

Chapter 8

Using QuickBooks for Payroll

Name: _____

Class: _____

Date: _____

1. Anything you want included on a paycheck must first be set up as an item.
 - A. True
 - B. False
2. You edit, delete, and create new employees just as you do for customers and vendors.
 - A. True
 - B. False
3. When you set employee defaults, QuickBooks automatically applies the preferences to all new employees you create and you CANNOT change them.
 - A. True
 - B. False
4. If you use an outside payroll service, you do NOT have to enter employee information into QuickBooks.
 - A. True
 - B. False
5. QuickBooks offers three payroll service options: Manual, Enhanced, and Full Service.
 - A. True
 - B. False
6. The QuickBooks Manual Payroll option requires you to enter all employee and payroll information, including taxes, yourself.
 - A. True
 - B. False
7. In QuickBooks, voiding a paycheck is a very different process from voiding other transactions.
 - A. True
 - B. False

8. When working with payroll schedules, you can choose to pay employees by group or by batch.
 - A. True
 - B. False

9. There's nothing that needs to be done with the payroll activity report received when working with an outside payroll service; just file it with your other paperwork.
 - A. True
 - B. False

10. When must all W-4 information for an employee be entered?
 - A. Before you first run payroll
 - B. The day the employee is hired
 - C. Before W-2s are printed at year end
 - D. It doesn't matter; the information is for internal reference only

11. Where are subcontractors tracked?
 - A. The Employee List
 - B. The Jobs List
 - C. The Vendor List
 - D. The Customer List

12. Which of these is required for payroll setup?
 - A. The employee's job title
 - B. The employee's Social Security number
 - C. The employee's raise schedule
 - D. All of these options

13. For whom would you use a 1099-MISC form?
 - A. Salaried employees
 - B. Subcontractors
 - C. Volunteers
 - D. Tax-exempt employees

14. What should you do if you used a regular check to pay payroll taxes?
 - A. Reissue the check through Pay Payroll Liabilities.
 - B. Void the check and then process the payment through the Pay Payroll Liabilities window.
 - C. Edit the check in the Write Checks window.
 - D. Delete the check and then process the payment through the Pay Payroll Liabilities window.

15. In QuickBooks, an employee is someone to whom you:
- A. delegate any type of business operation
 - B. pay a salary
 - C. issue any type of tax form at the end of the year
 - D. issue a W-2 at the end of the year

16. When working with an outside payroll service, which of these info tabs are left empty?

The image shows a screenshot of the QuickBooks employee setup form. On the left side, there are five tabs labeled A through E: Personal, Address & Contact, Additional Info, Payroll Info, and Employment Info. On the right side, there are several input fields: LEGAL NAME (with a 'First' button), PRINT ON CHECKS AS, SOCIAL SECURITY NO., GENDER, and DATE OF BIRTH. The 'Personal' tab is currently selected and highlighted.

- A. Personal
 - B. Address & Contact
 - C. Additional Info
 - D. Payroll Info
 - E. Employment Info
17. Where do you enter employee paychecks?
- A. The Write Checks window
 - B. The Salary window
 - C. The Liabilities window
 - D. The Payroll Checks window
18. Omaira is setting up a new QuickBooks account for her existing business. What does she need in addition to the employee tax forms, considering that she's creating an account with an existing business that has been paying employees for some time?
- A. Prior liability payments
 - B. All W-2s submitted by the employees, as well as their prior paychecks and liability payments
 - C. Prior paychecks and liability payments
 - D. Prior paychecks

19. Kent likes using QuickBooks for payroll, but he's tired of having to remind himself to enter the information, work around holidays, and keep straight how often different employees are paid. What feature can Kent use to automate the payroll process and reduce his frustration?
- A. The Batch Payroll Automation Service
 - B. The Payroll Calendar
 - C. Auto-Payroll
 - D. Payroll Schedules
20. When you run payroll, you collect taxes and other deductions and hold them in a _____ account.
- A. Payroll Liabilities
 - B. Sales Tax Liabilities
 - C. Tax Liabilities
 - D. Federal Liabilities
21. Josh notices a minor error in an assigned class on one of the paychecks he's already distributed to his employees. What feature will prevent him from altering the wage amount or net pay while he corrects the class on the errant paycheck?
- A. Num Lock
 - B. Lock Net Pay
 - C. Class Change
 - D. None of these options
22. What form summarizes the W-2 information you provide to your employees and is submitted to the government?
- A. W-End
 - B. W-Payroll
 - C. W-Tax Liability
 - D. W-3
23. On the Expenses tab, how do you separate wages and expenses when creating an employee paycheck?
- A. You enter net wages on the first line and enter all deductions on the second line as a negative amount.
 - B. You enter gross wages on the first line and enter all deductions on the second line as a negative amount.
 - C. You enter all deductions as a negative amount on the first line and enter gross wages on the second line.
 - D. You enter gross wages and all deductions on the first line.

24. Match each payroll item to its type.

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|---------------------------|-------|------------------|
| A. Sick Salary | _____ | 1. Yearly salary |
| B. Office - Billable Time | _____ | 2. Deduction |
| C. Bonus | _____ | 3. Hourly wage |
| D. Health Insurance | _____ | 4. Federal tax |
| E. Medicare Company | _____ | 5. Addition |

25. Match each payroll error to its best fix.

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|--|-------|--|
| A. Lost or damaged paycheck | _____ | 1. Edit the information in the Review Paycheck window |
| B. Incorrect pay period dates within the calendar year | _____ | 2. Use Lock Net Pay mode and correct the error |
| C. Employee was overpaid | _____ | 3. Issue an unscheduled payroll check |
| D. Employee was underpaid | _____ | 4. Reprint and reissue the check using the next check number |
| E. Incorrect paycheck item (not amount) | _____ | 5. Correct on the next payroll |