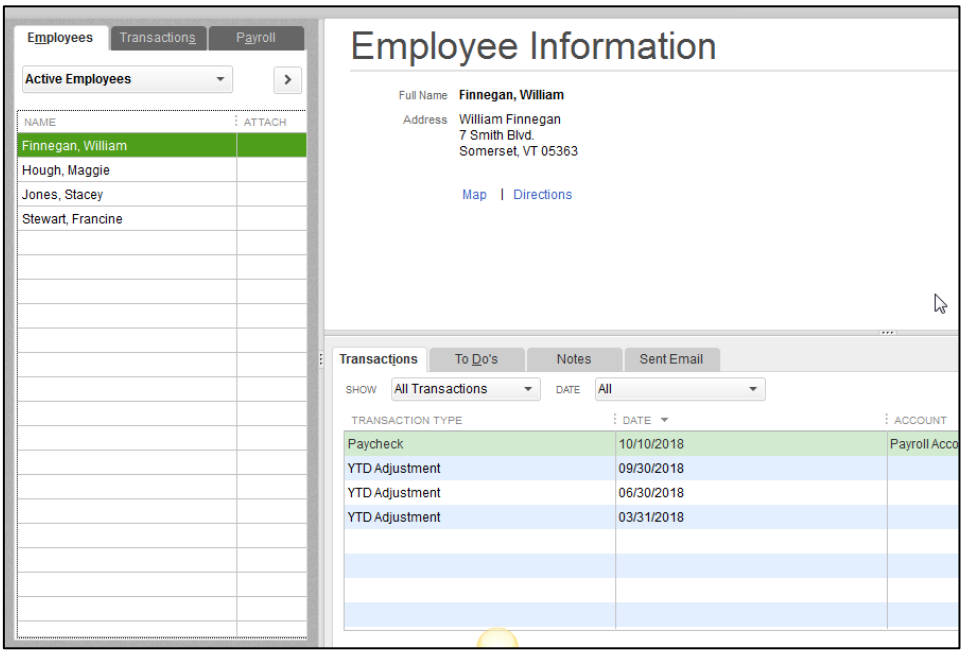


The figure below shows the Home page in QuickBooks 2018. You will be using two parts of the Home page:

- The Employees section near the bottom of the page
- The Reports option on the menu bar



When you click the Employees icon at the top of that section, you will be taken to the Employee Center. Within the Employee Center, employees are listed on the left. As you scroll down the list, you will notice all of the transactions for each employee are listed on the lower-right side of the screen.

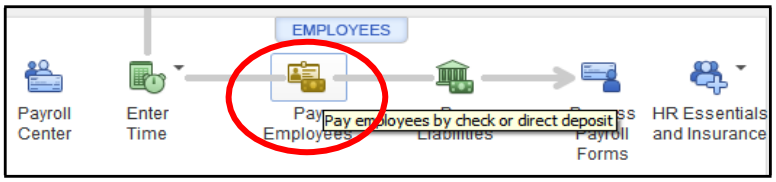


Processing Payroll

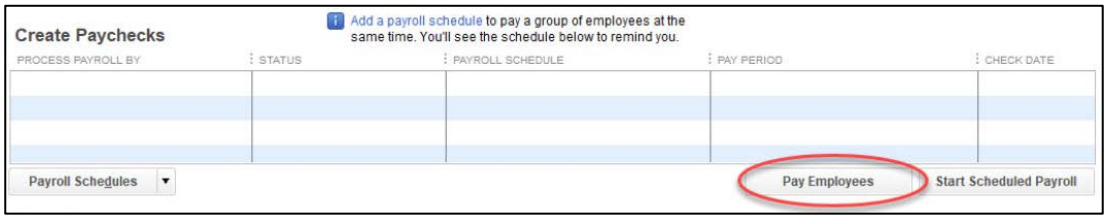
The following example shows how to process payroll for the first pay date. As you work through the project, remember to use the year 2018.

To begin processing the Payroll, follow these steps:

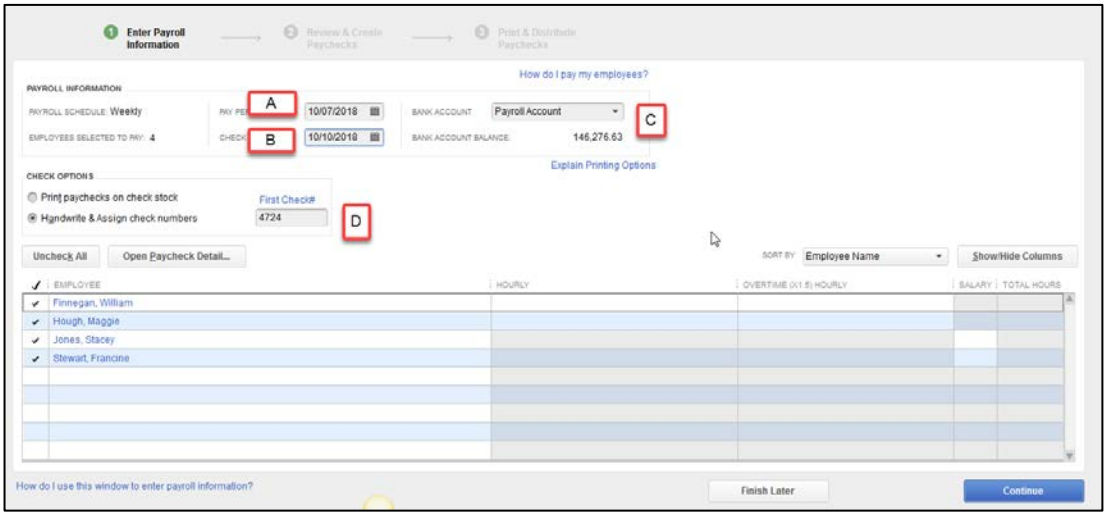
1. Click the Pay Employees icon in the Employees section of the Home page.



2. Click the Pay Employees button for the next regularly scheduled payroll period.



3. In the next window, follow these steps:



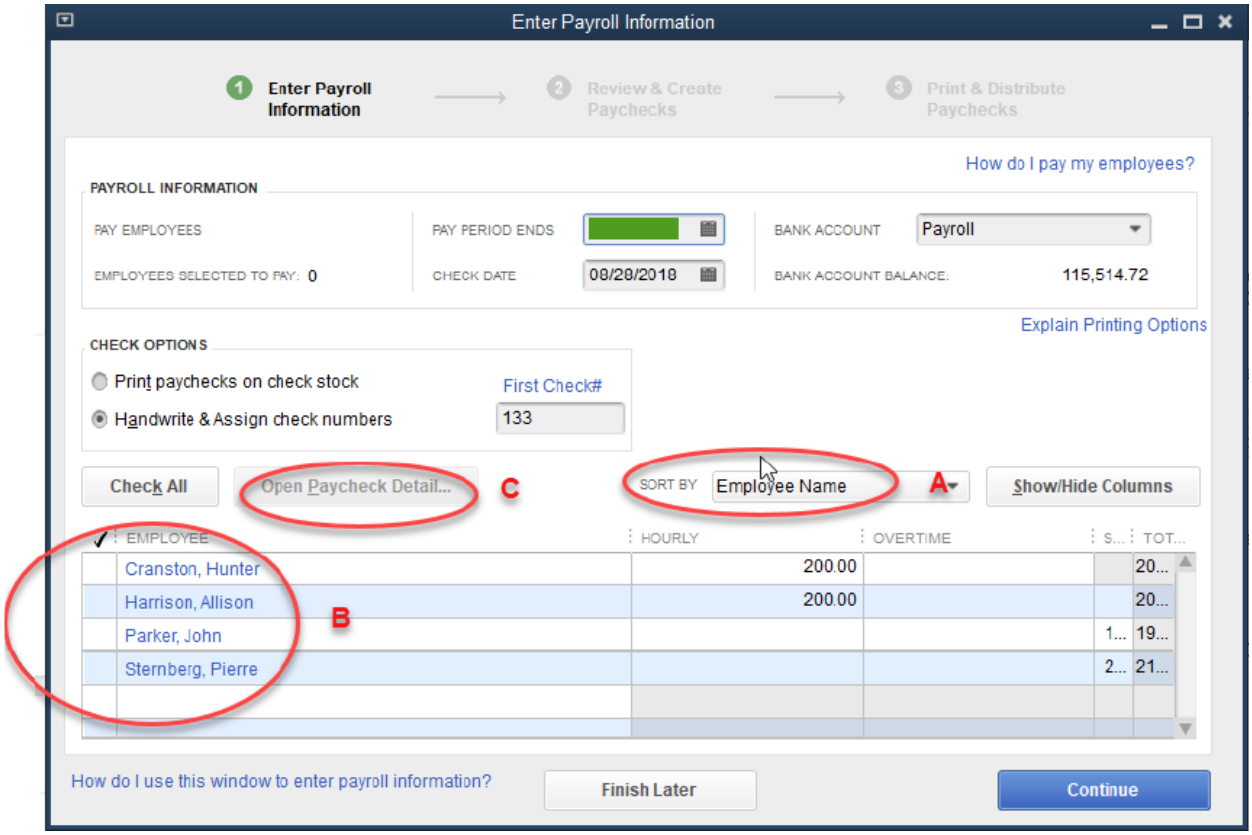
   A. Set the pay period end date.

   B. Set the paycheck date.

   C. Select the Payroll Account bank account.

   D. Insert the number for the first check. Confirm that the check option to handwrite and assign check numbers is marked.

4. Follow these steps to continue entering the payroll information:



A. Choose the order in which you would like the employees' names to appear.

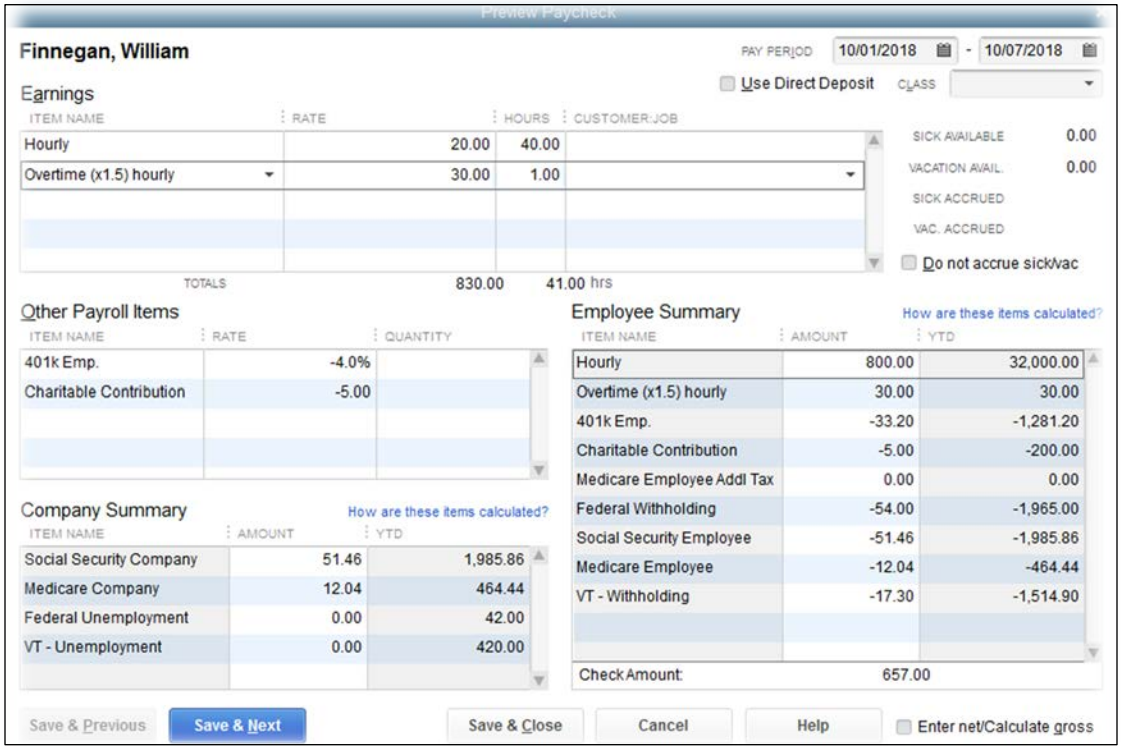
B. Check the names of the employees you are processing in this pay cycle.

C. Click Open Paycheck Detail… to enter the information for each employee.

NOTE! You may need to adjust tax amounts.

5. Enter the hours worked in the appropriate cell and press Tab. The Employee Summary and the Company Summary tables will populate. Calculate the appropriate taxes and enter the values if what is showing is not correct.

   The minus symbol is necessary in the Employee Summary section.



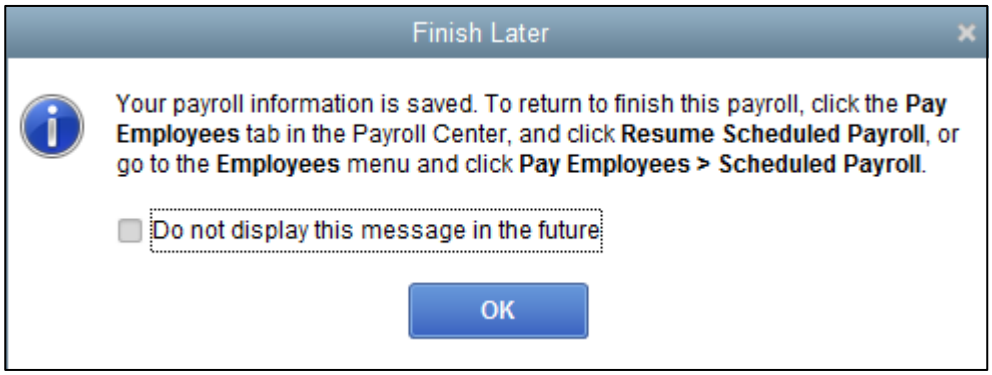
   The Company Summary at the lower-left portion of the screen shows the employer taxes and liabilities associated with the Employee Summary table on the right. Adjust both as necessary. Note that the items deducted from the paycheck (Employee Summary) are entered with a minus sign but the Company Summary amounts are not.

6. To continue, click Save & Next. Or press Save & Close if finished.

   After clicking Save & Close, you will be brought back to the Enter Payroll Information screen.

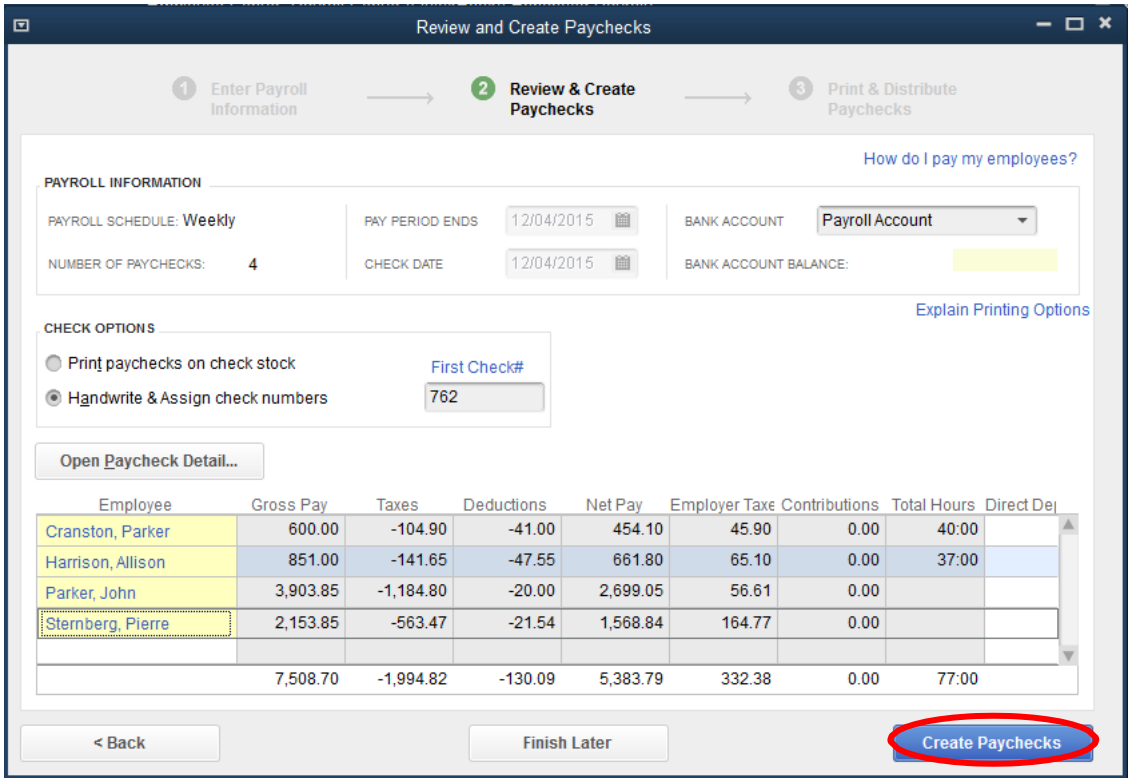
7. Click Continue.

If you do not have the option to Continue, click Finish Later, and the following instructions will appear:



Return to finish the payroll using the steps as instructed above.

8. On the Review and Create Paychecks screen, review the information. When you are satisfied that the payroll is accurate, click Create Paychecks.

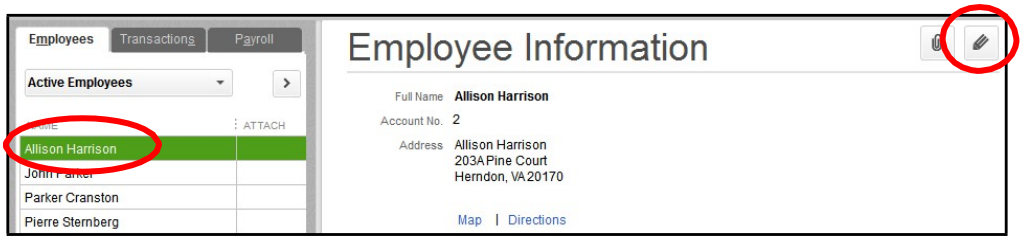


9. If you will not be printing paychecks, click Close in the next window to return to the Home page or click Home on the icon bar.

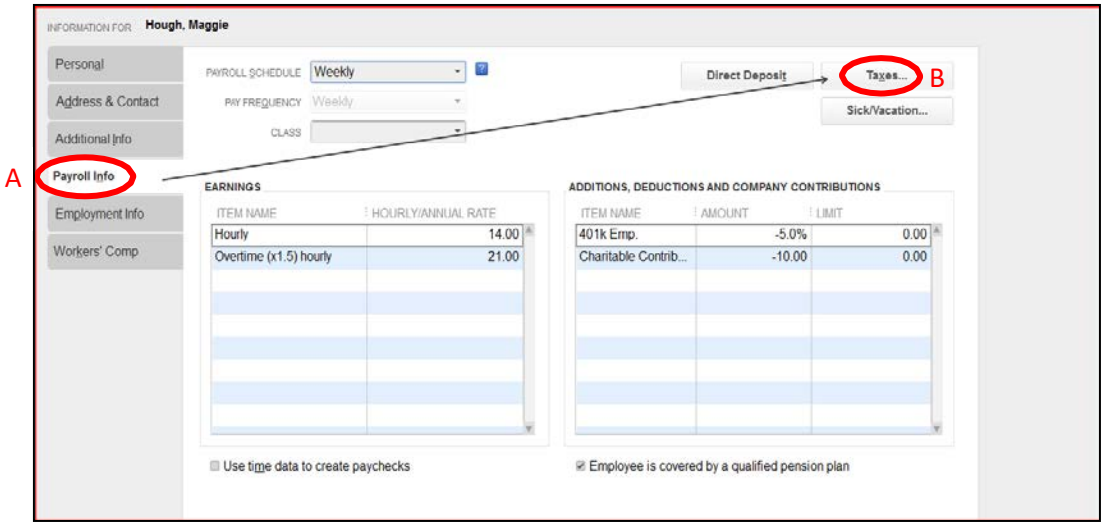
Change Withholding Allowances

To change the number of withholding allowances for federal taxes on an employee, follow these steps:

1. From the Home page, click EMPLOYEES.
2. Select the employee on the left and then click the Edit button (the pencil icon) in the upper-right corner of the screen.

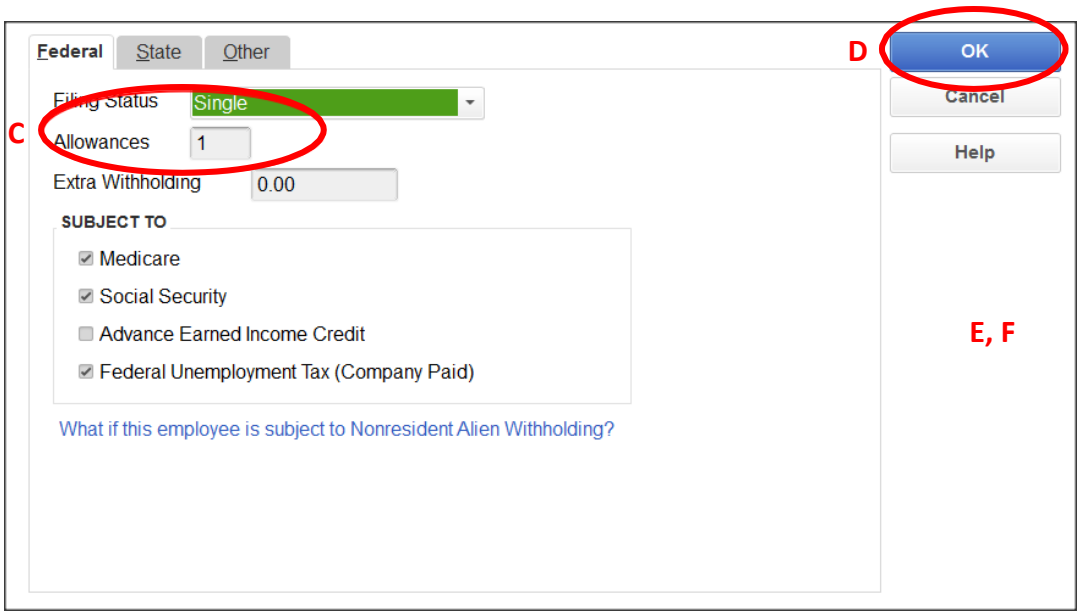


3. Follow these steps to complete the withholding change process:



A. Select the Payroll Info tab on the left side.

B. Click Taxes.



C. Enter the new number of allowances.

D. Tap Tab and then click OK.

E. Close the window with the small "X" at the top right.

F. Close the Employee window to return to the Home screen.

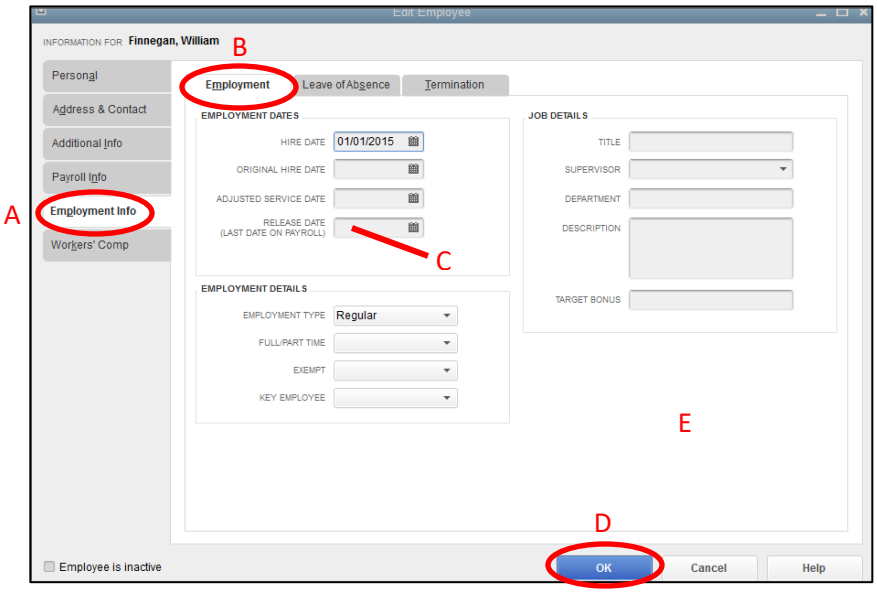
Terminating Employees

To terminate an employee, you must record the termination date on the employee record, so they will not appear on the employee roster for future payrolls. Follow these steps:

1. From the Home page, click EMPLOYEES.

2. Select the employee that you want to terminate on the left and then click the Edit button (the pencil icon) in the upper-right corner of the screen.

3. Follow these steps to complete the termination process:



A. Select the Employment Info tab on the left side.

B. Click the Employment tab.

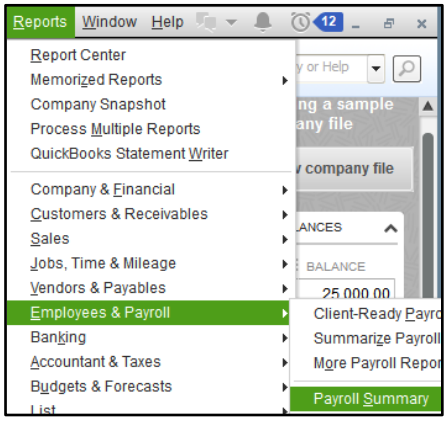
C. Enter the release date as the last day on the payroll.

D. Tap Tab and then click OK.

Viewing Payroll Reports

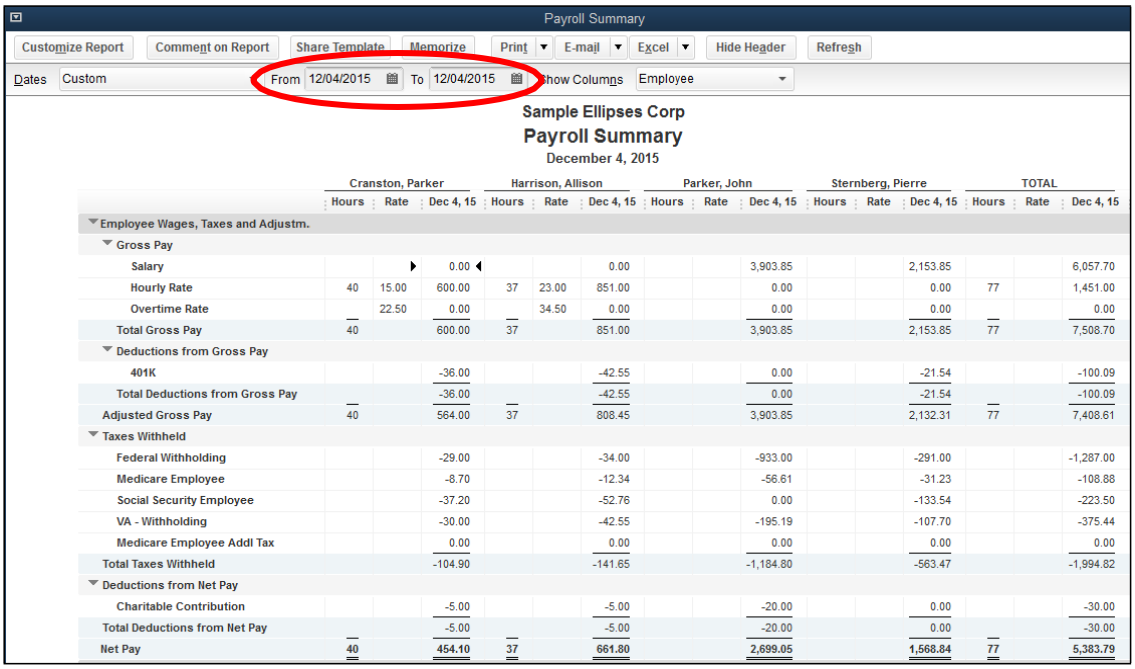
Follow these steps to view your payroll reports:

1. Choose Reports→Employees & Payroll→Payroll Summary from the menu bar.



2. Select the date range and tap Tab to generate a report that shows the payroll summary information for the range you defined.

NOTE! For one pay period, set the date range (both the "From" and "To" dates) as the date on the pay check since the check date is what determines the pay period in reports.

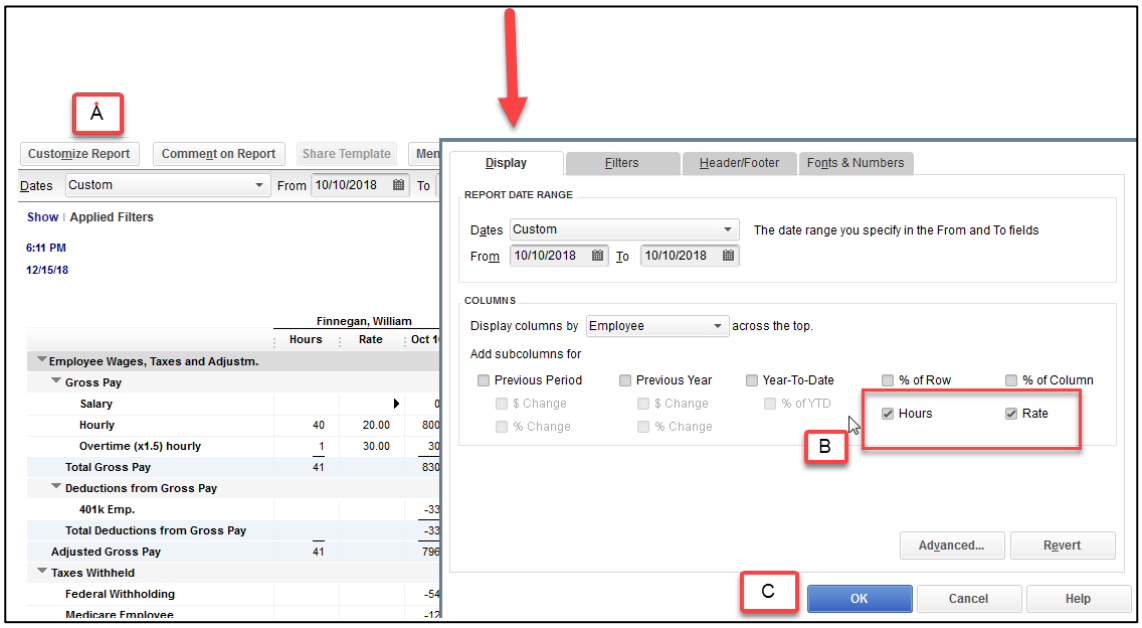


Sample Ellipses Corp
Payroll Summary
December 4, 2015

	Cranston, Parker			Harrison, Allison			Parker, John			Sternberg, Pierre			TOTAL		
	Hours	Rate	Dec 4, 15	Hours	Rate	Dec 4, 15	Hours	Rate	Dec 4, 15	Hours	Rate	Dec 4, 15	Hours	Rate	Dec 4, 15
Employee Wages, Taxes and Adjustm.															
Gross Pay															
Salary			0.00			0.00			3,903.85			2,153.85			6,057.70
Hourly Rate	40	15.00	600.00	37	23.00	851.00			0.00			0.00	77		1,451.00
Overtime Rate		22.50	0.00		34.50	0.00			0.00			0.00			0.00
Total Gross Pay	40		600.00	37		851.00			3,903.85			2,153.85	77		7,508.70
Deductions from Gross Pay															
401K			-36.00			-42.55			0.00			-21.54			-100.09
Total Deductions from Gross Pay			-36.00			-42.55			0.00			-21.54			-100.09
Adjusted Gross Pay	40		564.00	37		808.45			3,903.85			2,132.31	77		7,408.61
Taxes Withheld															
Federal Withholding			-29.00			-34.00			-933.00			-291.00			-1,287.00
Medicare Employee			-8.70			-12.34			-56.61			-31.23			-108.88
Social Security Employee			-37.20			-52.76			0.00			-133.54			-223.50
VA - Withholding			-30.00			-42.55			-195.19			-107.70			-375.44
Medicare Employee Addl Tax			0.00			0.00			0.00			0.00			0.00
Total Taxes Withheld			-104.90			-141.65			-1,184.80			-563.47			-1,994.82
Deductions from Net Pay															
Charitable Contribution			-5.00			-5.00			-20.00			0.00			-30.00
Total Deductions from Net Pay			-5.00			-5.00			-20.00			0.00			-30.00
Net Pay	40		454.10	37		661.80			2,699.05			1,568.84	77		5,383.79

You can double-click on any cell to see the detail.

3. This report may be customized to remove the hours and rate. Follow these steps to do so:



A. With the report open on the screen, click Customize Report in the upper-left part of your screen.

B. A new screen will open on the Display tab. At the bottom of that screen, uncheck the Hours and Rate.

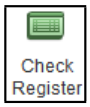
C. Click OK to save the changes. You will be returned to the Payroll Summary report and the changes will appear.

NOTE! This feature is especially helpful in reducing the horizontal size of the report. The report is more readable if it is just one page wide (when possible).

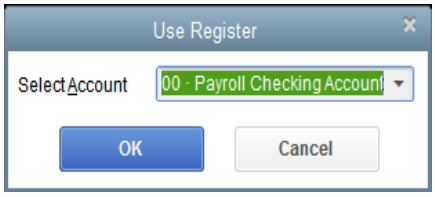
Viewing Checks in the Payroll Checking Account Register

Follow these steps to view each payroll check in your Payroll Checking Account register:

1. From the Home page, click the Check Register icon.



2. Select the appropriate bank account and click OK.



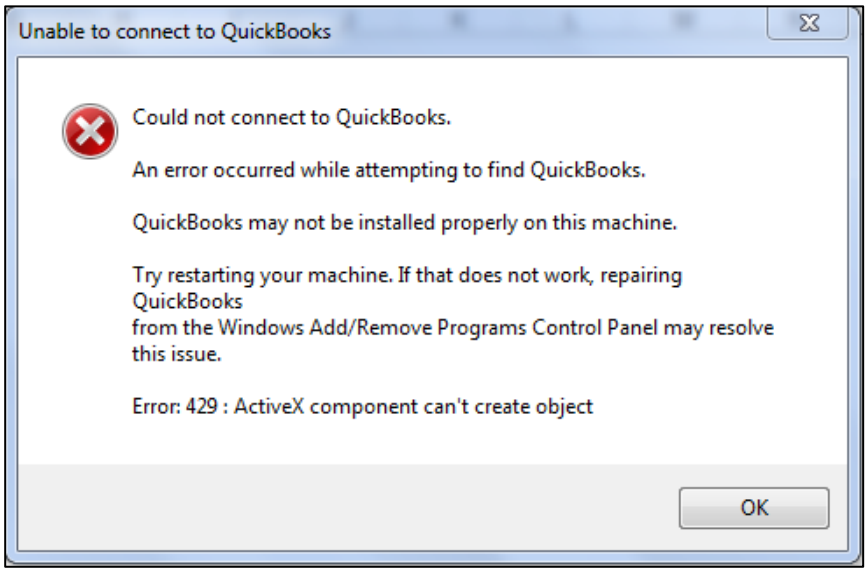
Your Payroll Checking Account Register will open and list all transactions. You can double-click each transaction to see the detail.

3. Once finished, tap Esc to return to the Home page.

Exporting to Excel

If you have Excel installed on your computer, you can export reports from QuickBooks to Excel in order to assist you in the completion of your tax forms.

NOTE! QuickBooks is not compatible with 64 Bit Microsoft Office 2013 products. You will receive the following error message:

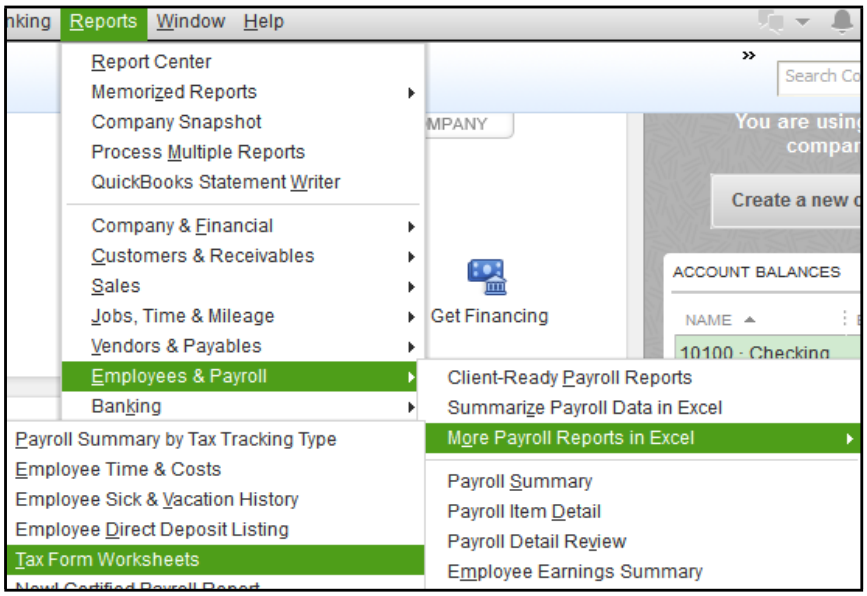


This is a Microsoft error message, not a QuickBooks error. If you do not receive an error message, you can export as demonstrated in

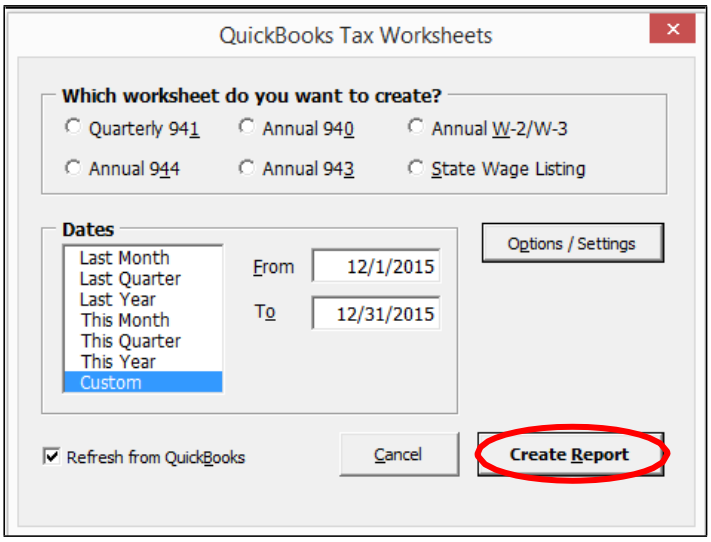
the first set of reports that follow. If you do have an error, you will need to work with alternative reports. These are shown at the end of this topic.

Follow these steps to export a report to Excel:

1. Choose Reports→Employees & Payroll→More Payroll Reports in Excel→Select Tax Form Worksheets from the menu bar.

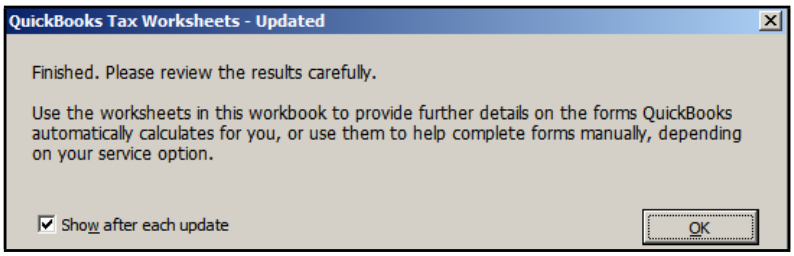


2. Select the desired form and From/To dates and then click Create Report.

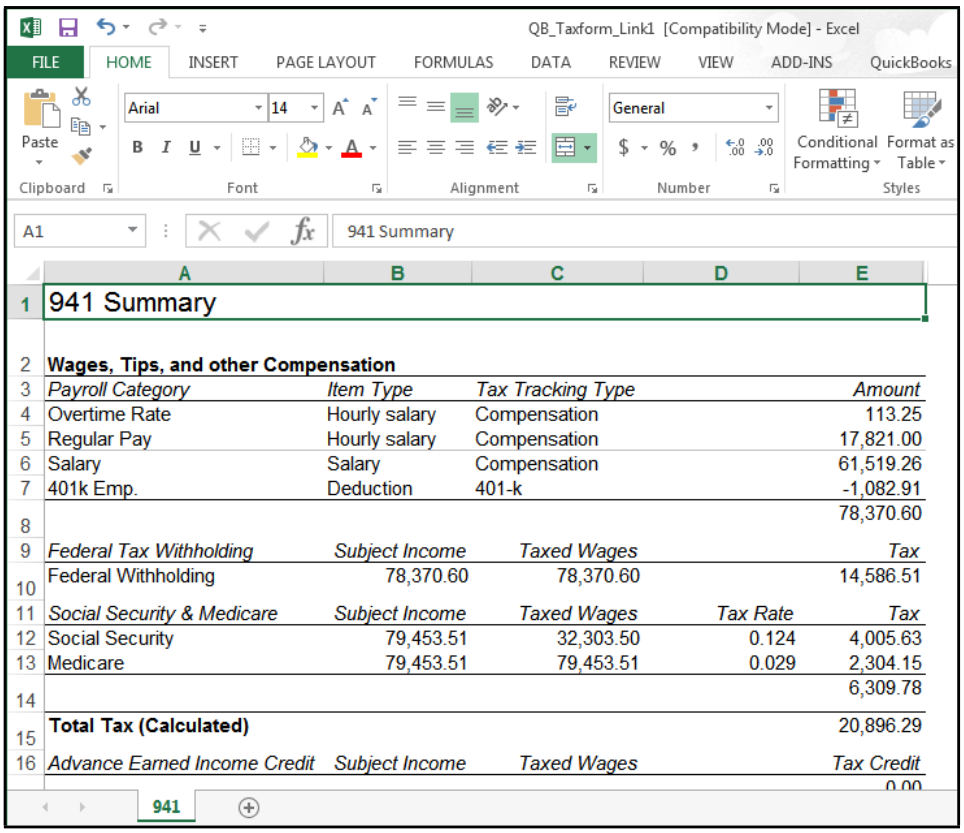


You might also receive a security warning message. If so, you need to enable Macros. If you fail to enable them, you will get another message when you save a report that will indicate that some information will not be saved. This does not create an issue for these projects, as you can save without Macros.

3. If the QuickBooks Tax Worksheets – Updated screen appears, read the note and then click OK.



You will get a worksheet similar to the following to assist in completing your tax forms:

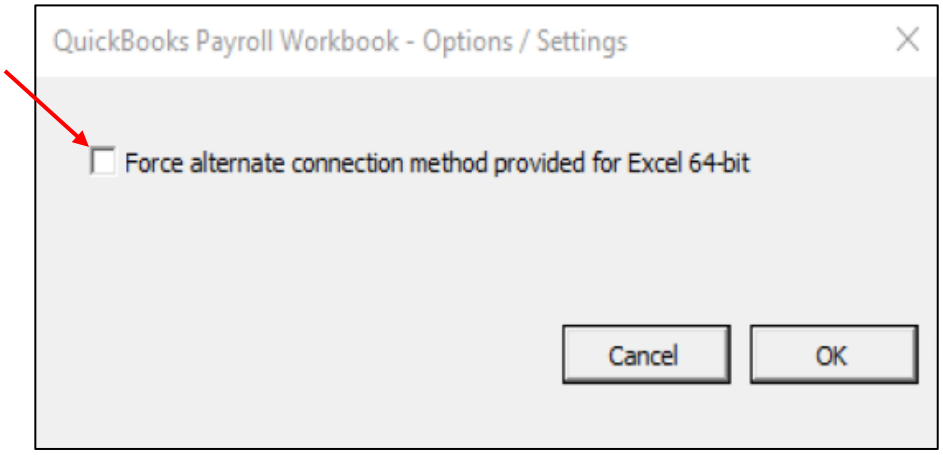


It is important to note that the Additional Medicare taxable wages and withholding are not showing in this report. They will show in other reports.

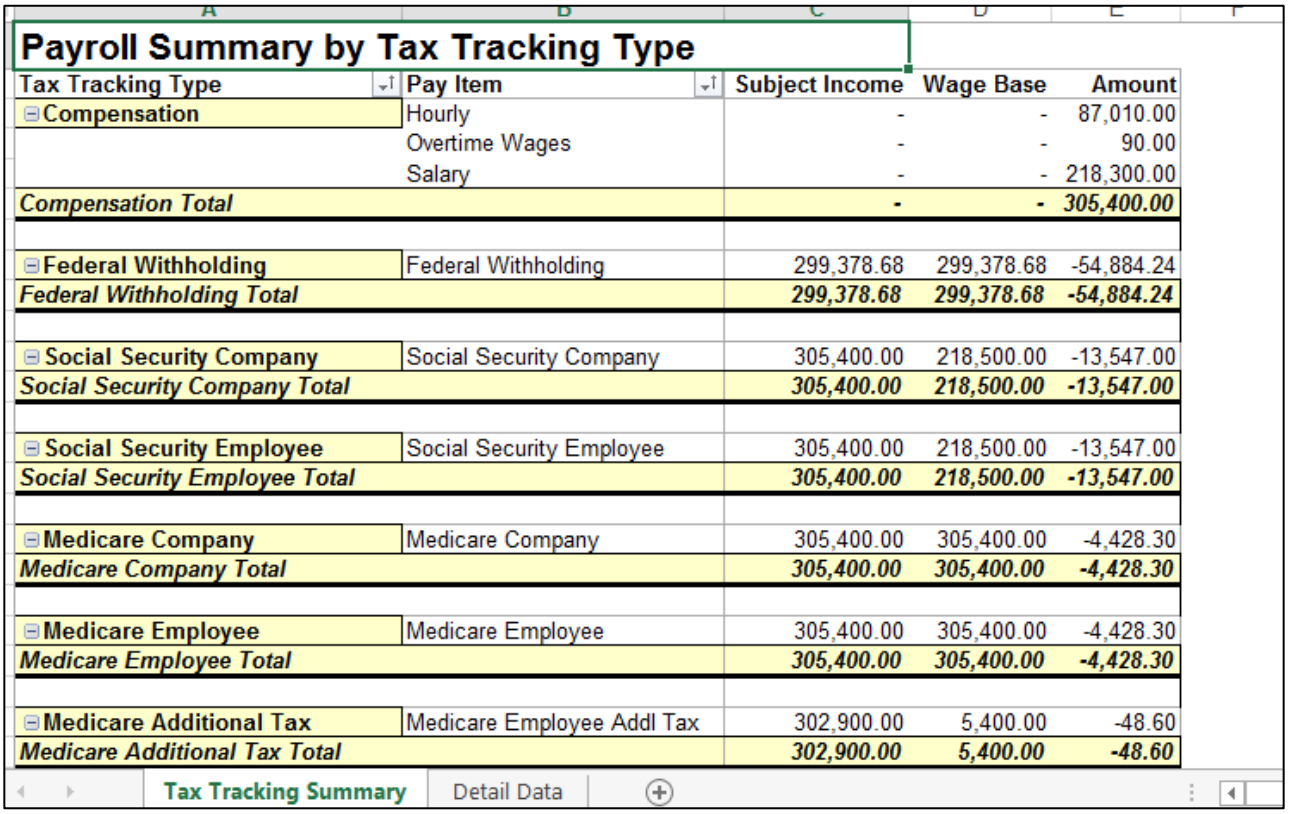
If you experience an error when downloading the previous report, there are other helpful reports you will be able to export. The following is an example:

Choose Reports→Employees & Payroll→More Payroll Reports in Excel→ Select Payroll Summary by Tax Tracking Type from the menu bar.

If you encounter a message during the export process such as the one that follows, mark the box shown. Doing so should override any compatibility issues.



This report will give you the same information but does not tell you what form it would be used on.



Payroll Summary by Tax Tracking Type

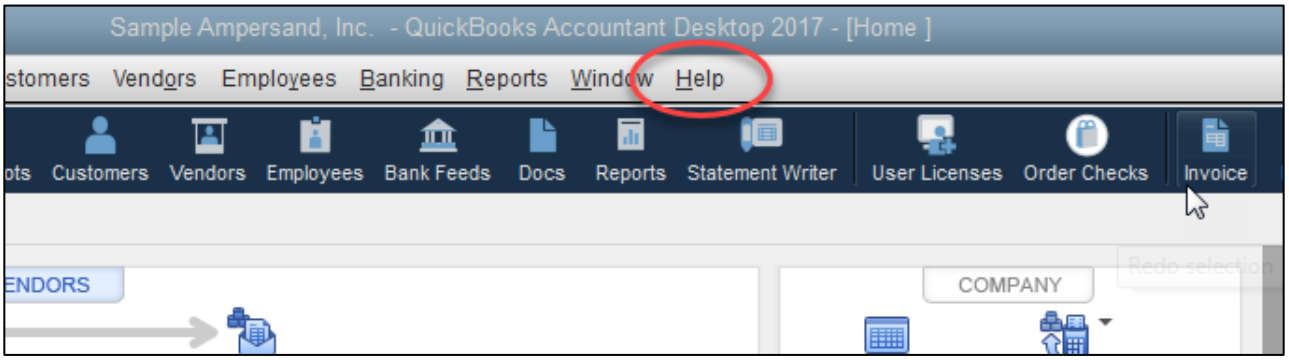
Tax Tracking Type	Pay Item	Subject Income	Wage Base	Amount
Compensation	Hourly	-	-	87,010.00
	Overtime Wages	-	-	90.00
	Salary	-	-	218,300.00
Compensation Total		*-*	*-*	*305,400.00*
Federal Withholding	Federal Withholding	299,378.68	299,378.68	-54,884.24
Federal Withholding Total		*299,378.68*	*299,378.68*	*-54,884.24*
Social Security Company	Social Security Company	305,400.00	218,500.00	-13,547.00
Social Security Company Total		*305,400.00*	*218,500.00*	*-13,547.00*
Social Security Employee	Social Security Employee	305,400.00	218,500.00	-13,547.00
Social Security Employee Total		*305,400.00*	*218,500.00*	*-13,547.00*
Medicare Company	Medicare Company	305,400.00	305,400.00	-4,428.30
Medicare Company Total		*305,400.00*	*305,400.00*	*-4,428.30*
Medicare Employee	Medicare Employee	305,400.00	305,400.00	-4,428.30
Medicare Employee Total		*305,400.00*	*305,400.00*	*-4,428.30*
Medicare Additional Tax	Medicare Employee Addl Tax	302,900.00	5,400.00	-48.60
Medicare Additional Tax Total		*302,900.00*	*5,400.00*	*-48.60*

Tax Tracking Summary | Detail Data

Another option for reports is to choose Reports→Employees & Payroll→Summarize Payroll Data in Excel. Again, choose the data range for the report. Several worksheets will open in Excel with different information.

Most of the worksheets are not helpful for this particular assignment, but it is nevertheless beneficial to see what information is available.

The Help screen is a good resource. Use either the QuickBooks Desktop Help or Ask Intuit options from the drop-down menu.



Don't be afraid to experiment and have fun!