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Getting Ready for Payroll in QuickBooks Online

Taking on your company's payroll with QuickBooks Online? Knowing what you're up against ahead of time will make your setup tasks much easier.

Payroll is probably the most complex element of small business accounting. Not only are you directly responsible to your employees, but you also have to make sure you're handling everything related to benefits and payroll taxes correctly.

Whether you're switching from a manual system to QuickBooks Online, or you've just hired your first employee, you'll soon discover that the site can make your payroll-related tasks much more organized and accurate – speeding up the process tremendously.

But before you start getting ready for your first payroll run, you have a lot of setup work to be done. Be sure to leave yourself time before those first paychecks are expected.

Our Purpose Here

We'll provide some step-by-step instruction, but initially, we just want you to see what information you'll need to have available and how QuickBooks Online handles it. This is not meant to be a payroll setup tutorial.

Building a Backbone

There's no particular order set in stone for your payroll preparation tasks, although you will need to provide some background information about your company and its policies before you can start creating employee records.

QuickBooks Online doesn't walk you through the steps required. It does though display a page with links to all of the data you'll have to enter. Click the gear icon in the upper right, and then click **Payroll Settings**. You'll see this screen:

Payroll
Pay Schedules
Vacation / Sick / PTO
Deductions / Contributions

Bank Accounts
Company
Employees

Taxes
General Tax Information
Federal Taxes
State Taxes
Federal Form Preferences
E-file and E-pay

Business Information
Contact Information
Work Locations

Preferences
Accounting
Paycheck Printing
Form Printing
Emails
Reports
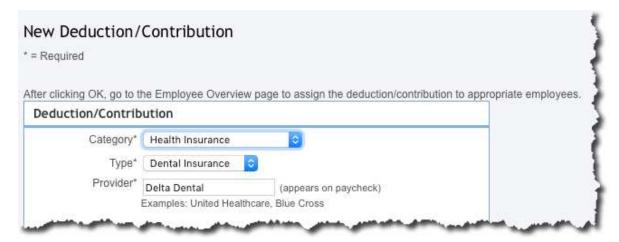
Overview
Employees
Time Sheets

*QuickBooks Online's**Payroll Settings** screen displays links to the pages where you'll manage your setup tasks.*

You would have entered information about your **Contact Information** and **Work Locations** (under the **Business Information** heading) when you first signed on to QuickBooks Online. At the same time, you would have been exposed to the **Chart of Accounts,** which already has accounts designated for payroll. You can see them by clicking **Preferences | Accounting**, but please do not customize these. If modifications are needed, we'll do them for you.

Payroll Policies

How often will you pay your employees? Go up to the **Payroll** heading in the upper left and click on **Pay Schedules**. Click **Create** and open the drop-down list next to **Pay Period** to select the frequency desired. Then enter the date for the first payroll you'll run in QuickBooks Online and the end date for the period that it covers. Click the box below if you want this to be the default setting for all employees. Then click **OK** to return to the previous page.

Open the **Vacation and Sick Leave Policies** window. If you don't yet have accrual rules for these paid days off, let us help you here. It's complicated. When you're done, click the back arrow to return to the **Pay Policies** window and select **Deductions/Contributions**. Are you offering benefits like health insurance? You'll need to have your paperwork and information handy before you start completing this section.

New Deduction/Contribution

* = Required

After clicking OK, go to the Employee Overview page to assign the deduction/contribution to appropriate employees.

Deduction/Contribution

Category* Health Insurance

Type* Dental Insurance

Provider* Delta Dental   (appears on paycheck)
Examples: United Healthcare, Blue Cross

Before you can pay employees, you'll need to have entered information about the benefits you offer so you can withhold dollars for them.

Click the plus sign (**+**) in front of **Add a New Deduction/Contribution** and complete the fields here, then click **OK**. You'll assign these deductions to employees on their individual records in QuickBooks Online. If there are any **Employee Garnishments** needed (like child support), click the down arrow next to **Add Garnishment for** and select the worker from the list. You'll provide details for these in the window that opens. This information was most likely provided to you by the agency requesting it. When you're done, click **OK**.

Taxes and More

If you're new to payroll and have never dealt with payroll taxes before, you're going to need our help getting this complicated element set up correctly. Even if you have, we'd recommend that you let us work with you. QuickBooks Online does a good job of providing guidance here, but failure to submit payroll taxes (or pay them incorrectly) can lead to penalties and fines – or worse.

There are other setup tasks you'll need to complete, like:

- Connecting your payroll bank account to QuickBooks Online.
- Creating employee records.
- Setting payroll production preferences.

Setup is by far the most challenging part of processing payroll in QuickBooks Online. Once that's done, you'll just be entering hours and making modifications. Please do connect with us if you're planning to take this on, and we'll make sure you get a good start.

Social media posts

- Are you using a payroll service or doing payroll manually? Consider letting QuickBooks Online taking over this task.
- QuickBooks Online contains links to your payroll setup tasks, but it doesn't walk you through the process. Let us.
- Hiring your first employee? Talk to us about managing your payroll in QuickBooks Online.
- Are you offering vacation and sick time leave to your employees for the first time? We can help you set up accrual rules.