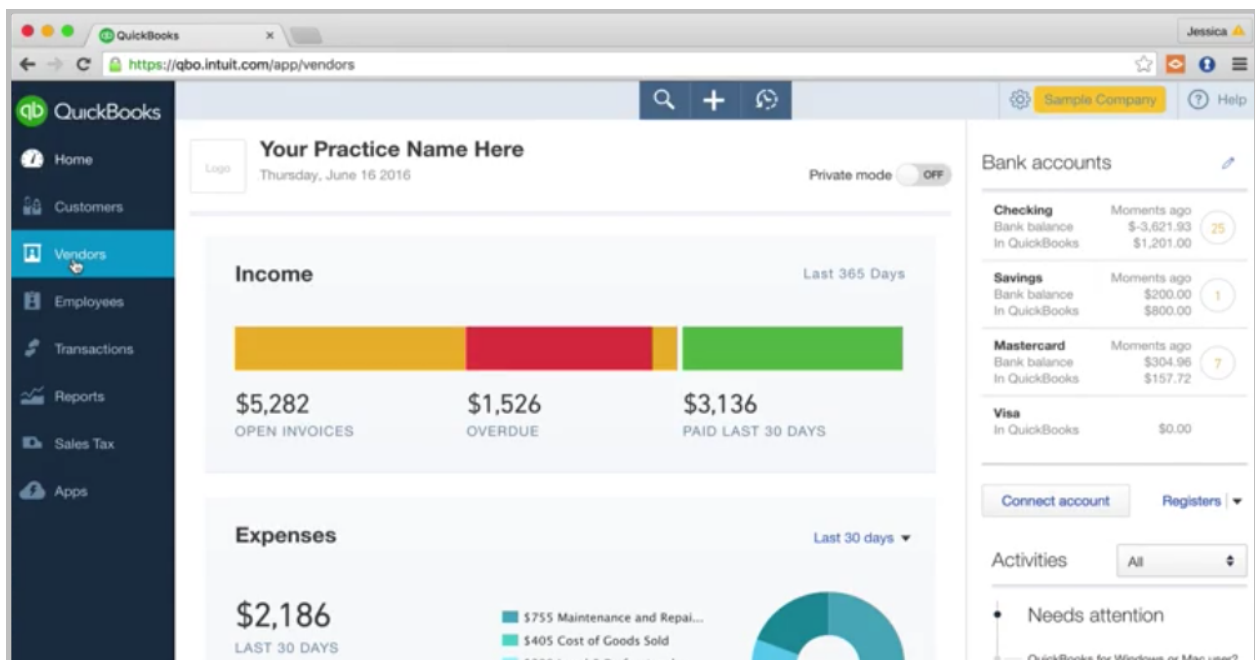
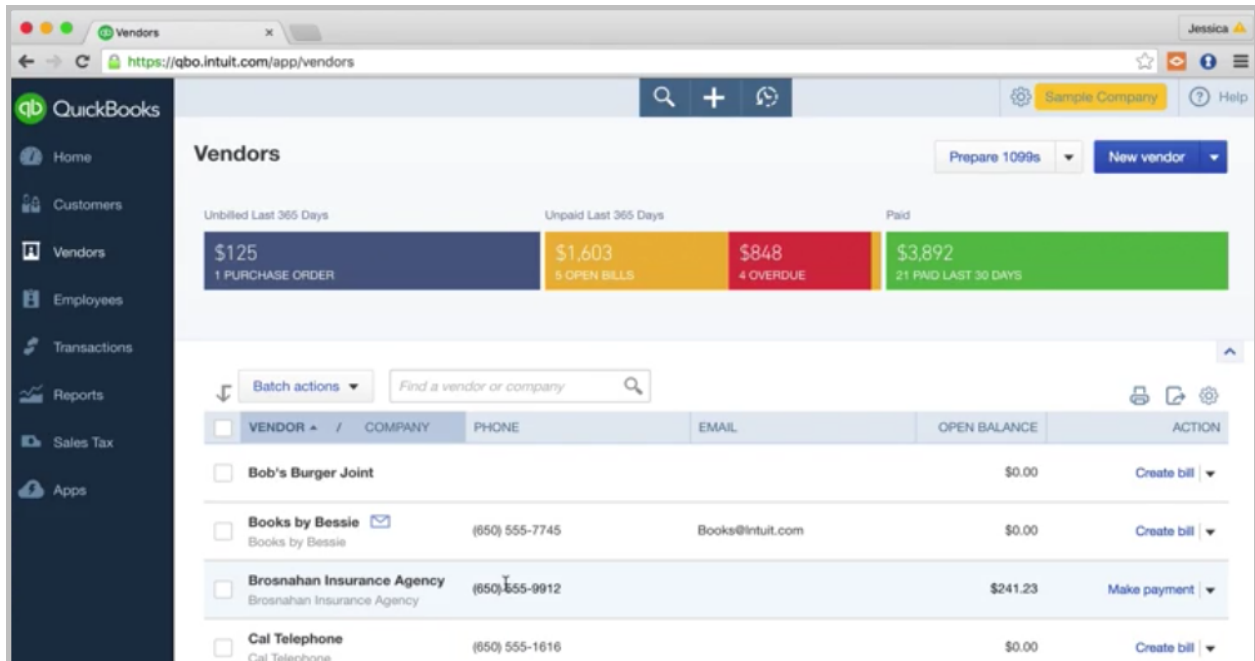


# Accounting, Module Five - Contractors & Employees

Hi, everyone. Welcome back to QuickBooks Online for your practice. My name is Jessica Mishra, and this is Module Five, Contractors and Employees. In this module, we'll cover several topics related to contractors and employees, and it's a good idea to speak with an HR consultant or representative to guide you as you're setting up some of these processes just to make sure that you're in compliance, but today we'll talk through some of the offerings that QuickBooks Online has for helping you to manage your contractors and employees.

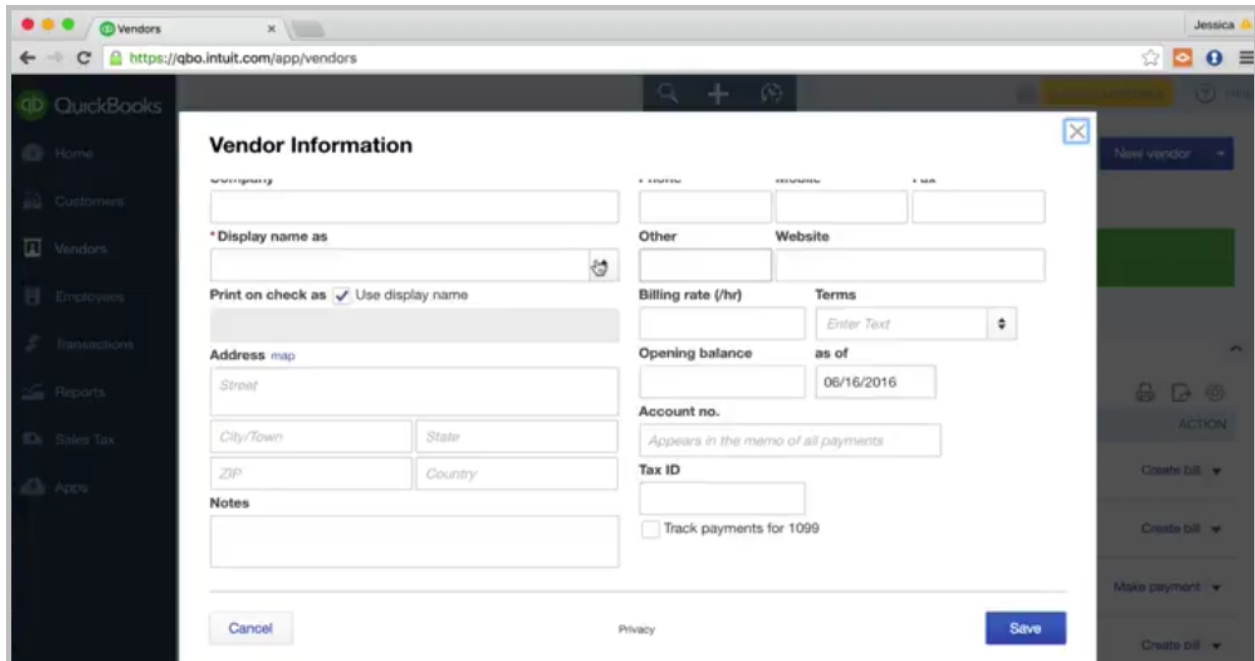


Let's start in the Vendor center. We're going to go over to this left sidebar. Click on Vendor.



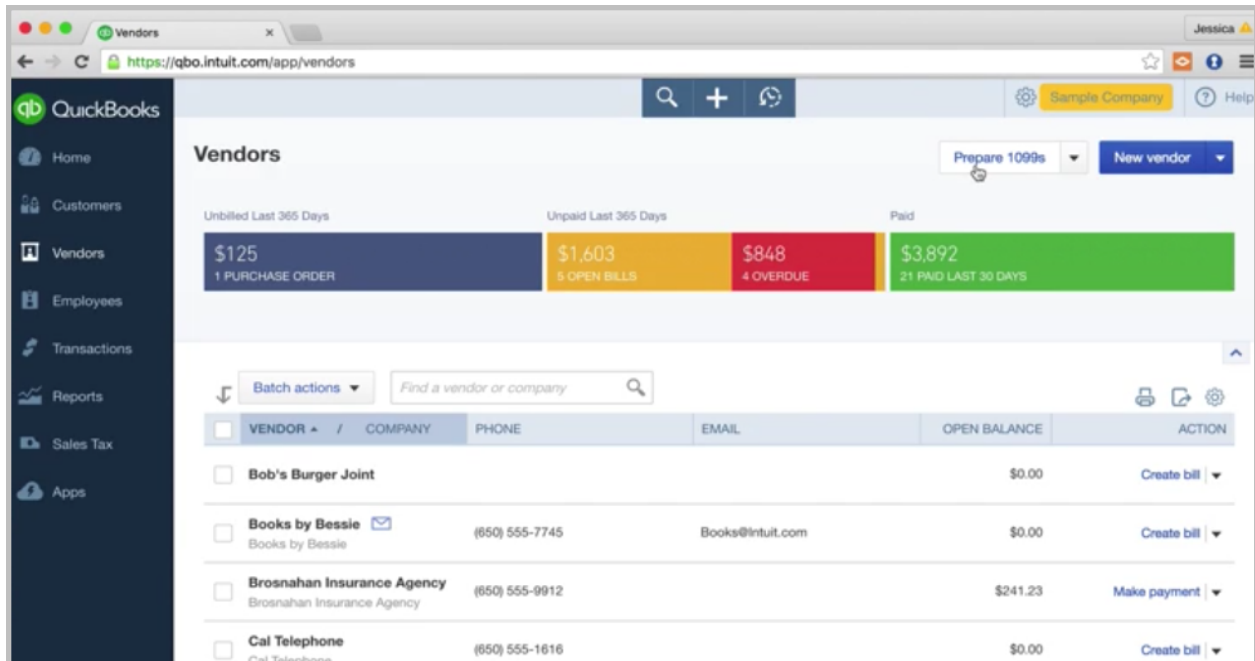
You'll remember that this is where we can track all the information related to our vendors. We're talking today about contractors, so your contractors are considered vendors, and you'll store all of your information for your contractors over here in the vendor center. A really good process to get in place, whenever you have a new vendor, is to obtain a W-9 form from them. If you need access to a W-9 form, you can just Google it. It's available on the IRS website. You'll provide that for your new vendor, and they may already have it. Make sure that you get a W-9 form before you ever issue your first payment. That's just a good process to make sure that you have a W-9 on file, and you have all of their appropriate tax information in the system, so then when you get to the point that you need to issue a 1099 at your end, you have all the information already. You can set up a folder for the vendor in Dropbox and store their W-9 and any other relevant information, maybe a copy of their invoices. Have that all set up in Dropbox.

Talking about 1099s, very quickly, if you're not sure what 1099s are or when you would issue them to your contractors, go ahead and just Google form 1099 instructions. Again, this is from the IRS website, but they have a whole listing of instructions for 1099s. You can read about when you would have to issue them and what some of the requirements are. What we're talking about today is just making sure that you're set up to issue the 1099s.



Again, you're going to create a new vendor, so this is after you've received your W-9 from them. Then you'll enter all the information straight from the W-9 form into this new vendor setup here. You'll have their name, their company name, and remember, again, this is exactly as you see it on the form. It's very important that that is very exact. You'll have the address. What I use this account number for here is the type of business that your vendor is, sole proprietor, LLC. That will be on the W-9 form, so just make sure you include that here and then their tax ID number. If they're a sole proprietor, it will be their Social Security Number, but if they are another type of business, they should have a tax ID number or EIN. You'll type that in here in the tax ID category. If you are using the Plus version, you have the option for this 1099 module, so it would be a good idea to check off Track Payments for 1099. Once you've entered all that information, hit Save.

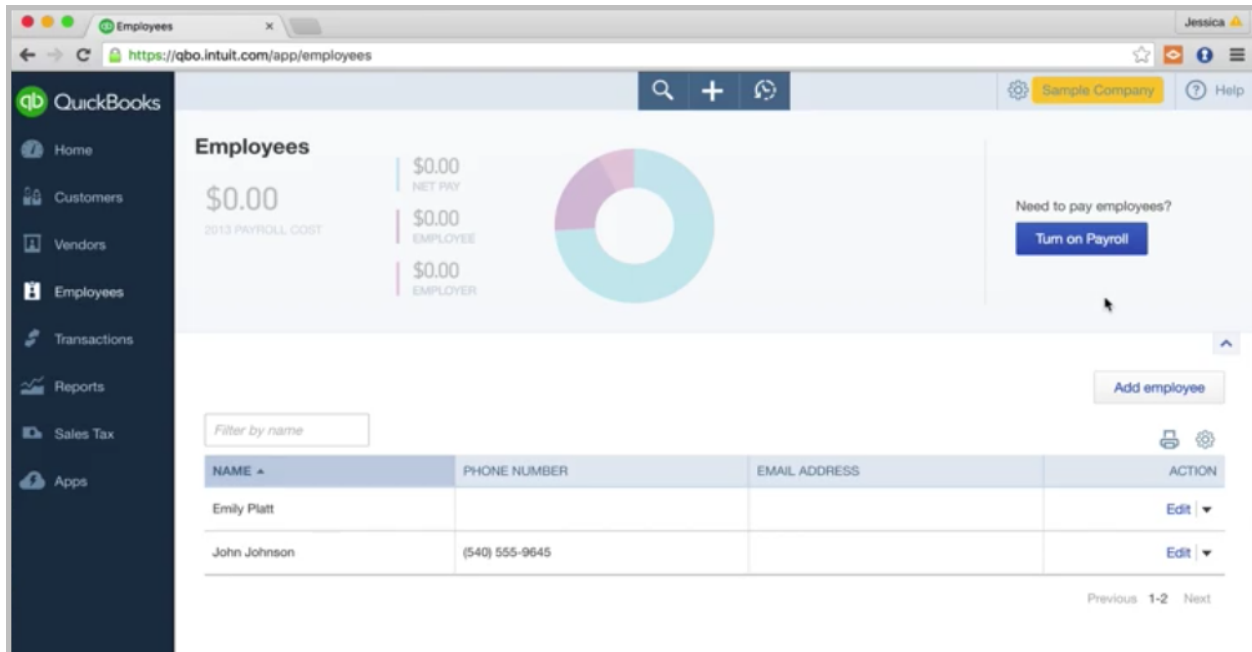
If you're doing that process as you go throughout the year, you're getting your W-9, you're setting up your new vendors in here, including all their information, 1099 preparation will be a breeze because everything will already mostly be done for you.



Then, if you're using the Plus version, you can use this Prepare 1099 module, and that will walk you through everything. If you aren't using the Plus version, no problem. There are several other online options for filing 1099s. The hard part is just having all the information ready, but once you have that ready, then you can easily use one of those other online services.

There is a pretty easy report, and I'll talk about that in the reporting module that you can run to show the total amount that you've paid to each of your vendors because that will be important when you're filing your 1099s. Typically, 1099s go to vendors that you've paid \$600 or more to, so that report will help you identify those vendors that you've paid either \$600 and over.

Okay, so that covers contractors. Let's go over to the Employee center.



This is where you would turn on your payroll. You can see this little button here, Turn On Payroll. We're not able to turn on payroll for the purpose of this test account, but I'll walk you through what you need to get from your employees so that you're prepared. Once you turn on the payroll here, it's going to walk you through all of the different information that you need to enter, but I'll just make sure I go over with you the different forms that you need to get from your employees so that you have all of the information. From there, after you turn on payroll, it's very simple. You're going to enter in all the information from these various forms. That will make it very easy to initiate payroll either biweekly or once a month, depending on how you want to pay your employees.

I recommend using the full service. There are various types of payroll that you can turn on with QuickBooks, and there are also many other payroll services. You're welcome to look into those as well. I personally recommend a full-service payroll. It will make your life a lot easier. They'll do the tax filings for you, so basically you'll just have to input all the information, and they'll manage the process and manage the tax filings. A lot of my clients use the full-service version, and it works really well.

Let's talk about the forms that you want to get from your employees. One is the form W-4. Again, any of these forms I'm talking about you can Google, and the IRS has them on its website. Just a quick Google search will pop it up. A form W-4. That's going to have a lot of tax information from your employees. You want an I-9 form. Again, you can Google that, and make sure they're filling out an I-9. What goes along with the I-9 are forms of identification. There is a list on the I-9 form that shows the different forms of identification that they can provide to you, either one or two different types of identification, such as either a passport, driver's license, or birth certificate, so there is a listing on there for them. They just need to provide you copies of that identification.

A direct deposit authorization form. That you'll be able to retrieve when you're in the payroll wizard, and you're setting up direct deposit. It gives you an option to download this direct deposit authorization form. If you're going to pay your employees via direct deposit, which is a good idea, they'll have to fill out that form first.

Then you'll also want to have the offer letter handy when you're filling out all of this information in here, so make sure you have a formal offer letter that was given to your employee. Make sure you have a copy of that.

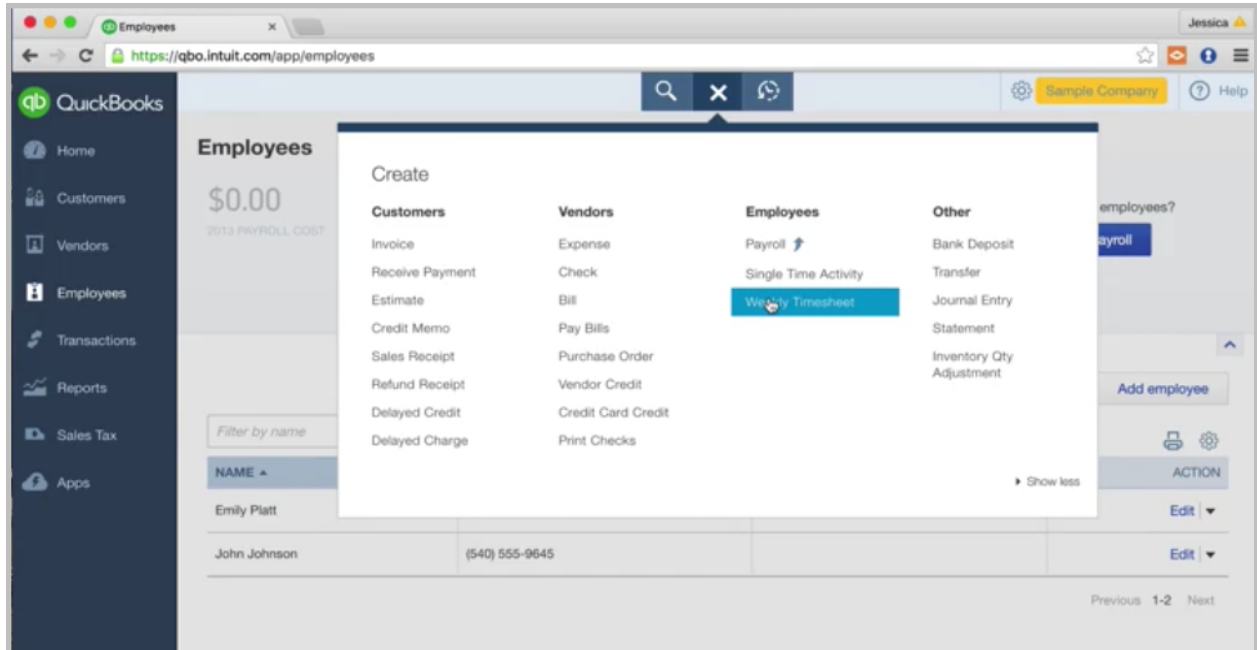
Just to review, a W-4 form, an I-9 form, a direct deposit authorization, your offer letter, and your forms of identification. It's a good idea to set up a folder for each employee and have all of those different forms in there and any other sort of information that is relevant to your onboarding process. Just make sure you're keeping that in a secure place.

Once you have all that information, you'll walk through the payroll wizard. Again, it's pretty self-explanatory. Good idea to talk to an accounting professional if you have any questions. Then, you can initiate payroll, again either biweekly or monthly.

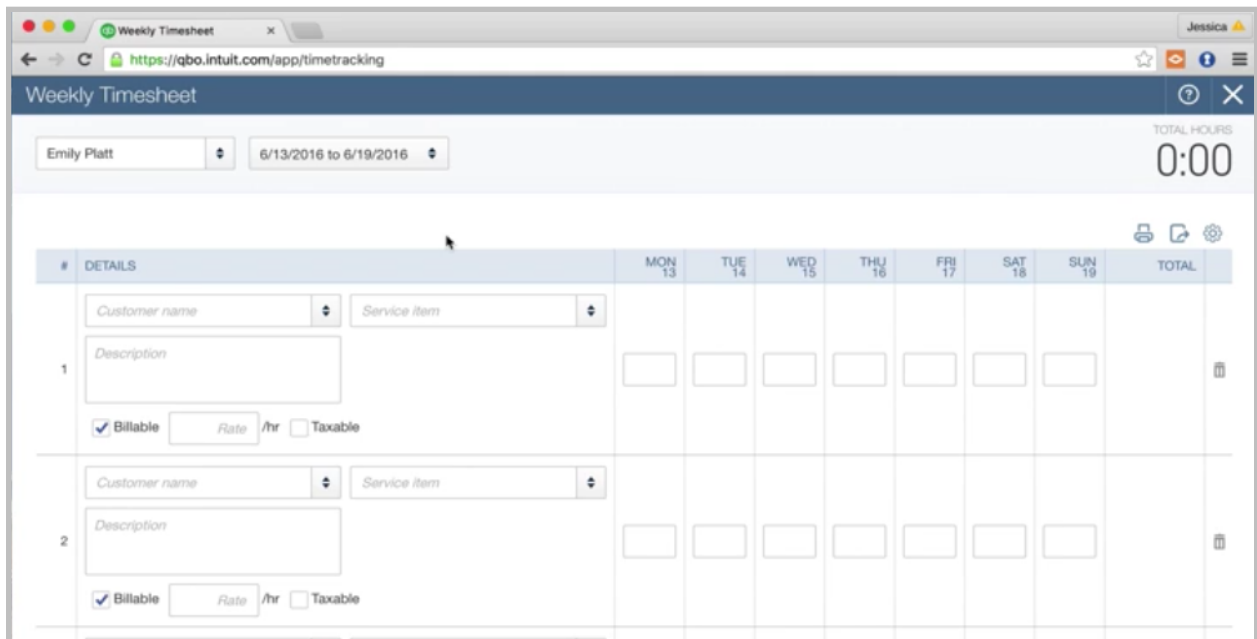
One other thing to note is for most states you are going to have to file a form with your state saying that you have a new employee, so it's go to check in, usually it's the Department of Labor. Check in and see if there are any documents that you need to submit in regard to your new employees.

If you are paying any employees out of state, you will have to register with any state that is not your home state. You'll have to register to get—oftentimes there are various numbers that you have to register for, so you just kind of have to Google around a little bit and see if there is a Department of Labor. They usually have some guidance there for what forms you need to fill out and what numbers you need to register to be set up to be an employer in that state. Again, just something to make sure you're aware of.

You might have employees who are hourly, so there are a couple options for tracking their time.



If we go up to the quick create, drop the plus sign down, there is a weekly timesheet. There are a couple ways to do this.



You can have your employees submit spreadsheets or some other way of tracking time to you, to an admin, or someone who can then enter that time into these weekly timesheets. That's one way to do it. There is also a way to give only time tracking access to an employee. You obviously don't want to give them access to all of your QuickBooks, but you can give them access to the time-

tracking module. That way they can go directly in and enter all their time in. That starts to not work if you have several employees because you really don't want to be giving them all access to time tracking. Usually there is a limit as to how many people can track. In that case, it's a good idea to set up an app. One that I recommend is TSheets. That's a time-tracking app that syncs with QuickBooks Online. Your employees can enter their time either online, or there is a mobile app, and that will sync up to QuickBooks Online so that you can run your payroll. Again, you have options for how you want to do this.

When you're setting up these weekly timesheets, there are a few different settings that are a little tricky. It would be good to talk with a bookkeeper or accounting professional just getting this part set up, but once it's set up, it's really easy to use, again, either for an admin or you to type in the time from your employees, or you give them access to the time-tracking module.

Okay, well, that should conclude our module today on contractors and employees. Again, I urge you to talk with an HR specialist just to go through some of these items, especially if you're going to have several employees. You want to make sure you're in compliance in your state, and there are a lot of regulations that go along with having employees or having contractors.

Thank you very much for watching, and let me know if you have any questions.