INTUIT
QuickBooks®

Lesson 12

QuickBooks Payroll

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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

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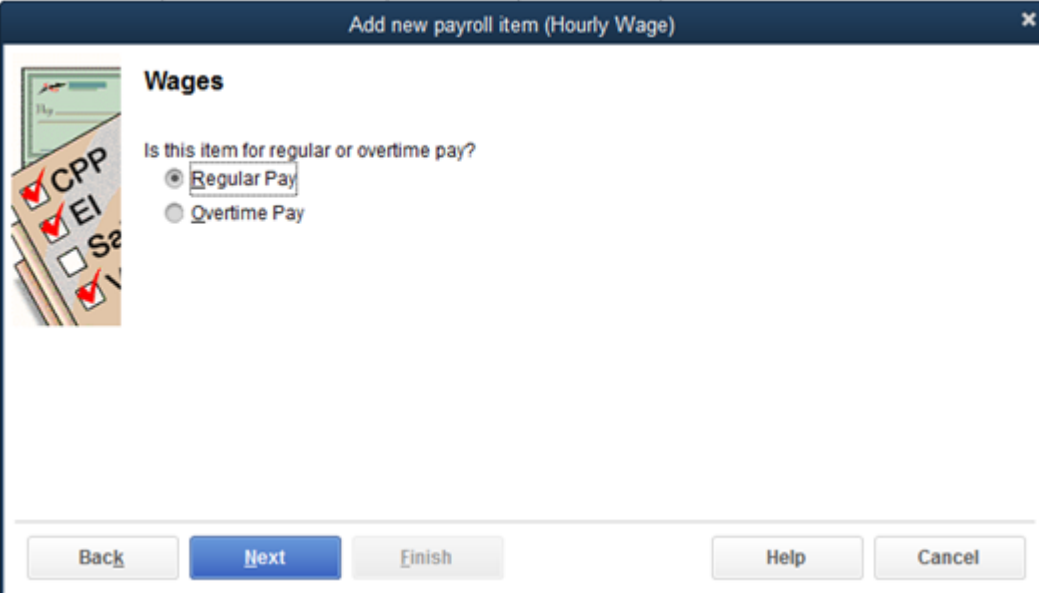
1. From the **Employees** menu, click **Payroll Setup,** then click **Add or Edit Payroll Items**.

2. Click the **Payroll Item** button and then click **New**.

3. Choose the type of payroll item **Wage** then click **Next**.
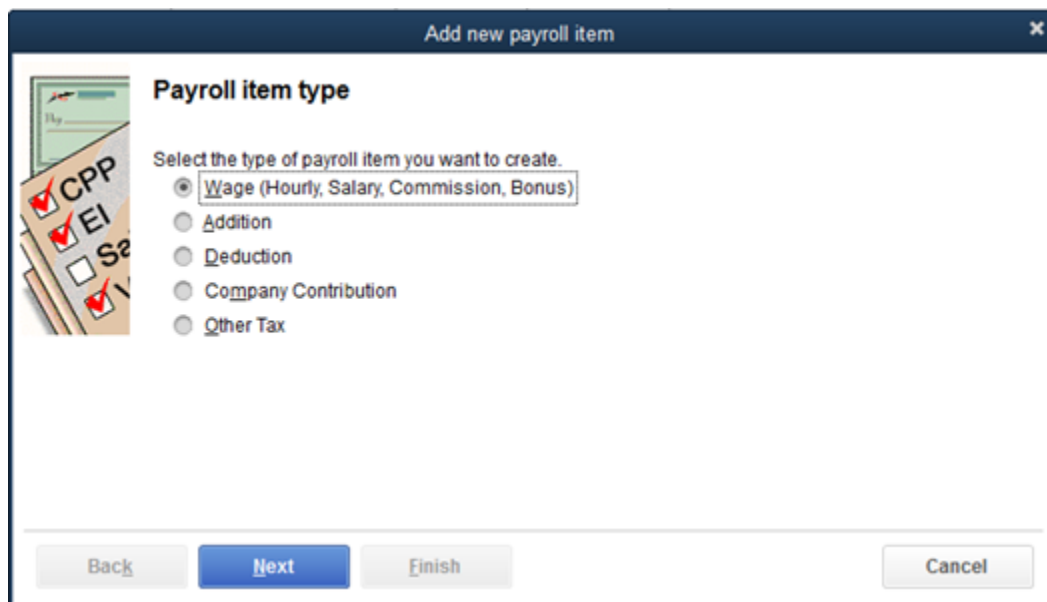
4. Select the type of **Wages**. You can choose from **Hourly Wages, Annual Salary, Commission or Bonus**.
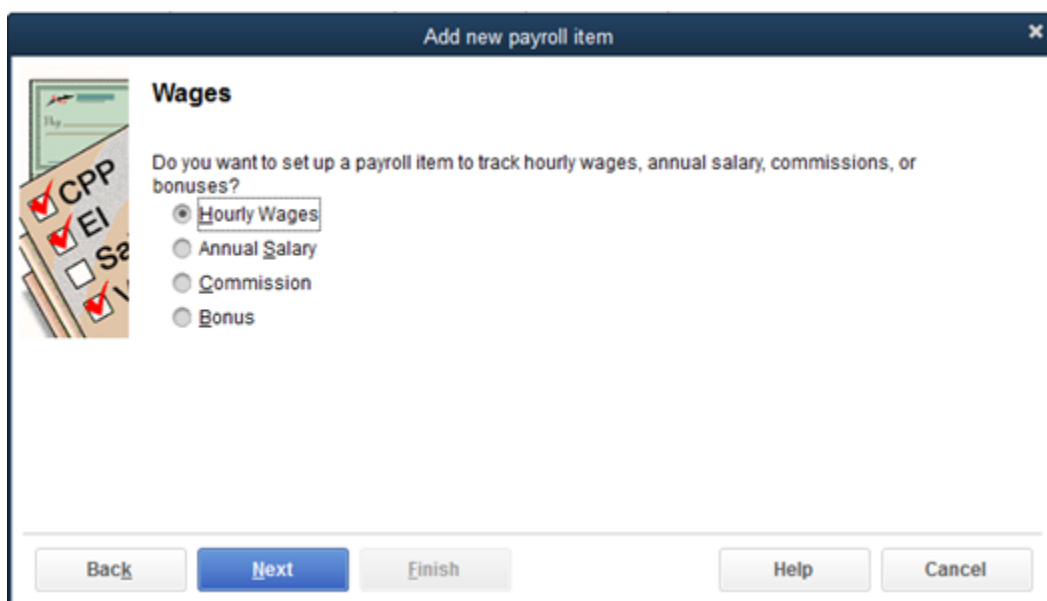
5.   Click **Next** and then select **Regular Pay** or **Overtime Pay**.
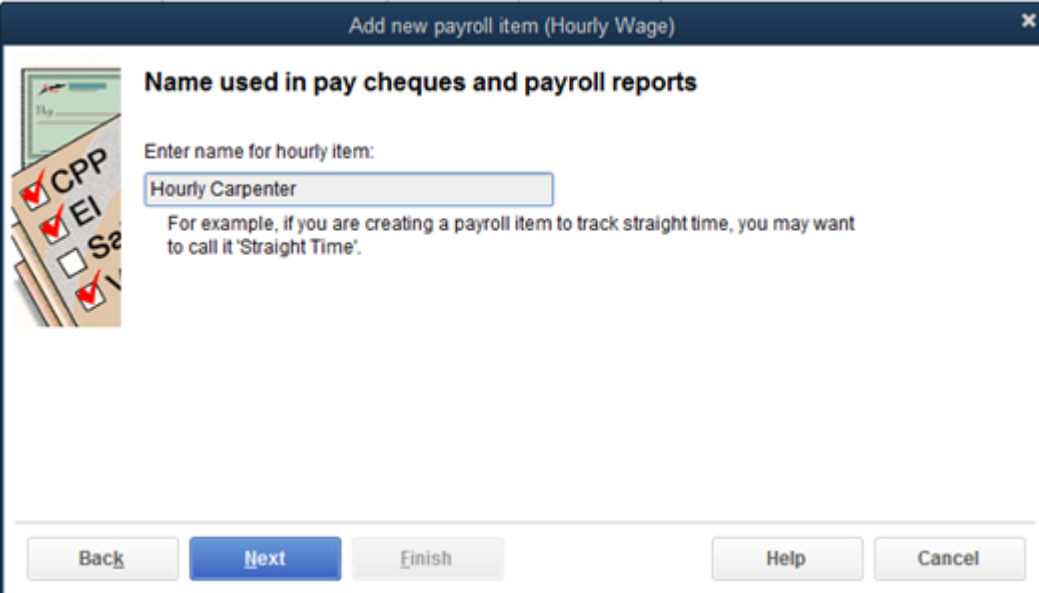
6.   Click **Next**.

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

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

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)

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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.**
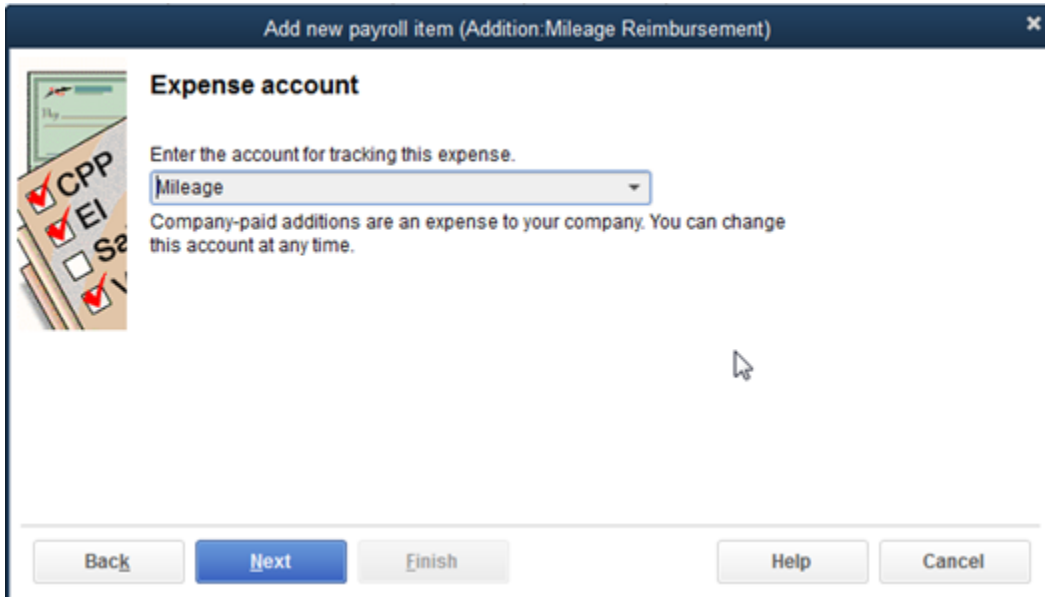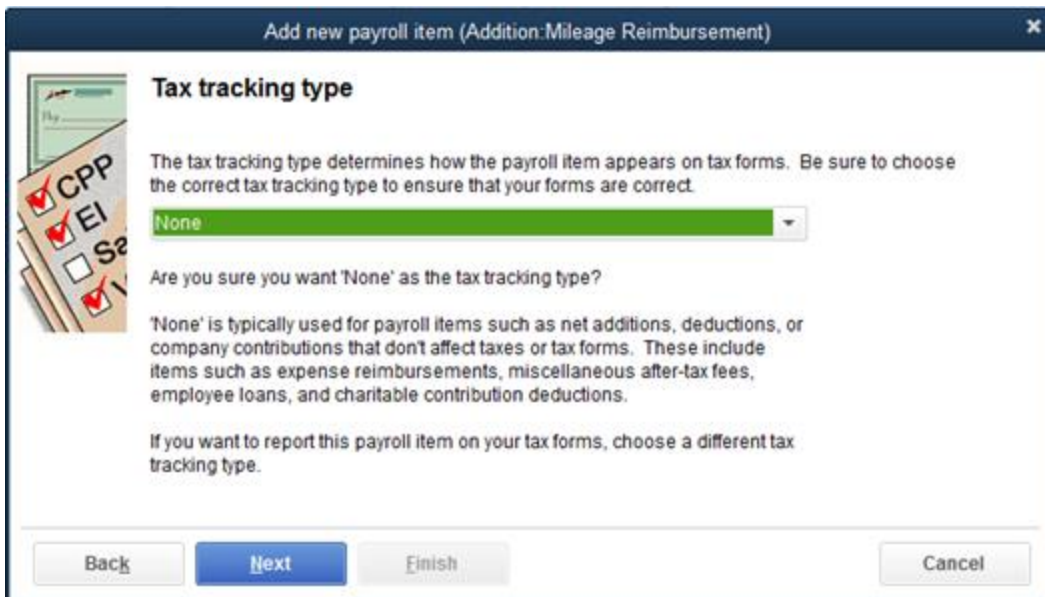
5. Choose the **Expense account** for the payroll item and then click **Next**.
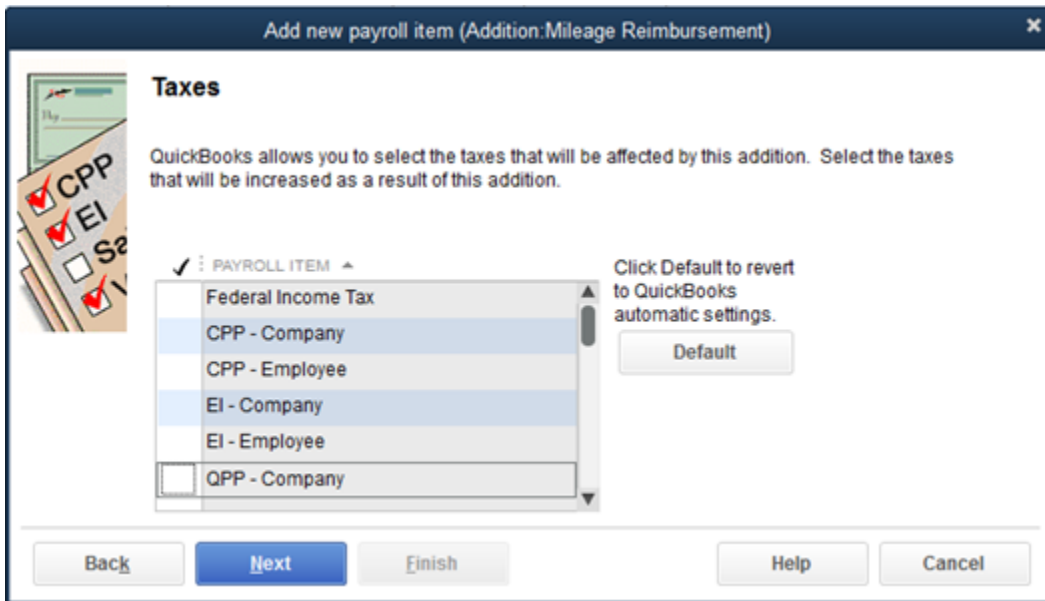
6. Select the **Record of Employment (ROE) Tracking** options.

7. If required choose the **Tax Tracking Type** and then click **Next**.

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

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.

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.

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.**
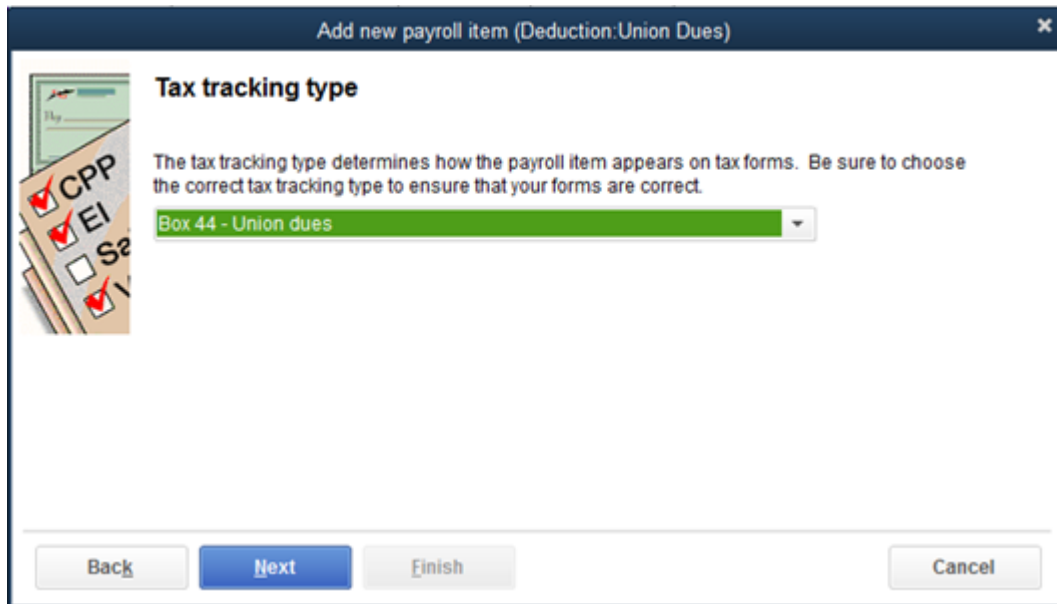
📝 **NOTES**

16. Choose the **Tax Tracking Type**. Click Next.
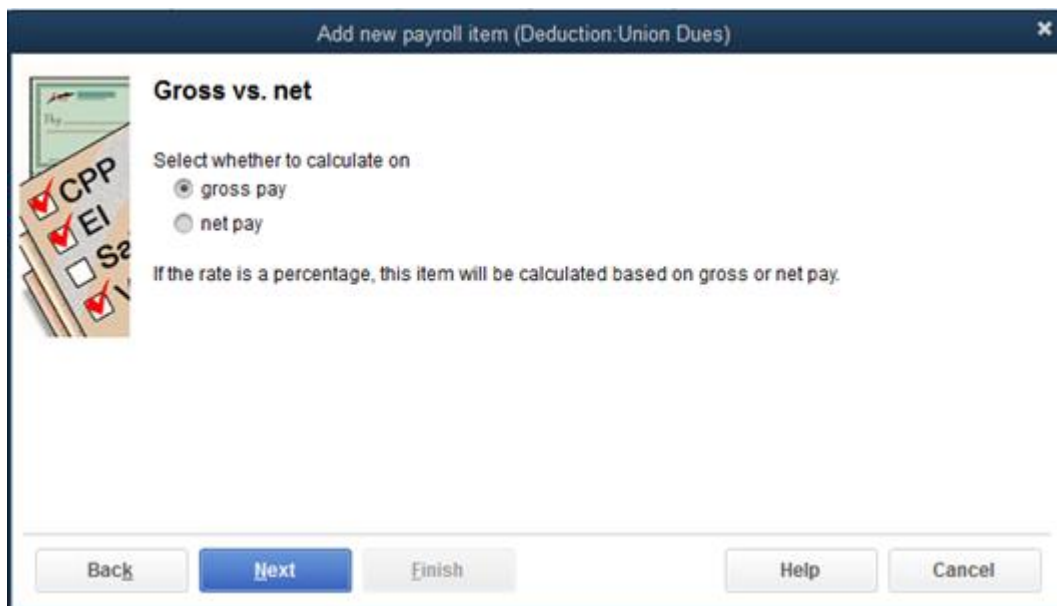
17. Choose the **Taxe**s that apply. Click Next.

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**.

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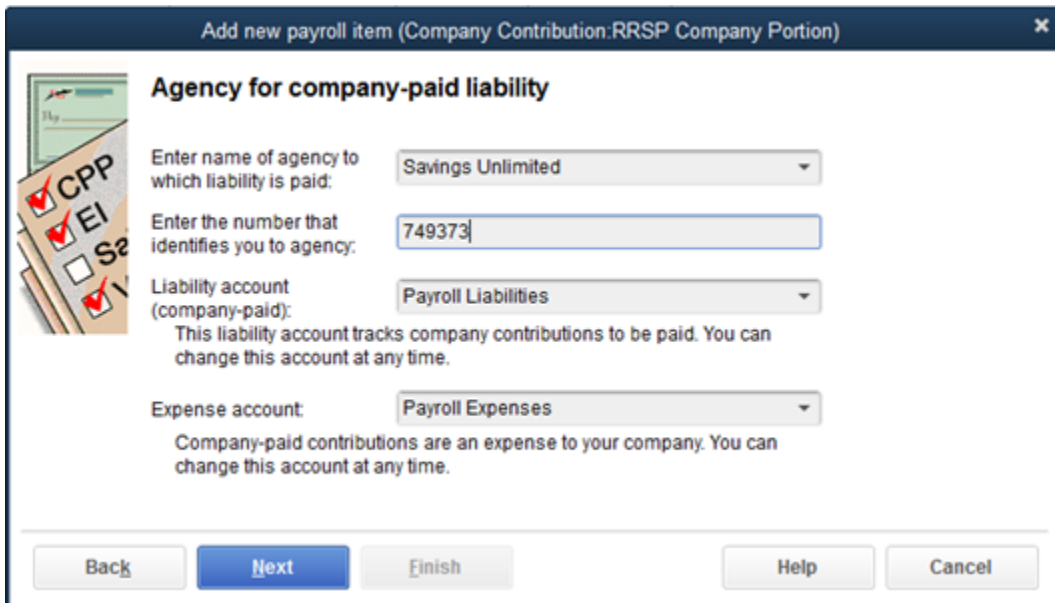
4. **Enter name of the agency to which the liability is paid**. This is the vendor to which the contributed amounts will be paid. In this example the agency is the investment company to which the RRSP contribution is made. **Enter the number that identifies you to agency.** This is the account number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

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

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

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**.

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

4. Enter the **Name used in pay cheques and payroll reports.** Click **Next.**
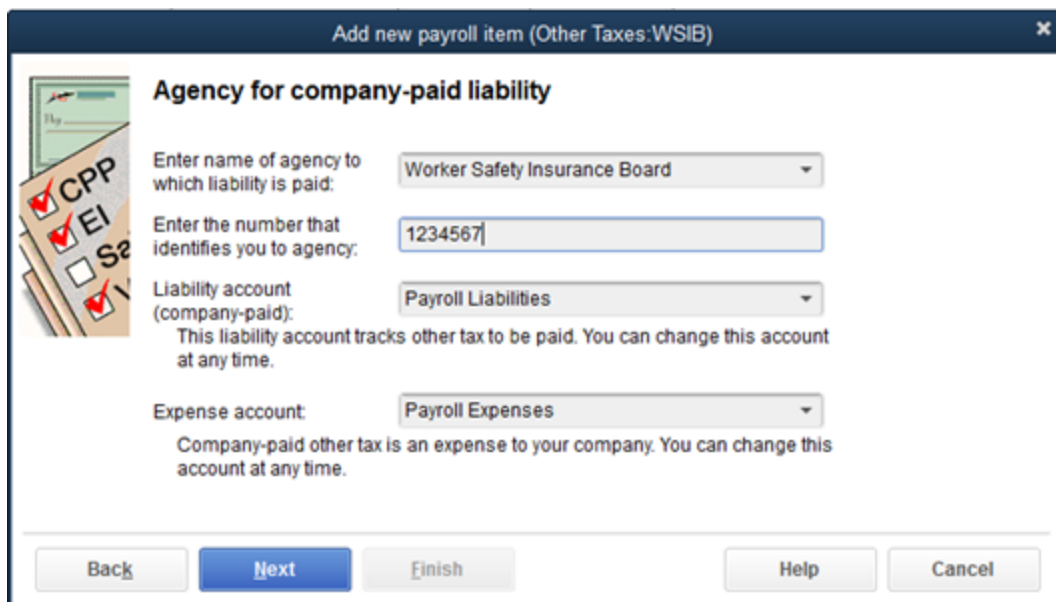
5. Enter the necessary information for the **Agency for company-paid liability.** Click **Next.**
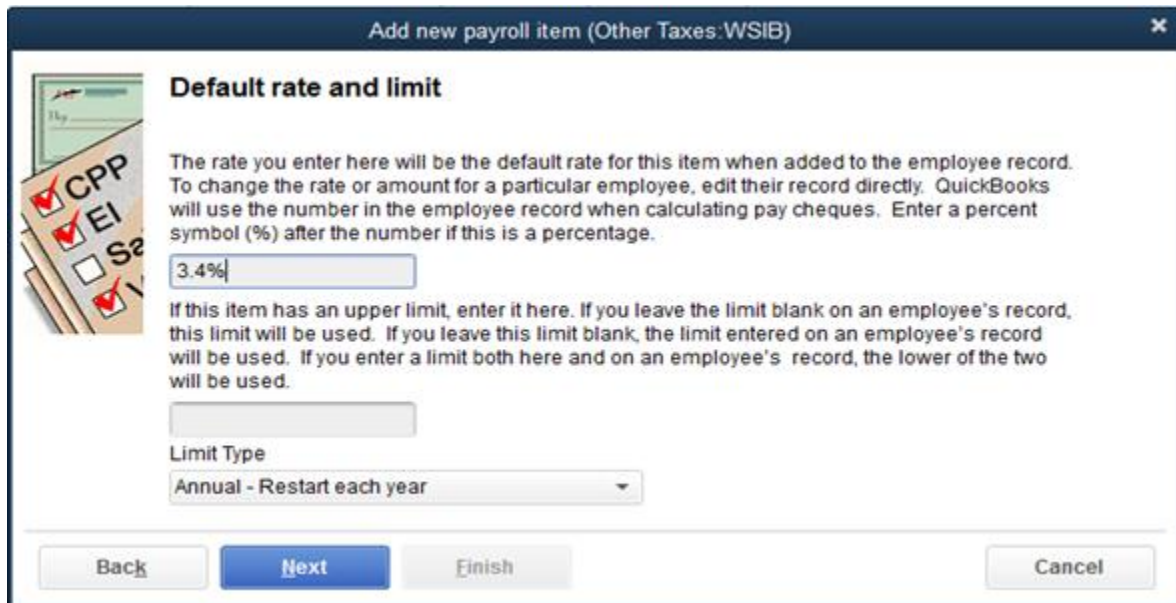
6. Choose the **Tax tracking type.**

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

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

📝 **NOTES**

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

![Notes icon] **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.

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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.
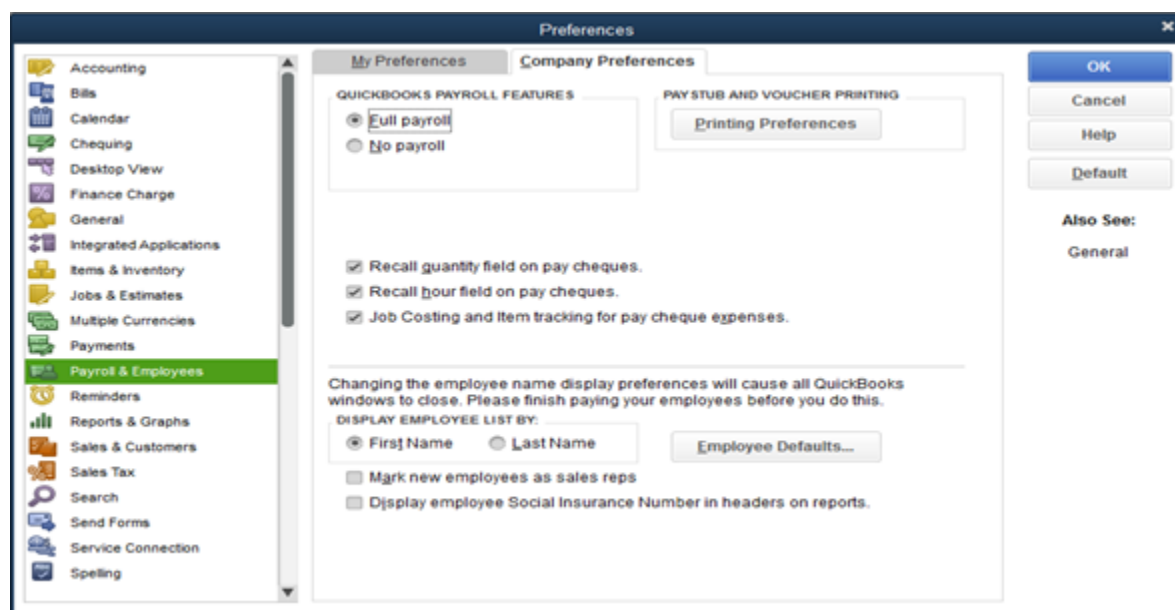
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Setup Employee Defaults

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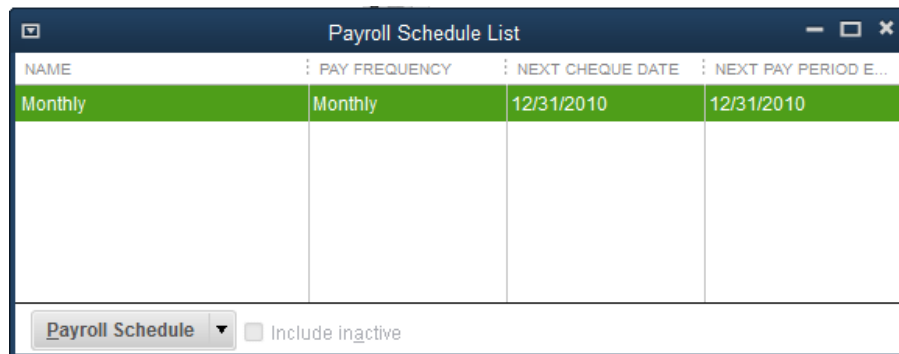
In other words, you can set up multiple payroll schedules for the same pay frequency. For example, even if you're paying all your employees weekly, you could set up separate payroll schedules to group together:

- 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**.

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.

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.
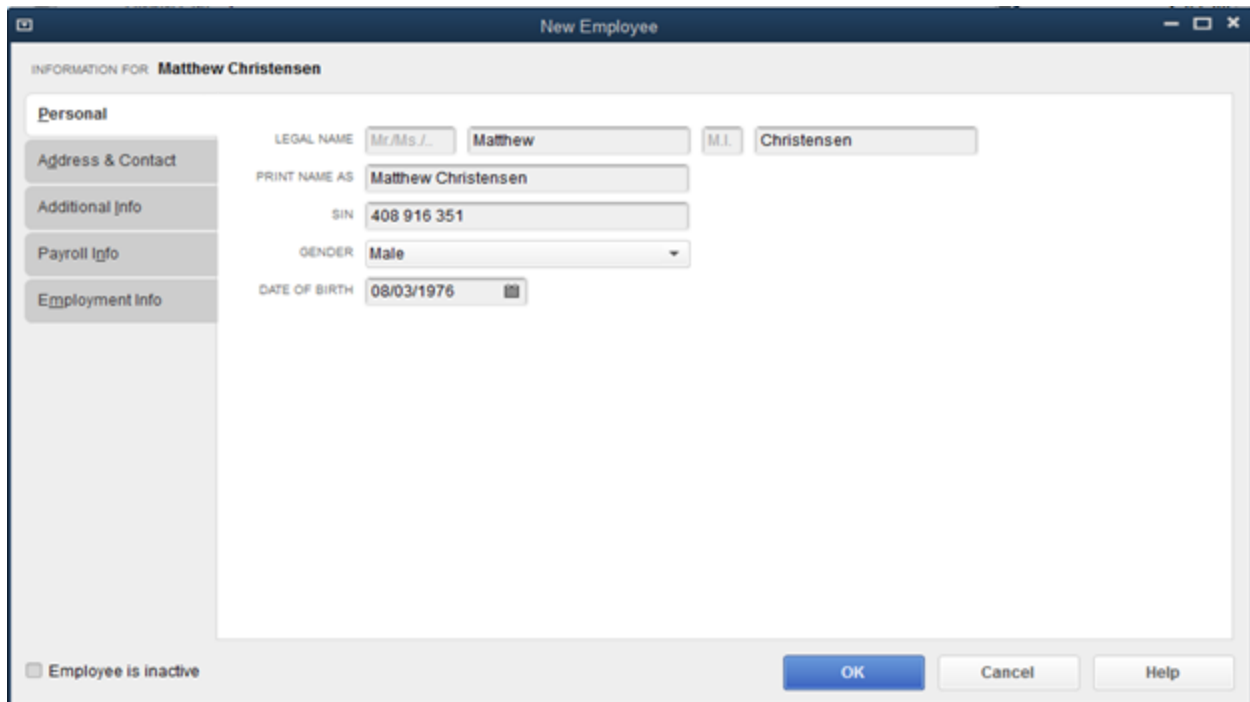
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Employee Setup

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**.

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.

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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 paycheque/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.

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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:

     a.   Select "Retain" if you would like QuickBooks to calculate and accrue vacation pay through the year.

     b.   Select "Pay every period" if you would like QuickBooks to calculate the employees' vacation pay and add it to each of their cheques.

     c.   In the Percentage field, enter the percentage of the employees' pay that QuickBooks should use to calculate vacation pay (usually 4% or 6%).

     d.   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.

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 Center**, click the **Payroll tab**.

2. In the **Create Pay Cheques** section, click the **Payroll Schedule** to run.

3. Click the **Start Scheduled Payroll** button.

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.**

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

8. Review the paycheques as needed.

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.**

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.

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11. Click **Print Pay Cheques** to print or **click Print/Email Paystubs.**
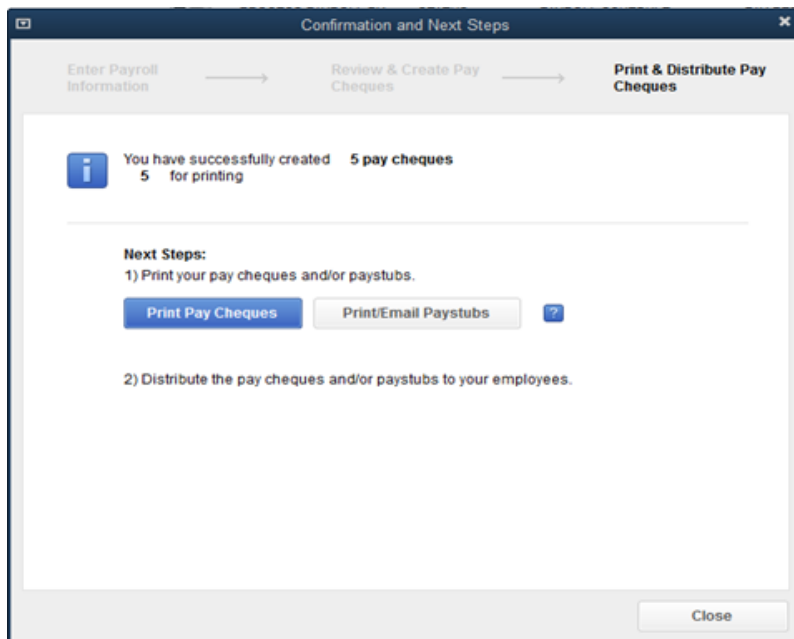
12. When you click **Print Pay Cheques** you can select the **Pay Cheques to Print**. Enter the **First Cheque Number** and then click **OK** to print the selected cheques.

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

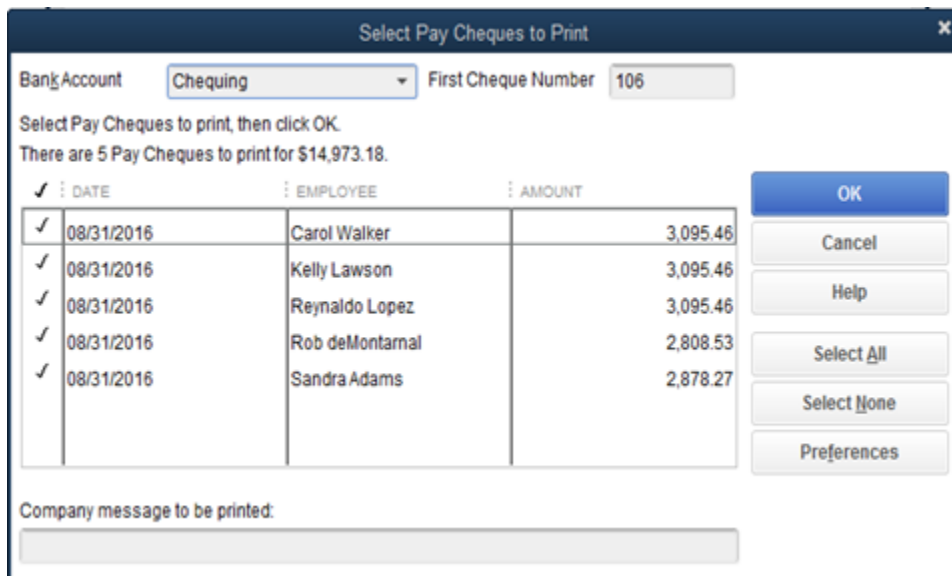14. Click **Email**. Review the message to understand how your employees will access their emailed paystubs. Click **OK**.
    Note: If you're emailing paystubs to employees, you should add the employee's email address to the employee record. If it is not added, you will need to add the email from the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

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

Pay Employees using Unscheduled Payroll

1. In the **Employee Center**, click the **Payroll tab**.

2. Click the **Start Unscheduled Payroll** button.

3. Follow the same process as listed above for scheduled payroll.

Pay Employees using Unscheduled Payroll

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.

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.

2. 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.

3. 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.

4. Choose the **Chequing Account** to write the cheque from (**not** your Payroll Liabilities account!).

5. In the **Payment Date** field, enter the date that you want to appear on your liability payments.

6. Verify the date range shown in the Show Payroll Liabilities "**from / through**" fields.

7. 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.
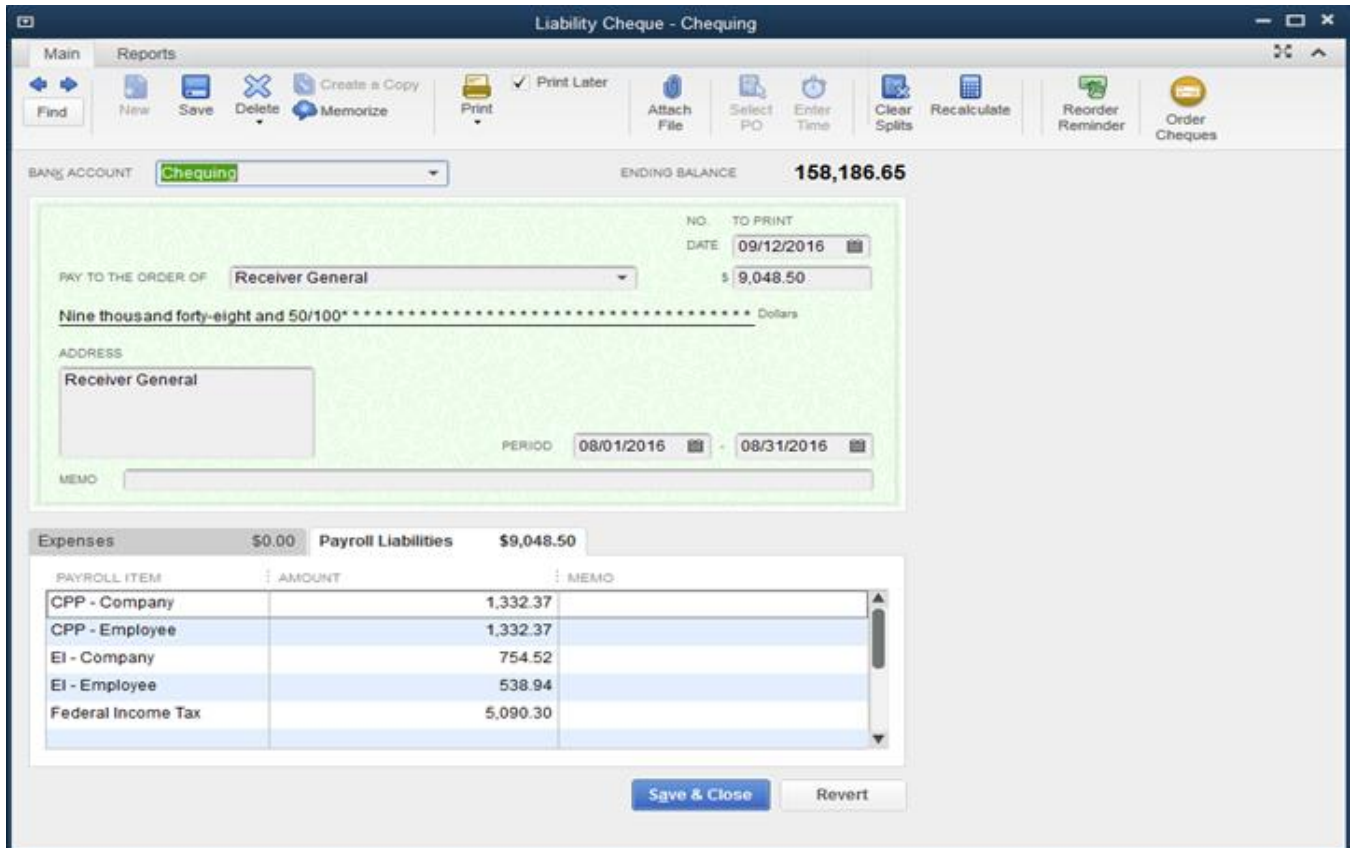
NOTES

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 printsT4 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.**

Pay Employees	Pay Liabilities	File Forms

File Forms

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

Process Form

Filing History

EFILE STARTED ON	FORM	PERIOD	TYPE	DETAILS

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**.

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. 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.