Setting Up Company Payroll Information

Preparing your company for payroll helps make sure everything is set up correctly and flows smoothly. There are a few basic items that can be set up first that will make adding employees very easy.

Within this guide, you'll be setting up company-wide payroll information and policies. Before you begin, find the suggested information listed in the **Company** section of the Payroll Setup Information Checklist found in the Introduction to Payroll QuickGuide.

This QuickGuide will show you how to:

- Access and adjust payroll settings.

- Add payroll accounts to your chart of accounts.

- Set up pay schedules.

- Set up vacation and sick time policies.

- Set other company information to ensure an accurate payroll.

Note: Although QuickBooks Online Payroll takes you through the payroll setup process with a series of simple questions, if this is your first time working with payroll or if you're transitioning from a manual system or a service, you may want your accountant or tax advisor to assist you.

Setting Payroll Preferences

**1** From the Company widget drop-down, select **Payroll Settings**.
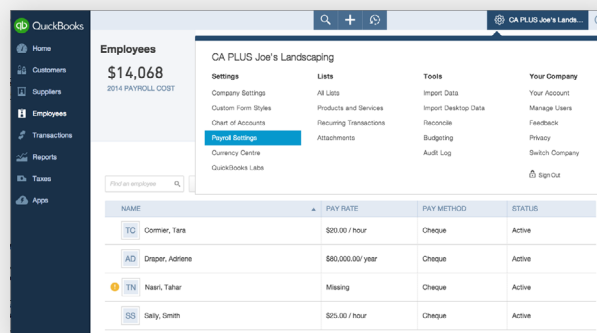
2   In the Preferences window, you can access other windows to set up the following information:

- Pay Policies (like pay schedules and vacation policies)

- Tax Setup (information required to ensure tax payments are captured and applied properly)

- Deductions (to set basic information that's common for all employees like health insurance and retirement plans)

- Preferences (for accounting and check printing selections)
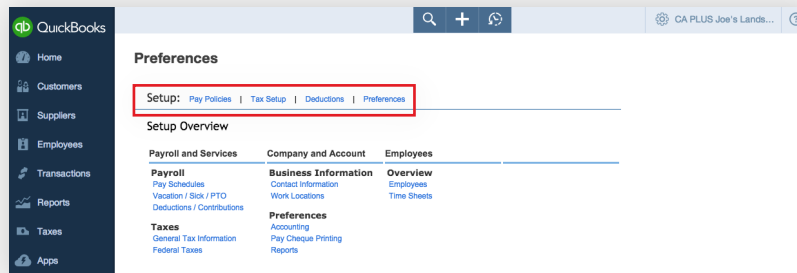
Note: If you set up items like pay policies and deductions here, they will appear as default selections when you set up your employees. You can also set them up "on-the-fly" when you add employees. You will be asked a series of questions to take you through the process. The choice is yours. If you want to set them up when you add the employee, you can skip those steps in this guide.

**3**   In the Preferences section, select **Accounting**.
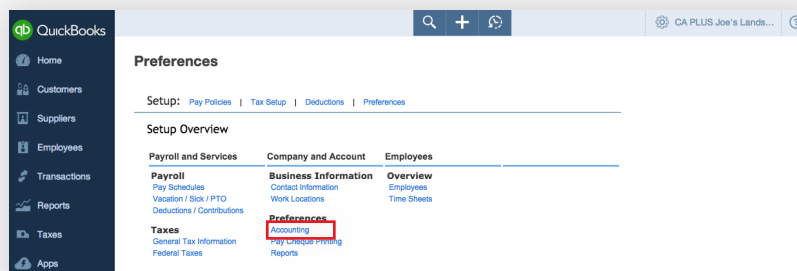
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4 In the Accounting Preferences window, you can either accept the recommended accounts or click **Customize** to make changes. To make changes, enter the chequing account to be used for payroll processing and click the **Customize** button.
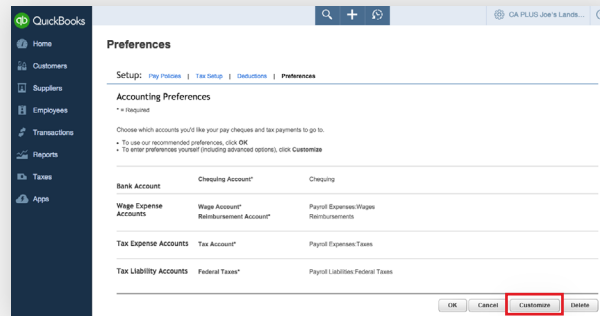
Note: Accounts are recommended based on the company information you chose (such as size and industry) when first setting up QuickBooks Online.

5 In the expanded Accounting Preferences window, you can assign new accounts to track the payroll expenses. If the account you want to use is not listed in the drop-down list, you will need to add it to the Chart of Accounts.
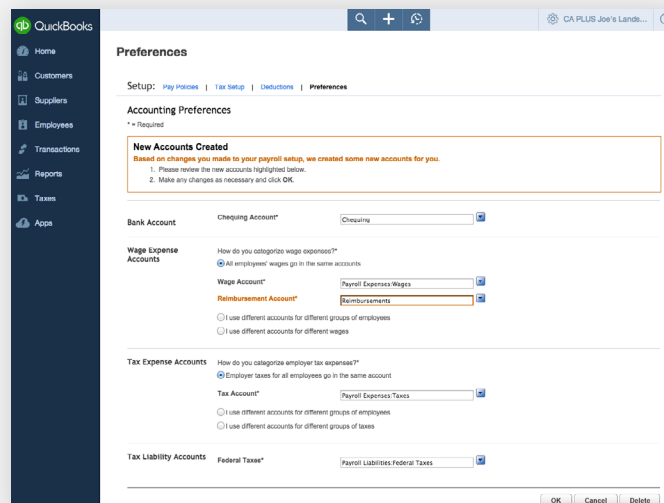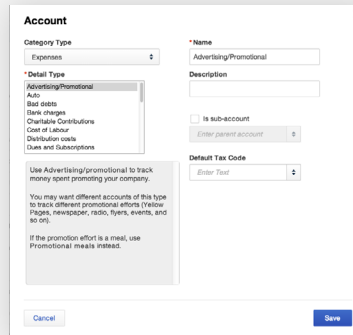

6 If everything looks correct, click **OK**.

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Adding Payroll Accounts To Your Chart Of Accounts

For most businesses, the chart of accounts provided during the initial setup process will meet your needs. But there may be times when you need to add to or delete accounts from your chart of accounts due to the changing requirements of your business.

1 To add an account, from the left-hand navigation bar select **Transactions,** select **Chart of Accounts**, then select **Account History** of the specific account.

2 Select **Account Histrories.**

3 In the Account window, enter the required information to add the account to your Chart of Accounts. You can assign new accounts to track:

- Bank Accounts

- Wage Expense Accounts

- Company Contribution Expense Accounts

- Tax Expense Accounts

- Tax Liability Accounts

- Other Liability & Asset Accounts

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> **Note:** If the account is not in the drop-down list it will have to be added through the Chart of Accounts.
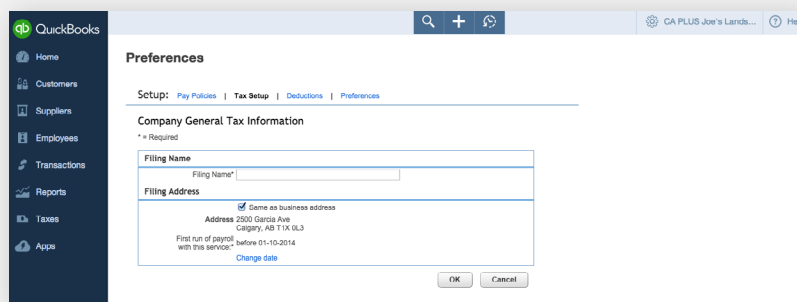
Click **Save** and repeat this process to add any other accounts you need.

Setting Up General Tax Information

When you set up QuickBooks Accounting for the first time, you set general tax information for your business, but now is a good time to verify that the information is correct.

1 From the Company widget drop-down, select **Payroll Settings**, then select **Tax Setup**.

2 In the Preferences window, click the **Tax Setup** button. In the Tax Setup Overview window, select **General Tax Information**.

3 In the Company General Tax Information window, verify the information. The Filing Name is the name that will be used when you file company information with the CRA.
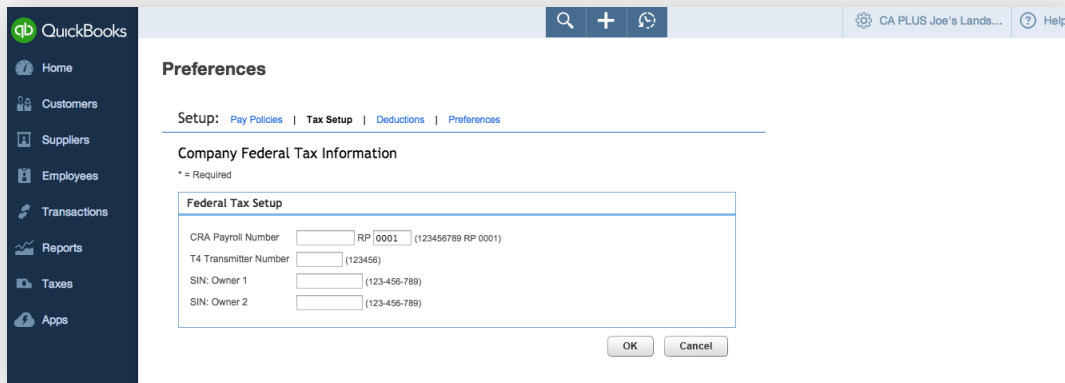
4 Click **OK** to save the information.

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Setting Up Company Payroll Tax Information

1 From the Company widget drop-down, select **Payroll Settings**, then select **Tax Setup**.

2 In the Preferences window, click the **Tax Setup** button. In the Tax Setup Overview window, select **Federal Tax Information**.

3 In the Company Federal Tax Information window, enter your Canada Revenue Agency (CRA) payroll number. You received this number when you registered your business with the CRA. This number will be printed on T4 slips and other payroll forms.

4 Enter your T4 Transmitter Number (also called a Magnetic Media number) in the T4 Transmitter Number field. This number is required to send your T4s electronically to the CRA. If you are a current magnetic media (MM) transmitter, use the MM number that the CRA has already assigned to you. If you are a new transmitter, use the number MM 555555.
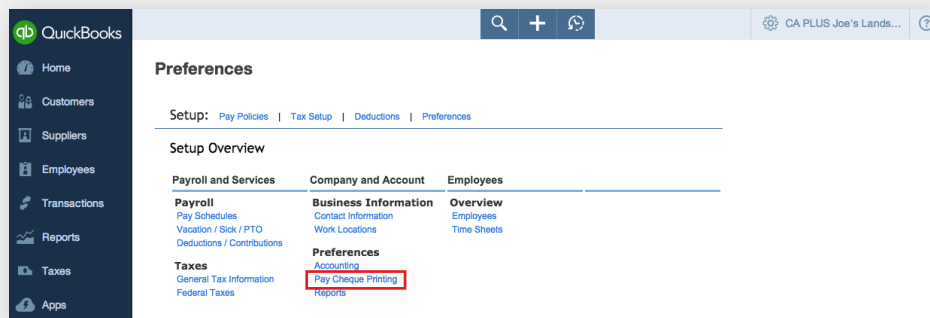

5 Click **OK** to save the information.

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Setting Pay Cheque Printing Preferences

With QuickBooks Online Payroll, you can choose how you want your pay cheques to print and the information that should be included on the pay stub.

1   From the Company widget drop-down, select **Payroll Settings**, then select **Pay Cheque Printing**.

2   Review the options in the window and make any adjustments that make sense for your business. Click **OK**.

Selecting Reports To Print

You can select the reports you would like to make available for group reports after pay cheques have been created.

1   From the Company widget drop-down, select **Payroll Settings**, then select **Reports**.
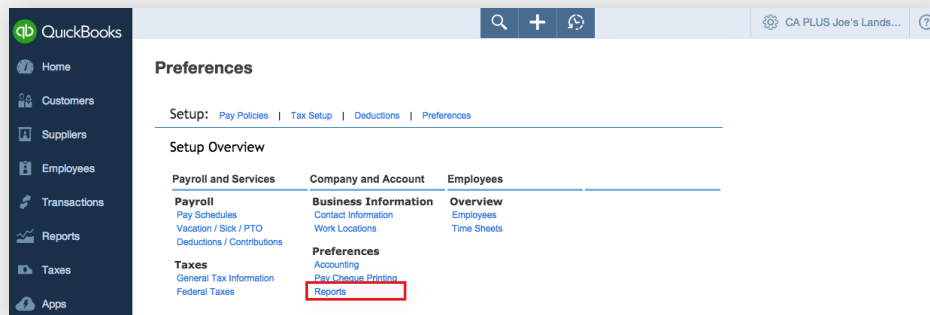
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2 In the Report Settings window, mark the boxes next to the Employee and Employer reports you'd like and click **OK**.
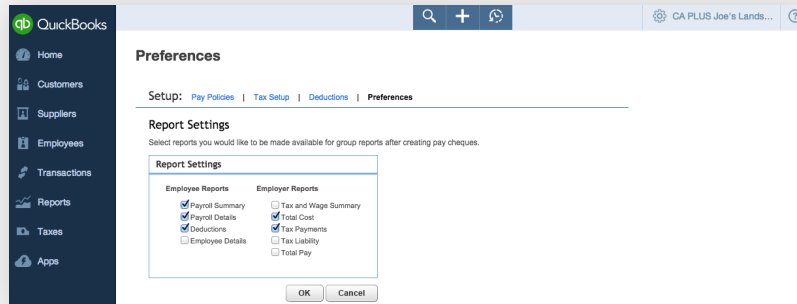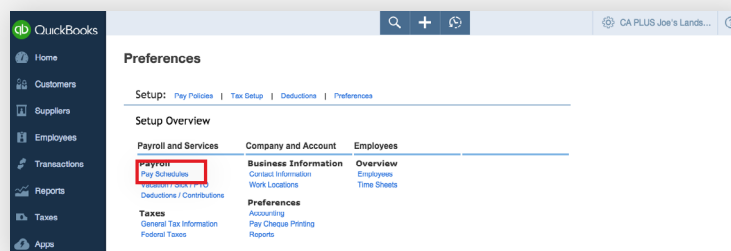

That's it. These reports will print automatically to the default printer after your pay cheques have been processed.

Setting Up Pay Schedules

Before you run payroll and even before you add your first employee, it is helpful to establish the frequency of your pay runs for your employees. You may have different pay periods for different employees. For example, you may pay hourly employees every week, but pay salaried employees twice a month.

Note: This step can be done before you add employees, or you can set them up "on-the-fly" when you add employees.

1 From the Company widget drop-down, select **Payroll Settings**, then select **Pay Schedules**.
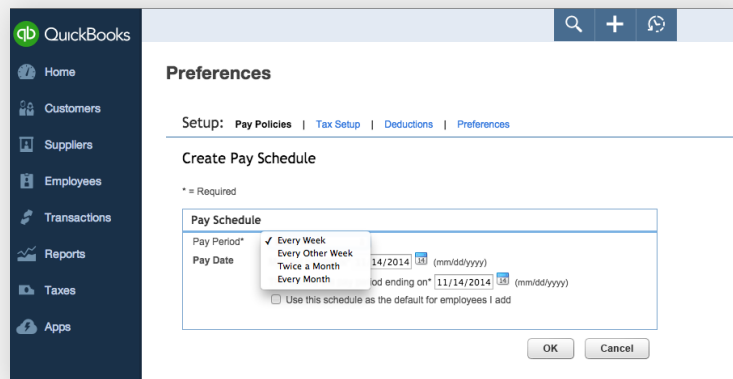
2 In the Edit Pay Policies window, in the Pay Schedules section, click **Create**.
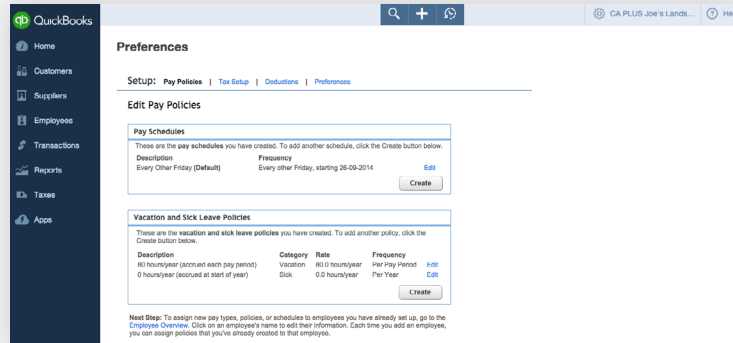
3 Determine when you are going to pay your employees and select the appropriate option from the drop-down list.


The Pay Period determines how often you will pay the employees:

- Every Week (52 times a year)

- Every Other Week (26 times a year)

- Twice A Month (24 times a year)

- Every Month (12 times a year)

Note: If you mark **Use this schedule as the default for employees I add**, that pay schedule will automatically be assigned to all new employees that you add. You can still change the pay period for each employee in the employee window.

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4 Enter the starting date and ending date for each pay period. This determines the days that are included in the pay period, which is especially important for calculating overtime, vacation and sick pay, and other exception pay types. When everything is correct, click **OK**.

5 The Pay Schedule Confirmation window opens and displays the pay dates for the next four pay periods based on the information you entered. If everything looks correct, click **OK** to save the Pay Schedule or click **Back** to return to the previous window and make changes.
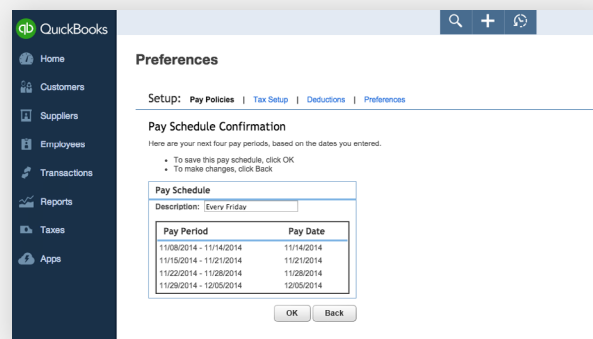
6 Repeat these steps for each pay schedule you want to set up.

Setting Up Sick Leave and Vacation Policies

Before you run payroll and even before you add your first employee, it is helpful to set policies for vacation and paid sick leave.

About Paid Sick Leave (PSL)

Paid sick leave is an optional benefit employers may grant to employees. Several employers address the issue of periodic absence from work due to ill health by providing employees with a limited number of paid days off per year often referred to as "sick days". This type of plan is usually found in workplace policies or collective agreements. However, some provinces and territories require employers to provide unpaid sick leave.

Eight of Canada's 14 jurisdictions require employers to provide unpaid sick leave. They include: the federal jurisdiction, Quebec, Yukon, Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island, and Saskatchewan.

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> **Note:** Policies can be set up before you add employees, or you can add them "on-the-fly" when you add employees.
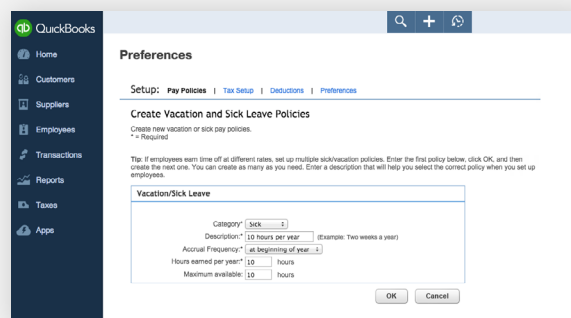
Setting Up Sick Leave Policies

1 In the Edit Pay Policies window, in the Vacation and Sick Leave Policies section, click **Create**.
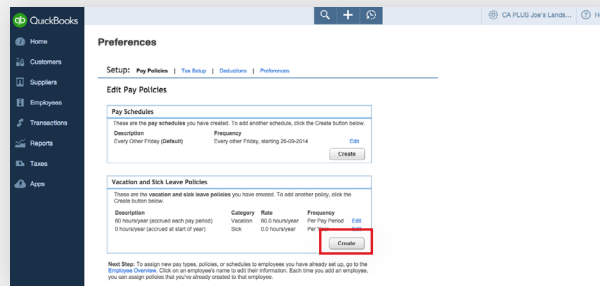
> **Note:** If employees earn time off at different rates, you should set up multiple sick and vacation policies. Enter the first policy, click **OK**, and then create the next one. You can create as many as you need.

2 Select **Sick** from the Category drop-down list.

3 Enter a description that will help you select the correct policy when you set up employees. For example, **10 hours/year**.

4 Enter the frequency that the sick time will accrue. For example, if the employee is granted 10 hours of sick time at the beginning of the year and the time expires at the end of the year, your policy would look like this:
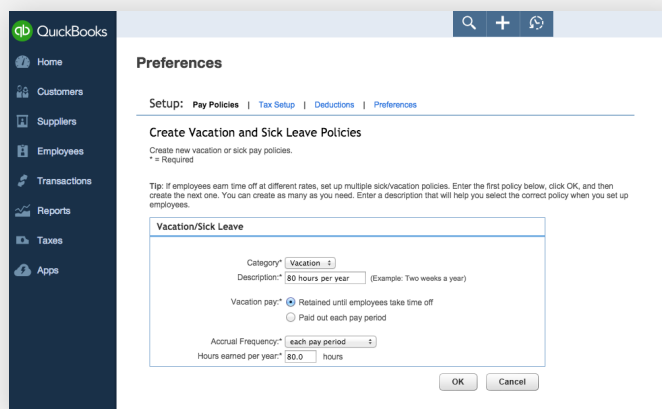
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5 Enter the maximum amount of hours of sick leave the employee can bank. When the employee's sick time reaches this amount, no more sick hours will be added until the banked amount is less than the number you entered.

6 Click **OK** to save the policy.

Setting Up Vacation Policies

1 In the Edit Pay Policies window, in the Vacation and Sick Leave Policies section, click **Create**.

2 Select **Vacation** from the Category drop-down list.

3 Enter a description that will help you select the correct policy when you set up employees.

4 In the Vacation Pay field, select whether vacation is paid out automatically or retained.

5 Select the frequency that vacation time accrues. Options include: **At the beginning of year, Each pay period, Per hour worked, and On anniversary date**.

6 Enter the amount of hours the employee can earn per year. Based on your selections, QuickBooks Online Payroll will automatically calculate the accrual rate for the employees assigned to this policy during the pay run.

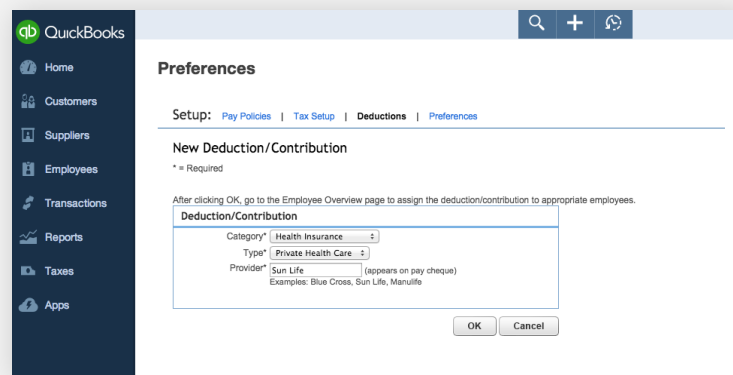**7** Click **OK** to save the policy.

Note: The Vacation and Sick Report tracks accrued vacation using hours. For this report to track vacation accrued, you must choose **each pay period** in the frequency drop-down list.

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> **Note:** Typically, hourly employees earn a minimum of two weeks of vacation per year. For full-time employees, that's 80 hours or 4%. Provinces may have additional rules and regulations. If you're not sure which rates apply to your employees, this is a great time to seek assistance from your tax advisor or a payroll expert. For more information regarding vacation policies, refer to the labour rules on the following web site: http://www.labour.gc.ca/eng/standards_equity/st/index.shtml.

Setting Up Deductions And Contributions

1 From the Company widget drop-down, select **Payroll Settings**, then select **Deductions**.

2 Click **Add a New Deduction/Contribution**.

3 Select **Health Insurance**, **Retirement** or **Other** from the Category drop-down list. The selection you make here determines the options that appear in the Type field. If you set up a Health Insurance or Retirement plan, you will need to enter the provider information. If you set up an "other" category, you will be prompted to enter a description for the deduction or contribution. The description will print on the employee's pay stub.

> **Note:** You will enter the specific deduction and contribution amounts for each employee when you add employees in QuickBooks Online Payroll.

That's it! You've set up some information for your business and are now ready to add your employees.