Setting up Payroll

To set up payroll for the first time, you must:

- Set up your company's PAYE information
- Set up payroll preferences
- Set up payroll items
- Set up employees and year-to-date amounts
- (Optional) Set up payroll schedules and assign employees to payroll schedules
- (Optional) Get ready for RTI

Payroll setup checklist

You'll need to gather the following information before you can set up QuickBooks Payroll.

Item	Examples
Company Setup	• Payroll withholdings. A list of all government payroll withholdings that apply, such as income tax, National Insurance, and pension schemes. • Reference numbers and ids such as employer's PAYE reference, Accounts Office Reference and PAYE online id and password. • A list of benefits your company pays on your employees' behalf such as dental or life insurance benefits. • Names and addresses of the agencies to which you'll make payroll withholding and other liability payments.
Employee Setup	• Employee personal data such as legal name, address, date of birth, and NI number. Also banking details if being paid through BACS, Giro, or internet banking. • Employment information such as employee's rate of pay, tax code (e.g. from a P45 form), accrued sick (not related to SSP) and holiday time, and hours of work specified in the contract. Also, whether the employee has other jobs or pensions. • Benefits your company provides to your employees, such as dental or life insurance and pension contributions. • Deductions from your employees' pay. For each benefit, you need to know the amount or percentage for each employee; the monthly or annual limit if any; and whether the deduction affects any of the payroll withholdings.
Year-to-date (YTD) Totals	• Employee payroll summaries for the current payroll year. These totals should include gross salary or wages, income tax and NI withheld (employee's and employer's portions), other deductions, and commissions or bonuses. • Prior liability payments. This is all the payments already made for taxes and other liabilities for the current payroll year. (If you have already entered your YTD account balances, use the YTD wizard to enter these payments and you

	can choose whether or not to have these entries affect your accounts.)

Set up your company PAYE information

If you have not already done so, enter your company's PAYE information into QuickBooks.

To do this task

1. Go to the **Company** menu and click **Company Information**.

2. In the **Payroll Information** section, enter your company's PAYE information and reference numbers.

3. If The Pensions Regulator has advised you of a pension automatic enrolment staging date, enter it in the **Pension automatic enrolment staging date** field in the **Pension Information** section.

4. Click **OK**.

Set up payroll preferences

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

To edit payroll preferences

5. In the **Payroll Centre**, click **Preferences**.

6. Select your preferences and click **OK**.

Set up payroll items

1. In the **Payroll Centre**, click **Payroll Items**.

   When the payroll feature is turned on, QuickBooks creates payroll items for you. The Payroll Item list contains the payroll items that are currently set up in QuickBooks. The list is initially grouped by item type, but you can resort by item name.

   To fully track your payroll, you may need to add more payroll items to the list. For example, you can add payroll items for employee and employer pension contributions; Give As You Earn (GAYE) schemes; employee deductions of any kind; additions (such as employee loans); commissions; and employer expenses (such as employer-paid health insurance).

2. To add payroll items, click the **Payroll Item** drop-down menu and then click **New**.

3. For each payroll item that you need to create, select the type of payroll item you want:

Use this payroll item	To track
Wage	Money you pay to employees for hourly, salary, and commission wages.
Addition	Money you pay to an employee that is not a direct result of their work, such as an automobile allowance.
Deduction	Money you deduct from your employees, for example a pension or GAYE scheme.
Employer Contribution	Employer-paid benefits for your employees, such as health insurance.
Attachment of Earnings Order	Money you deduct from an employee for an Attachment of Earnings Order.

4. Click **Next** and answer the questions on each screen.
   Important: If you're tracking a qualified scheme for workplace pension (automatic enrolment), tick the **Is the pension a qualified scheme?** tickbox in the third screen, **Pension Contribution**.

Set up employees

Enter information for each employee. Information about employees is stored in the **Employee** list. To open it, in the **Payroll Centre** click the **Employees** tab.

To create a profile for an employee, click **New Employee**.

Click the tabs on the left to move between sections of employee information. Click **Help** on any tab for more information and assistance in completing the forms.

- Enter basic information about the employee on the **Personal** and **Address & Contact** tabs.

- On the **Additional Info** tab, enter any information you want to store for this employee, such as an account number to set up this employee as an online payee, a billing rate level if you want to set up custom service rates for this employee, or custom fields that track information such as birthday or spouse name.

- On the **Payroll Info** tab, enter the employee's earnings, pay frequency, additions, deductions, and employer contributions, as well as his or her taxes/NI details, sick/holiday time, time tracking, student loan deductions if any, and bank details.

- On the **Employment Info** tab, enter the joined date, starting declaration, previous employment details from the P45 form, and current employment details.

- On the **Statutory Pay** tab, set up Statutory Sick Pay (SSP).

- If you have not yet gone through the automatic enrolment process, then ignore the **Pension** tab. QuickBooks will add information here automatically when you pay the employee.

  If you have already gone through the automatic enrolment process in an earlier version of QuickBooks or other software, you must edit the employee's information on the **Pension** tab manually as needed. Otherwise QuickBooks will do so automatically when you pay the employee and the dates may then be incorrect.

Set up year-to-date amounts

Skip this procedure if your company has just hired its first employee(s) or has not issued any payroll payments yet this payroll year.

If you're just beginning to use QuickBooks Payroll, you need to enter summaries of your pre-QuickBooks Payroll information. That way, your payroll payments to employees and submissions to the government will be correct.

Important:
Do not use the year-to-date wizard to enter amounts from a joiner's P45 form.
If you enter historical payroll payments or payroll liability payments outside of the YTD wizard, you must turn off RTI. Otherwise, they will be submitted again to HMRC.

To set up YTD amounts

1. In the **Payroll Centre**, click the **Pay Employees** tab.

2. In the **Other Activities** section, click the **Set Up YTD Amounts** icon.

3. Follow the onscreen instructions through the wizard.

(Optional) Set up payroll schedules

1. In the **Payroll Centre**, click the **Pay Employees** tab.

2. Click the **Payroll Schedules** drop-down arrow and click **New**.

3. Follow the onscreen instructions.

(Optional) Assign employees to payroll schedules

1. In the **Payroll Centre**, click the **Employees** tab.

2. Double-click the name of the employee you want to assign to the schedule.

3. Click the **Payroll Info** tab.

4. Click the **Payroll Schedule** drop-down arrow and select the pay schedule.

   The **Pay Frequency** field updates accordingly.

5. Click **OK**.

(Optional) Get ready for RTI

If you have not yet joined RTI, you will be given the opportunity to join when you run payroll. Real Time Information (RTI) is a process where you electronically send employee payroll information directly to HM Revenue and Customs on or before each payroll payment. Most businesses are now required to be on RTI.

If you are on RTI, all of your employee and company information must be entered before you can run payroll. To ensure that your information is complete and correct, click the **Get Ready for RTI** icon on the **Payroll Centre**. The Get Ready for RTI wizard will help you prepare your company and employee information. If you need to, you can close the RTI wizard and return to it later. **Caution**: only valid employees will be saved.