QuickBooks Guide

Step-by-Step Instructions

What You'll Learn Using QuickBooks

When you have completed this chapter, you will be able to use QuickBooks to:

1. Update an employee record.
2. Calculate gross earnings.
3. Print payroll checks.
4. Calculate and record payroll deductions.
5. Print an Employee Earnings Summary report.

Problem 12-5 Calculating Gross Pay

INSTRUCTIONS

Begin a Session

Step 1 Restore the Problem 12-5.QBB file.

Work the Accounting Problem

Step 2 Review the payroll information provided in your textbook.

Step 3 Update the employee record for John Gilmartin to include his regular and overtime hourly rate.

All of the employee records have already been set up for you, except that John Gilmartin's record does not include the pay rates. Follow the instructions provided here to record this information.

To update an employee's record:

- Choose **Employee Center** from the ***Employees*** menu.
- Select **John Gilmartin** from the employee list on the left side.
- Select **Edit Employee** (or double click on the employee name) and the Edit Employee window will open.
- In the Change tabs: drop-down list, select **Payroll Info.**
- In the Earnings section, click the Item Name drop-down list.
- Select **Hourly Rate** and then press **Tab.**
- Type **7.60** in the *Hourly/Annual Rate* field, and press **Tab.**
- From the Item Name drop-down list, select **Overtime Rate** and press **Tab.**
- Type **11.40** in the *Hourly/Annual Rate* field.
- Click **OK** and then close the Employee Center.

Step 4 Record the payroll information for a salary plus commission employee.

To record a salary plus commission payroll entry:

- Choose **Pay Employees** from the ***Employees*** menu. (If the QuickBooks Payroll Service warning window opens, click **NO.**)
- When the Select Employees To Pay window opens type **02/01/2015** in the *Pay Period Ends* field.
- Press **Tab** and enter **02/01/2015** in the *Check Date* field.
- Click the **Check All** button to select all of the employees.
- Click **Open Paycheck Detail...**

DO YOU HAVE A QUESTION?

Q. *What kinds of pay methods does QuickBooks support?*

A. QuickBooks supports hourly and salary pay methods. The program will automatically calculate gross pay based on the employees' pay rates. QuickBooks will also support other pay methods such as a sales commission. For these "special" pay methods, you have to manually enter the amount of the sales and QuickBooks will compute the amount or the commission.

Notes

You can use the Employee List option to update any of the following employee record fields: address, social security number, pay rate, and hire date.

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- The Preview Paycheck window is now open. In the Earnings section, click on the Commission row and type **1,235** in the *Quantity* field.

TIP: You do not need to compute the amount of the commission. Enter the amount of revenue earned in the *Quantity* field and QuickBooks will compute the commission for you.

- Press **Tab.**
- Click **Save & Next.**

Step 5 Enter the payroll for Arlene Stone.

Step 6 Enter the payroll for an hourly rate employee.

To record an hourly payroll entry:

- Type the total regular hours for John Gilmartin in the *Hours* field on the Hourly Rate row under Earnings.
- Type the total overtime hours in the *Hours* field on the Overtime Rate row.

As you type the regular and overtime hours (if any), QuickBooks automatically calculates the gross pay based on the rate/salary information stored in the employee's record. As you can see, QuickBooks also includes fields to record the payroll taxes and other deductions. You will learn how to record information in these fields in a later problem.

- Click **Save & Next.**

Step 7 Type the payroll for Tom Driscoll and then click **Save & Close**.

Step 8 Click Continue in the Enter Payroll Information window.

Step 9 Click Create Paychecks in the Review and Create Paychecks window.

Step 10 Click Close in the Confirmation and Next Steps window.

Step 11 Print an Employee Earnings Summary report.

To print an Employee Earning Summary report:

- Choose **Employees & Payroll** from the ***Reports*** menu.
- Select **Employee Earnings Summary.**
- Press **Tab** and type **02/01/2015** in the *From* field.
- Press **Tab** and type **02/28/2015** in the *To* field.
- Press **Tab** one more time to display the report.
- Click **Print** to print the report.

Step 12 If you notice any errors, double click the entry on the Employee Earnings Summary report. The Transactions by Payroll Item report will open. Double click the entry again and the Paycheck—Cash in Bank window will open. Click the **Paycheck Detail** button and make the necessary changes. Then click **OK.**

Analyze Your Work

Step 13 Complete the Analyze activity.

End the Session

Step 14 It is recommended that you back up your work for this session.

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