

intuit®

# QuickBooks®

SMALL BUSINESS ACCOUNTING

Payroll User Guide

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Service Key \_\_\_\_\_

Subscription Number \_\_\_\_\_

## Thank you for choosing Intuit QuickBooks® Payroll.

Intuit QuickBooks Payroll gives you the tools you need to efficiently manage your payroll. Your subscription provides you with up-to-date tax tables and gives you the flexibility to process payroll and run customized reports whenever you want. Because you do it from within QuickBooks, QuickBooks Payroll is easy to set up and use.

It's important to us that you are completely satisfied with QuickBooks accounting software. This Payroll Getting Started Guide will help familiarize you with our payroll solution and help ensure a hassle-free experience. Please keep this guide within easy reach. It can help you through the payroll start-up process and provide answers to many common questions.

## About this guide

The illustrations and procedures in this guide are for customers using QuickBooks 2013.

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If you have any questions during the payroll start-up process, call us. You benefit from a FREE support phone session (up to 60 minutes) with a QuickBooks expert within 60 days of purchasing your software.\*

**1-877-772-9158**

(Monday to Friday, 8 a.m. to 8 p.m. EST).

\* Product registration & the free 60-minute technical support call must be completed within 60 days of purchase. Length of call cannot be redeemed in increments. Canada only. Intuit Canada ULC reserves the right to limit the length of the telephone call.

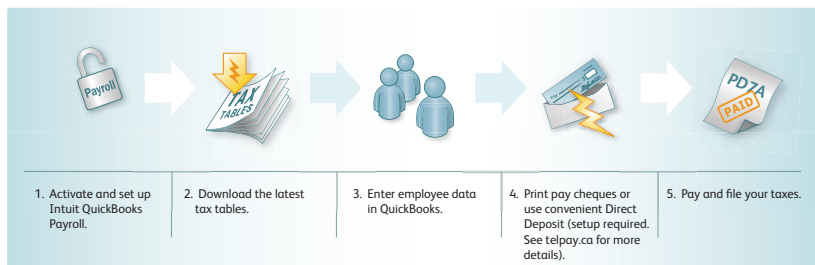
## Getting Started: Activate and Set Up

### How Intuit QuickBooks Payroll works

Intuit QuickBooks Payroll is a subscription service that works inside your QuickBooks accounting software.

Setting up and running payroll involves five main steps:

- 1 Activate and Set Up**—Activating unlocks the payroll features in your QuickBooks software. Once you've activated your subscription, you can set up and pay employees.
- 2 Automatically Download Tax Tables**—QuickBooks connects to the Internet to download the latest tax tables.
- 3 Process Payroll**—You can easily enter the time for your hourly and salaried employees directly into QuickBooks. QuickBooks Payroll calculates earnings, payroll taxes, and deductions.
- 4 Print Pay Cheques**—Once you've reviewed your pay cheques, you can print them from your computer. Or you can use the convenient Direct Deposit feature (additional fees and setup required. See [telpay.ca](http://telpay.ca) for more details).
- 5 Pay and File Your Taxes and Liabilities**—QuickBooks Payroll tracks your payroll taxes and other liabilities as you go. When you have a Payroll subscription, you can generate tax reports and submit your payroll taxes to the CRA. Requires Internet access, download of current tax tables & transmitter number from CRA &/or MRQ. For details, visit [www.cra-arc.gc.ca/esrvc-srvce](http://www.cra-arc.gc.ca/esrvc-srvce) or [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca)



### Activating your payroll subscription

If you're already using QuickBooks accounting software:

- Call Intuit at **1-888-333-8580** to speak with a customer service agent.
- The customer service agent will require some company information to complete your QuickBooks Payroll Subscription.

**Note:** *Your payroll service key is specific to you and your business. This number is required to use the payroll service features to which you subscribed. Payroll activation is a one-time process.*

### Entering your Payroll Service Key in QuickBooks

- 1 Within QuickBooks, select the Employees drop-down menu, go to My Payroll Service, and select Manage Service Key.
- 2 In the Service Key field, enter your Payroll Service Key and then click Next.
- 3 Click Finish. QuickBooks Payroll is now activated.

## The QuickBooks Payroll Centre overview

### To open the Payroll Centre:

- From the **Home** page, click the **Payroll Centre** icon or go to the **Employees** menu and click **Payroll Centre**.



Click the **Employees** tab to add new employees, modify employee records, and view employee-related transactions, such as liability adjustments and pay cheques.

Click the **Transactions** tab to view past transactions, such as pay cheques, liability adjustments, and historical data.

View and update subscription information.

MyCompany - QuickBooks Premier Ed

File Edit View Lists Favourites Company Sales Tax Customers Vendors

Home Calendar Search Snapshots Customers Vendors Employees Online Banking

Enter Time Print My Payroll Service Learning Resources

Employees Transactions Payroll

✓ SUBSCRIPTION STATUS

Your subscription is active.

[Manage my account](#)

August 2012

SU	MO	TU	WE	TH	FR	SA
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

September 2012

SU	MO	TU	WE	TH	FR	SA
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22

PROCESS PAYROLL BY

08/06/2012

09/30/2012

Related Payroll Act

PAYROLL

Pay Liabilities

Pay Annual Payroll Liabilities

Access the Payroll Learning Centre and other useful links.

Access in-product Help.

Pay your employees quickly and easily. Enter hours, review pay cheques, and print or use convenient Direct Deposit (additional setup and fees required).

The screenshot shows the 'Employee Centre: Payroll Centre' interface. At the top, there is a navigation bar with 'Employees', 'Banking', 'Reports', 'Window', and 'Help'. Below this is a secondary menu with 'Reports', 'Live Community', 'Help', 'Feedback', 'Services', 'Payroll', and 'Credit Cards'. The main content area is divided into sections: 'PAYROLL SETUP' with icons for 'Add New Employee', 'Payroll Items', 'Set Up YTD Amounts', and 'Add/Edit Payroll Schedules'; 'PAY EMPLOYEES' with a table of payroll schedules; and 'LIABILITIES' and 'PAYROLL FORMS' sections at the bottom.

Callouts point to the 'Help' menu item, the 'Add/Edit Payroll Schedules' icon, and the 'PAY EMPLOYEES' section header.

PAYROLL SCHEDULE	PAY PERIOD	CHK DATE
Weekly	09/30/2012 - 10/06/2012	08/06/2012
Monthly	09/01/2012 - 09/30/2012	09/30/2012

Buttons for 'Unscheduled Payroll' and 'Start Scheduled Payroll' are visible below the table.

The 'LIABILITIES' section includes 'Adjust Liabilities' and 'Deposit Refund of Liabilities'. The 'PAYROLL FORMS' section includes 'Process ROE', 'Process T4s', and 'Process RL-1s'.

## Setting up payroll

After you have activated your QuickBooks payroll you can begin to set up payroll items and employees in the Payroll Centre. Follow the workflows in the Payroll Centre to set up and run your payroll in QuickBooks.

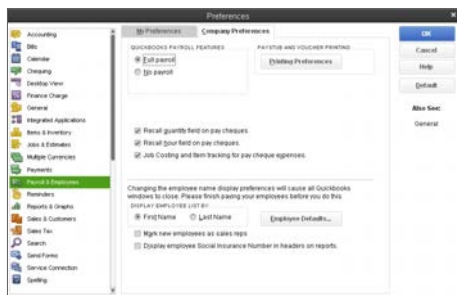
- **Company Setup:** Enter compensation and benefits.
- **Employee Setup:** Add your employees and set up their personal and pay information (pay rate, benefits, and so on).
- **Taxes:** QuickBooks sets up all of the necessary payroll tax items like Federal Tax, Canada Pension Plan and Employment Insurance.
- **Year-to-Date Amounts:** Enter all year-to-date payroll information (payroll summaries, tax and non-tax payments you've already made, and so on). For more information about entering year-to-date information, see the Help topic, Summarize Payroll Amounts for this Year-to-Date.



### Setting up payroll preferences:

There are several preferences that let you use payroll more effectively in QuickBooks. To edit payroll preferences:

- 1 Go to the **Edit** menu and click **Preferences**.
- 2 Click **Payroll & Employees** and then click the **Company Preferences** tab.



QuickBooks defines an employee as someone you give a T4 form to at the end of the year. You pay them with pay cheques and withhold taxes for them. Set up all those who fall into this category as employees.

Do not set up independent contractors and owners as employees. QuickBooks defines an independent contractor as someone you might give a T4A or T5018 to. Set up contractors as vendors.

Pay owners and partners by cheques that draw on the company's equity.

### Setting up payroll

QuickBooks sets up important payroll tax items for you such as Federal Tax, CPP, and EI. You will need to add your employees and other details to complete the payroll setup.

It's a good idea to have an accountant or payroll professional review your setup. Mistakes in setting up payroll can cause problems later.

## Payroll Setup Checklist:

You'll need the following information to set up Intuit QuickBooks Payroll. You can get the information from your own records, from your accountant, or from federal and provincial agencies.

Item	Examples
Company Information	<ul style="list-style-type: none"><li>• Pay period frequency or frequencies (for example, weekly, biweekly, semimonthly, monthly)</li><li>• Date you started or will start using payroll in QuickBooks</li></ul>
Compensation, Benefits, and Miscellaneous Additions and Deductions	<ul style="list-style-type: none"><li>• Compensation you give employees and officers: hourly wages, salaries, commissions, and so on</li><li>• Insurance benefits offered, such as health, dental, vision</li><li>• Retirement benefits offered, such as RSP information</li><li>• Additional deductions from net pay that you withhold, such as union dues, repayments of employee advances or loans, and life insurance</li><li>• Additions you add to a pay cheque, such as bonuses, travel reimbursements, employee advances or loans, and tips</li></ul>
Tax Information	<ul style="list-style-type: none"><li>• Federal and provincial TD1 forms completed by each employee (for more information, see <a href="http://cra.gc.ca">cra.gc.ca</a>) and your 9 Digit CRA Business Number</li><li>• Payroll bank accounts</li><li>• Tax rates for any local or other taxes</li></ul>
Employees	<ul style="list-style-type: none"><li>• Employee names, addresses, and Social Insurance numbers from your employees' Social Insurance cards or TD1 forms</li><li>• Employee withholdings, which can also be found on the TD1 form</li><li>• Current employee wages/salaries, additions, deductions, and company contributions</li><li>• Sick and vacation time policies and hours accrued</li></ul>
Direct Deposit Information	<ul style="list-style-type: none"><li>• For each employee you want to pay using Direct Deposit, you need bank account routing and transit numbers</li></ul> <p><b>Note:</b> <i>This is an optional feature that requires additional fees</i></p>
Year-to-Date History	<ul style="list-style-type: none"><li>• Pay period summaries of employee payroll amounts from the beginning of this calendar year to the beginning of the current period</li></ul> <p><b>Note:</b> <i>You need to enter year-to-date payroll ONLY if you start using QuickBooks Payroll after January 1 of the calendar year AND if you've already run payroll at least once since January 1 (if you start using QuickBooks Payroll after January 1 but have not run a payroll yet this calendar year, you have no year-to-date information to enter)</i></p>
Liability Payment Information	<ul style="list-style-type: none"><li>• Monthly and pay period summaries of payroll liability payments from the beginning of this year to your start date</li><li>• Copies of payroll liability cheques from the first day of the current quarter until today</li><li>• Payment and filing methods</li></ul>

## Payroll Setup

When setting up payroll for the first time, you must:

- **Create items** that can be added to an employee's pay cheque.
- **Set up employees** in the Employee Centre.
- **Set up YTD** (Year-to-Date) amounts for your employees. These are totals paid so far this calendar year to each employee before starting QuickBooks Payroll, including benefits and taxes withheld.
- **(Optional) Configure Payroll Schedules** to save time generating pay cheques in the future.

## Adding Payroll Items

Add payroll items to pay cheques the same way you add items to invoices. Payroll items track amounts such as wages you pay and taxes you deduct from pay cheques. There are payroll items for compensation, taxes, other additions and deductions, and employer-paid expenses.

By default, QuickBooks creates common payroll items for you. However, you may need to add other payroll items for your own company, such as additional health benefits that your company provides. You'll need payroll items for hourly wages, salaries, commission, and bonuses; government taxes and deductions; employee deductions of any kind (such as RRSP contributions); additions (such as an automobile allowance); and company-paid expenses (such as company-paid health insurance).

### To create a payroll item:

- 1 Open the Payroll Centre (go to the **Employees** menu and click **Payroll Centre**).
- 2 In the Payroll Setup section, click **Payroll Items**.
- 3 In the Payroll Item List, click the **Payroll Item** menu button and then click **New**.
- 4 Choose the type of payroll item you want to create:

Use this payroll item	To track
<b>Wage</b>	Money you pay to employees for salaries, hourly wages, commissions, bonuses, and overtime.
<b>Addition</b>	Money you pay to an employee that is not a direct result of their work, such as a car allowance.
<b>Deduction</b>	Money you deduct from your employee other than taxes, such as union dues or employee purchases.
<b>Company Contribution</b>	Company-paid benefits for your employees, such as pension plans or dental benefits.
<b>Other Tax</b>	Miscellaneous taxes (company or employee paid) based on an employee's wages, such as Provincial Health Tax.

- 5 Click **Next** and answer the questions on each screen.

## Setting up Employees

To process pay cheques and prepare tax documents for your employees, you must enter several details about your employees.

### To add an employee:

- 1 Open the Employee Centre (go to the **Employees** menu and click **Employee Centre**).
- 2 Click **New Employee**. The New Employee window opens.
- 3 Enter information about the employee as listed below.

### To set up an employee's personal information:

- 1 In the Personal tab of the New Employee window, enter the employee's personal details, including their name, Social Insurance Number (SIN), and date of birth.
- 2 In the Address and Contact tab, enter the employee's address and contact information.
- 3 In the Additional Info tab, define custom fields to store other information you want to track, such as the name of the employee's spouse.
- 4 In the Employment Info tab enter the employee's hire date and occupational title.

**To set up an employee's payroll information:**

- 1 In the New Employee window, select the **Payroll Info** tab.
- 2 In the **Earnings** section, set up the employee's wage information:
  - Under **Item Name**, select a salary or hourly payroll item, then under **Hourly/Annual Rate** enter the amount you pay annually or hourly.
- 3 In **Pay Frequency**, select how often you pay this employee.
- 4 If you use QuickBooks to track your employee's time, and you pay employees based on this time, click **Use time data to create pay cheques**.
- 5 In the **Additions, Deductions, and Company Contributions** section, set up any employee benefits and other deductions (except for taxes) that you take from pay cheques.
- 6 Click the **Taxes** button to enter information from the employee's TD1 forms, and review the Income Tax, Canada Pension Plan/Quebec Pension Plan, Employment Insurance and other payroll taxes he or she might have to pay.
- 7 Click the **Accrual Hours** button to set up how much time an employee accrues, including how much he or she has accrued this year.
- 8 Click the **Vacation Pay** button to set up how much vacation pay the employee has available and how much he or she earns. Select the earning items you want vacation to accrue on.
- 9 Click the **Direct Deposit** button to set up direct deposit information.

**Note:** *This is a third-party service and fees do apply.*

## Set up Year-to-Date Amounts

In order for QuickBooks to calculate tax and other amounts during a payroll run, QuickBooks needs to know the amounts you already paid to employees before you started using QuickBooks Payroll, for this calendar year-to-date.

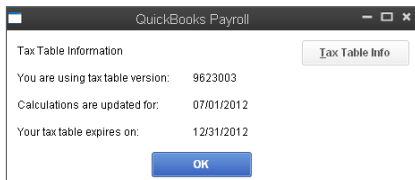
### In order to enter YTD amounts, you'll need:

- The amount each employee earned (including former employees paid this year)
- How much was deducted from each employee's earnings, and for what purpose (income tax, EI, CPP, and so on). You must also include how much tax your company paid as a result of the employee's earnings (such as the employer's portion of EI)
- Vacation pay accrued by each employee (in total, not just this year)
- Amounts you have remitted so far this year for payroll liabilities

### To enter YTD amounts:

- Open the Payroll Centre (go to the **Employees** menu and click **Payroll Centre**)
- In the Payroll Setup section, click **Set Up YTD Amounts**
- Follow the instructions in the wizard

## Keeping your tax tables up to date



By default, QuickBooks Payroll has Automatic Updates enabled. This lets QuickBooks Payroll check for payroll updates each time you start it so you never miss an updated tax rate.

If you don't have Automatic Updates turned on, you can still keep your QuickBooks Payroll up to date:

- 1 From the **Help** menu, click **Update QuickBooks**.
- 2 Select the **Options** tab to change update preferences.
- 3 Click the **Get Updates** button, located in the 'Update Now' tab. When the download completes, QuickBooks displays a message confirming that the update was downloaded successfully.
- 4 Close QuickBooks and re-launch it to allow the update to install.

To review the tax table changes, click **Employees**, then **My Payroll Service**, then **Tax Table Information**.

### *Payroll Updates*

Payroll updates become available throughout the year. Updates might include enhancements or new tax tables. We recommend that you update to make sure that you have the most current tax tables.

# Payroll Process

## Payroll overview

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*.

**Payroll Centre without payroll schedules**

**Payroll Centre with payroll schedules**

PROCESS PAYROLL BY	PAYROLL SCHEDULE	PAY PERIOD	CHK DATE
08/06/2012	Weekly	09/30/2012 - 10/06/2012	08/06/2012
09/30/2012	Monthly	09/01/2012 - 09/30/2012	09/30/2012

From the Payroll Centre, you can start paying your employees:

- If you click the **Start Scheduled Payroll** button, you'll be prompted to set up payroll schedules. Once you set up payroll schedules, click to select the schedule you want to run and then click **Start Scheduled Payroll**.



## Setting up payroll schedules

- 1 Go to the **Payroll Centre**.
- 2 Click the **Add/Edit Payroll Schedules** icon.
- 3 From the **Payroll Schedule List** window, click **Payroll Schedule**, and then click **New**.
- 4 Enter information in the fields.

## Assigning employees to payroll schedules

**Note:** You can only group employees in the same payroll schedule if they have the same pay frequency (for example, weekly, biweekly, semimonthly, and so on).

- 1 From the **Employees** tab in the **Payroll Centre**, double-click the name of the employee you want to assign to the schedule.
- 2 Click the **Payroll Info** tab.
- 3 Click the **Payroll Schedule** drop-down arrow and then select the pay schedule. The Pay Frequency field updates accordingly.
- 4 Click **OK**.

### Payroll Schedules

Although you can pay employees using unscheduled payroll, we recommend using schedules for your regular pay run.

When you use payroll schedules, QuickBooks automatically determines the payroll processing dates for each pay period. You set up your payroll schedule once and assign employees to it. The dates reset to the next pay period after you create pay cheques.

You can use payroll schedules to group together employees in whichever way makes the most sense for you to effectively run your payroll and business.

### Unscheduled Payroll

To pay an employee outside a regular payroll run, use **Unscheduled Payroll**.

### Termination Payroll

To terminate an employee, go to the **Payroll Centre**, click **Related Payroll Activities**, then click **Create Termination Cheque**.

## Paying employees

Enter payroll information and select employees to pay

1

2

3

4

5

Review and create pay cheques

6

7

8

## Key Terms

**To pay employees:**

Open the Enter Payroll Information window, by clicking **Unscheduled Payroll** or **Start Scheduled Payroll**. In the Enter Payroll Information window:

- 1 Specify the **Pay Period Ends** and **Cheque Date** (unless you're running a payroll schedule).
- 2 Select the bank account from which the pay cheques are drawn.
- 3 Click to select employees to pay. If you're running a payroll schedule, only the employees who are assigned to the payroll schedule appear and are checked by default.
- 4 Review the information and enter hours worked, commissions, and so on (if you selected Use time to create pay cheques, hours are automatically entered). Click the employee's name to make changes in the Review or Change Pay Cheque window.
- 5 Click **Continue**.
- 6 Specify whether pay cheques should be printed from QuickBooks or written by hand.
- 7 Review the payroll summary information.
- 8 Click **Create Pay Cheques**.

The Confirmation and Next Steps window appears from where you can print pay cheques or paystubs or send paystubs by email, as shown on page 20.

**Cheque Date and Pay Period Ends date**

The pay **cheque date** is the date when employees know they are getting paid. It's the date you want the pay cheque to affect your bank account. For example, your pay period end date could be Friday, April 16, but your pay cheque date is 5 business days later on the following Friday, April 23.

The CRA bases your tax liability and that of your employees on the pay cheque date. For example, if you pay an employee in January 2012 for time worked in December 2011, the earnings are reported on the employee's 2012 T4 form. QuickBooks uses the pay cheque date when it runs reports.

A **pay period** is the duration of time for which you are paying your employee wages. The **pay period ends date** is the last date of the pay period that you want a pay cheque to cover.

QuickBooks uses this date to calculate how many weeks an employee has worked in a year and the time information to include in the pay cheque.

## Finish Later:

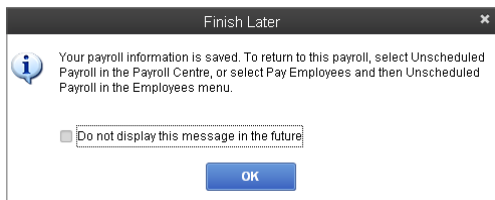
QuickBooks Payroll allows you to save draft pay cheques and return later to finish your payroll run without losing your data. This is particularly useful for the times you are interrupted and need to switch off the payroll workflow but don't want to lose the work you have done.

The screenshot shows the 'Enter Payroll Information' window in QuickBooks. At the top, there are three steps: 'Enter Payroll Information', 'Review & Create Pay Cheques', and 'Print & Distribute Pay Cheques'. The 'PAYROLL INFORMATION' section includes fields for 'PAYROLL SCHEDULE', 'PAY PERIOD ENDS' (12/31/2012), 'CHECK DATE' (12/31/2012), 'BANK ACCOUNT' (Checking), and 'BANK ACCOUNT BALANCE' (114,196.40). Below this is a table of employees with columns for 'EMPLOYEE', 'HOURLY', 'SALARY', and 'TOTAL HOURS'. The table lists four employees: Lynette Farnot, Kyle Vitat, Christiane Seeland, and Rob deMontaral. A 'Finish Later' button is located at the bottom right of the window, and a callout line with the number '1' points to it.

EMPLOYEE	HOURLY	SALARY	TOTAL HOURS
<input checked="" type="checkbox"/> Lynette Farnot		168.00	168.00
<input checked="" type="checkbox"/> Kyle Vitat	80.00		80.00
<input checked="" type="checkbox"/> Christiane Seeland		0.00	0.00
<input checked="" type="checkbox"/> Rob deMontaral		168.00	168.00
<input checked="" type="checkbox"/> Jacque Hudspat		248.00	248.00

1

- 1 If you click Finish Later or close the window with another method you receive a message similar to this:



Notice the following changes in the Payroll Centre after you save draft pay cheques:

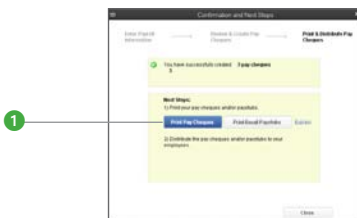
- When you have draft pay cheques for employees included in a schedule, that schedule appears in italics.

To continue processing the scheduled payroll, click the **Start Scheduled Payroll** button.

## Printing pay cheques and paystubs

After you finish creating pay cheques, the Confirmation and Next Steps window appears, from where you can print pay cheques.

- 1 Click **Print Pay Cheques** or **Print /Email Paystubs** from the Confirmation and Next Steps window. If you choose not to print at this time, click **Close**. To print at a later time, go to the Employee Centre, click the **Print** drop-down arrow, and then click **Print Pay Cheques** or **Print/Send Paystubs**.



- 2 Depending on your selection, the Select Pay Cheques to Print or Select Paystubs to Print/Email window appears. Pay cheques and Paystubs to be printed appear selected by default. Click to clear, if necessary, and then click **OK** or **Print**.



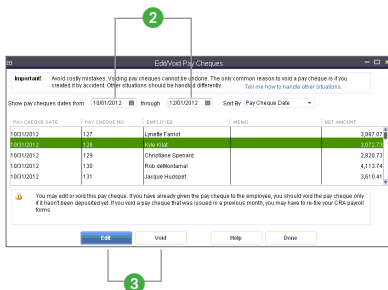
**Note:** Click *Email* to send paystubs via email.

**How does voiding affect year-to-date amounts?**

If you delete the most recent pay cheque, QuickBooks updates the year-to-date figures to reflect the change. If you void or delete an earlier pay cheque, the year-to-date figures on subsequent already recorded pay cheques will be correct on the paystubs, but not in the Review Pay Cheque window.

**Editing and voiding pay cheques**

- 1 Go to the **Employees** menu and click **Edit/Void Pay Cheques**.



- 2 Select a date range in the **Show pay cheques from/ through** fields.
- 3 Select the pay cheque you want to edit or void and do one of the following:
  - Review the warning message, and click **Void** if you still want to void the pay cheque.
  - Click **Edit** if you're changing the pay cheque.
- 4 Do one of the following:
  - If you're voiding a pay cheque, click **Yes** or **No** in the warning message.
  - If you're editing a pay cheque, make your changes in the Pay Cheque window. To make other changes, click **Pay Cheque Detail**. The Review Pay Cheque window opens.

**Note:** You can't change the payee. You can change the amount, cheque number, cheque date, bank account, or employee's address.
- 5 When your pay cheque edits are complete:
  - Click **Save & Close** to close the Pay Cheque window.
  - Click **Yes** or **No** to close the message window.
- 6 Click **Done** in the Edit/Void Pay Cheques window.

## Managing employees

You can add new employees or edit existing records by going to the Employees tab on the Payroll centre. You can edit a single employee's information, or make global changes to employee default settings.

### Adding or editing an employee

- 1 Click the **Employees** icon on the icon bar.
- 2 Click the **New Employee** button or double-click the name of an existing employee.

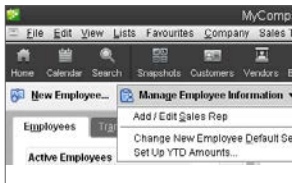


- 3 Complete the fields in the **Personal, Address & Contact, Additional Info, and Employment Info** tabs.
- 4 Use the **Payroll Info** tab to enter earnings or other additions and deductions for the employee.
- 5 Click **Taxes and TD1, Accrual Hours, and Vacation Pay** to enter information specific to the employee. Click **OK** when you're done.



### Setting up employee defaults

- 1 Click the **Employees** icon on the icon bar.
- 2 Click the **Manage Employee Information** button and then click **Change New Employee Default Settings**.
- 3 Enter information in the fields and then click **OK**.





## Managing payroll items

After enabling QuickBooks payroll you need to create new payroll items for new taxes, employee benefits, or items such as garnishments on an employee's wage, or edit items.

### Adding or editing a payroll item

- 1 Go to the **Employees** menu and then click **Payroll Setup**.
- 2 Click **Add or Edit Payroll Items**.
- 3 To create a new payroll item, click **Payroll Item**, and then click **New**.
- 4 Click **Next** to keep advancing through the wizard. Click **Finish** on the last screen to save your changes.

#### *Payroll Items*

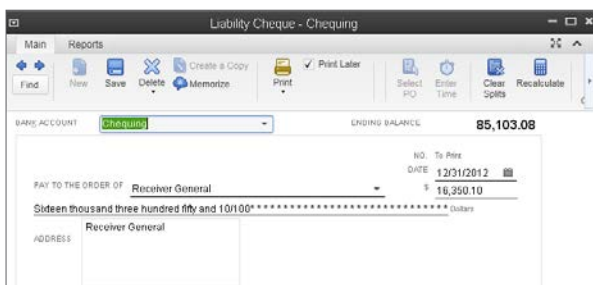
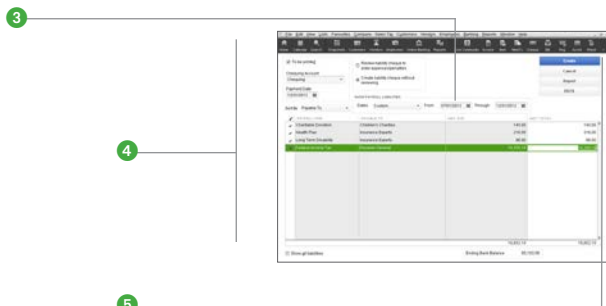
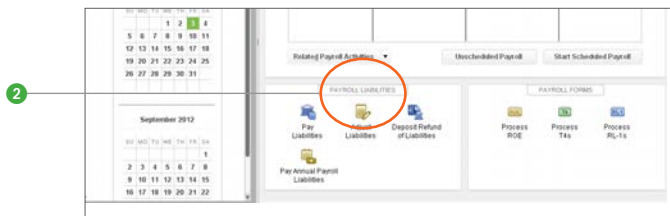
Any component of a pay cheque, including salary, taxes, and benefits, is called a payroll item. QuickBooks uses these items to create pay cheques, liability payments, and adjustments. When you activate the payroll feature, QuickBooks creates a payroll items list with some standard payroll items, such as hourly pay rates, sick time accrual, and other items. You can add or edit payroll items.

QuickBooks uses payroll items to track individual amounts on pay cheques and accumulated year-to-date wage and liability amounts for each employee. Set up payroll items for compensation, taxes, other additions and deductions, and other employer-paid contributions.

# Tax Forms and Filings

## Remitting payroll taxes and other liabilities

QuickBooks lets you track all of the withholdings for Taxes, CPP, and EI. You can pay these liabilities using your choice of payment methods.



### To pay your payroll taxes and liabilities:

- 1 Open the **Payroll Centre**.
- 2 Click **Pay Liabilities**.
- 3 Select the appropriate date range for your payroll liabilities.
- 4 Select the payroll liabilities to be paid, and then enter the other payment information.
- 5 Based on your preference selection, click **Review** or **Create** to complete the liability payment.

**Note:** QuickBooks Payroll lets you create, print, email, and EFILE both T4 and Relevé 1 (RL-1) slips. In the following section we focus on the T4 process, but a similar process is available for Relevé 1 slips for those who live in Québec.

### Creating T4 slips

- T4 (Statement of Remuneration Paid) slips are end-of-year payroll forms that show an employee's wages and payroll deductions for the past year. In January or February, you need to create these slips for your employees and the CRA. You must file your T4 slips by the last day of February following the calendar year to which the T4 slips apply.
- Before creating T4 slips, make sure the Social Insurance Number (SIN) and name you see on the T4 slip for each employee are the same as on his or her SIN card. QuickBooks does all the other required checks for you.

### Emailing & Printing T4 slips

- QuickBooks provides you with the option of emailing your employees' T4s to them. The email attachments are password protected to ensure that only you and your individual employees have access. The password used will be the **first three characters of the employee's last name** (all lower case; no dashes, apostrophes, etc.) and the **last three digits of the employee's SIN**. The following are examples:

Deb D'Spain with SIN 222-222-226 would be dsp226

Jimmy Wu with SIN 333-333-334 would be wu334

### If you prefer to provide printed T4s, QuickBooks can print slips on blank paper.

- 1 In the Process End of Year Forms window, make sure that the correct employees are selected and the correct payroll year shown.
- 2 If you have not already done so, you must review the T4 slips before you can print them.
- 3 Click **Print**.
- 4 Select your printer.
- 5 Select who you are printing it for.
- 6 Click **Print**.

## EFILE T4 slips to the CRA

The CRA encourages businesses to file T4s through the secure Internet file transfer (XML) service. You'll receive electronic confirmation of receipt, have faster processing, and save on mailing costs. QuickBooks Payroll makes it easy to do this.

### To EFILE your T4 slips you'll need the following information:

- Your Business Number. You'll enter this in the Company Information window.
- A Web Access Code. If you do not have one, visit <http://www.cra-arc.gc.ca>
- A transmitter number or Magnetic Media (MM) number. If this is your first time using EFILE to submit your T4s, you can use the following number: 555 555

**Note:** *Once you've successfully sent your T4s electronically, the CRA will send you a unique transmitter number you can then use to EFILE in the future.*

### Once you have the above information, proceed as follows:

- 1 Select all employees whose slips you want to EFILE.
- 2 In the Process End of Year Forms window, make sure that the correct form and year are displayed. If not already done so, you must review the T4 slips before you can EFILE them.
- 3 Click **EFILE**.
- 4 Fill in all the fields marked as required:
  - Enter your Transmitter Number (also called a Magnetic Media number) in the Transmitter Number field.
  - If your company is a sole proprietorship or partnership, enter your and your partner's Social Insurance Numbers in the SIN fields.
- 5 Click **Send**.
  - QuickBooks compiles an XML file called "\_T4Slips.xml" that contains your T4 data. By default, this file is stored in your My Documents directory; when you close QuickBooks, the file is deleted.
- 6 QuickBooks opens the CRA Web site for you. You will need to enter the path to the \_T4Slips.xml file, your Business Number, and your Web Access Code.

## Amending T4 slips

If you notice that one or more of the T4 slips you have filed contain an error, you can amend and re-file the slips using QuickBooks Payroll.

In the Process End of Year Forms window,

- 1 Make sure that the correct form and year are displayed and click **Amended** as the type of form you would like to generate.
- 2 Select the employees whose T4 slips you would like to amend.
- 3 Click **Review**.
- 4 You will need to send a copy of each amended form to your employee(s) and the CRA via Print, Email, and/or EFILE. The same methods you used for the original T4 slip(s).

## Cancelling T4 slips

In the Process End of Year Forms window,

- 1 Make sure that the correct form and year are displayed and click **Cancelled** as the type of form you would like to generate.
- 2 Select the employee(s) whose T4 slip(s) you would like to cancel.
- 3 Click **Review**.
- 4 You will need to send a copy of each cancelled form to your employee(s) and the CRA via Print, Email, and/or EFILE. The same methods you used for the original T4 slip(s).

## Employer Resources

### Information for new employers

If you're a new employer or thinking of hiring your first employee, this section contains valuable information to help you get started.

#### Classify workers correctly as independent contractors or employees

For payroll tax purposes, workers are generally classified as employees or independent contractors. Whether a worker is an employee or an independent contractor depends on the amount of control the employer has over the worker and other circumstances. A worker's classification has certain payroll tax implications. You will pay payroll taxes for employees (like Employment Insurance), but you do not have to for contractors. A few simple questions can help you determine whether the person you're hiring is an employee.

- Will the work be performed on company premises?
- Will the individual work only for you?
- Will you provide tools for your worker to do his or her job?
- Do you control the hours the person works?

If you answered "yes" to any of the questions above, you're probably hiring an employee and not an independent contractor. If the worker is classified as an employee, set him or her up as an "Employee" in QuickBooks. If the worker is classified as an independent contractor, set him or her up as a "Vendor" in QuickBooks. For more detailed information on how to classify a new hire, review the CRA's website at <http://www.cra-arc.gc.ca/E/pub/tg/rc4110/>

#### Get your Payroll Business Number

There is an identification number you typically must have as an employer. The government uses this number to identify your business and track your payroll taxes. When you setup your business and register with the CRA, they provide you with a nine-digit business number to be used when submitting payroll tax remittances. If you don't already have this, you can apply for this identification number online by visiting the CRA's web site ([cra.gc.ca](http://cra.gc.ca)). Some local jurisdictions may also require a business identification number. Consult your local government offices.

#### Use the TD1 forms to calculate your employees' pay cheques correctly

The CRA requires all new employees to fill out federal and provincial TD1 Personal Tax Credit Returns, which asks employees to state their marital status and how many tax allowances they will claim. Based on the number of allowances they claim, employers can determine the amount of income tax to withhold from employees' pay cheques. All new employees should complete TD1 Returns on their start dates. Your employees can always give you a revised TD1 Return if there is a change in their tax situation, like getting married or having a child or a dependant situation changes. You must keep a TD1 Return on file for each active employee. Generally, employers do not need to send a copy of the TD1 Return to the CRA unless notified to do so by the CRA. You can find TD1 forms on the CRA website ([www.cra-arc.gc.ca/formspubs/menu-eng.html](http://www.cra-arc.gc.ca/formspubs/menu-eng.html)).



# Need help with Payroll?

Remember, we're here to help you. You can get in touch in a variety of ways.



Free support phone session (up to 60 minutes) with a QuickBooks expert within 60 days of purchasing your software. Call **1-877-772-9158** (Monday to Friday, 8 a.m. to 8 p.m EST).<sup>1</sup>



Visit the **QuickBooks Support Website at [quickbooks.ca/support](http://quickbooks.ca/support)** to browse support topics, FAQs or contact an agent (fees may apply).<sup>2</sup>



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1. Product registration must be completed within 30 days of purchase. The free 60-minute technical support call must be completed within 60 days of purchase. Length of call cannot be redeemed in increments. Canada only. Intuit Canada ULC reserves the right to limit the length of the telephone call.
2. Internet access required. Website is subject to occasional downtime due to systems and servers maintenance. Support hours may vary and could be subject to change without prior notice.

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