

In This Issue

[QuickBooks Payroll:
Many Options,
Complex Setup](#)



Realizing Profitable Potential through Change

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QuickBooks Payroll: Many Options, Complex Setup

Dissatisfied with your payroll service? QuickBooks processes employee data and paychecks --and can do so affordably -- but can you manage the detail work required?

Those neatly-printed paychecks and paystubs and direct deposit slips that you distribute only hint at the Herculean effort it takes to calculate them. If you manage your own payroll inhouse, you know this well.

If you don't, but you'd like more control over this complex element of accounting (and wouldn't mind maybe saving some money), you have several options. We talked about **Intuit Online Payroll** last March as one.

Hesitant about moving sensitive financial data into the cloud? Intuit offers a handful of desktop-based options that integrate with QuickBooks:

- **QuickBooks Basic Payroll.** You handle all employee/employer setup and payroll taxes.
- **QuickBooks Enhanced Payroll.** This service also generates W-2 forms and automatically completes federal/state payroll tax forms.
- **QuickBooks Assisted Payroll.** Intuit takes



- responsibility for filing payroll taxes; guarantees accuracy or Intuit pays penalties.
- **Full Service Payroll.** Intuit manages the entire payroll process, including setup (QuickBooks integration not required).

Subscription costs start at a base price of \$25/month for Basic and progress to a minimum of \$99/month for Full Service.

Time-Consuming Data Entry

Once you've set up your employee and company files, processing an actual payroll run isn't difficult (unless you regularly encounter unusual situations). In the simplest possible cases, you just make sure that the correct pay period is selected, enter the number of hours worked and pay types for each applicable employee, and let QuickBooks do all of the calculations and create paychecks or direct deposit slips.

But the setup process itself can take a great deal of time, and it must be done absolutely accurately, since you're dealing with employees' livelihoods and external organizations like health insurance companies and tax agencies. You must manually enter details about:

Your company. Bank account, compensation types, employee benefits (health insurance, 401k, vacation/sick leave, etc.) and other additions and deductions (like mileage reimbursement and wage garnishment)

The screenshot shows a web form titled "Set up the payment schedule for 401(k)". It has the following fields and options:

- Payee (Vendor):** A dropdown menu with "MyBank" selected and an "Explain" link to the right.
- Account #:** A text input field containing "MB-349823-1" with a note below it: "(The number the payee uses to identify you. Example: 99-99999X)".
- Payment frequency:** A series of radio buttons and dropdown menus:
 - Weekly, on **Monday** for the previous week's liabilities
 - Monthly, on the **1** day of the month for the previous month's liabilities
 - Quarterly, on the **1** day of the month for the previous quarter's liabilities
 - Annually, on **January** **1** for the previous year's liabilities
 - I don't need a regular payment schedule for this item

Figure 2: QuickBooks Payroll displays the numbers that affect each employee's net pay.

Your employees. Hire date, compensation type and amount, paycheck deductions, sick/vacation days and other data taken from the employee's W-4 form

Your tax obligations. Types and rates, agency ID numbers, deposit/filing schedules, etc.

Your year-to-date payroll information. Paychecks issued, payroll taxes and other deductions and contributions

Serious Consequences Possible

Setup can be a lengthy, complicated procedure, and - understandably -- prone to errors. Our firm can help you make a sensible choice from these alternatives, or we can manage your payroll internally. Either way, we recommend that you consult with us before changing your method of compensating employees and submitting taxes. Serious payroll errors can result in hefty penalties and unhappy employees - or worse.

Bonus	50.00	50.00
401k Emp.	-61.50	-61.50
Health Insurance	-159.80	-159.80
Federal Withholding	-59.00	-59.00
Social Security Employee	-76.26	-76.26
Medicare Employee	-17.84	-17.84
CA - Withholding	-20.04	-20.04
CA - Disability Employee	-9.84	-9.84
Check amount	825.77	

Figure 3: *The QuickBooks Payroll Setup Wizard walks you through every detail required to build your payroll files.*
