

Payroll Liability Adjustment

For instructions on paying monthly or quarterly payroll liabilities, see **Pay Payroll Taxes and Benefits**. For special payroll liability adjustment that are NOT identified below, consult with your QuickBooks Trainer or Administrator.

Adjust an incorrect payroll liability amount

If the employee's check has not been assigned a check number,

- Double-click the employee's paycheck transaction in the **checking register**
- Select **Payroll Detail** button.
- Change the liability amounts in question and Click **OK**.
- Save and close the paycheck transaction.
- **Record** your changes,

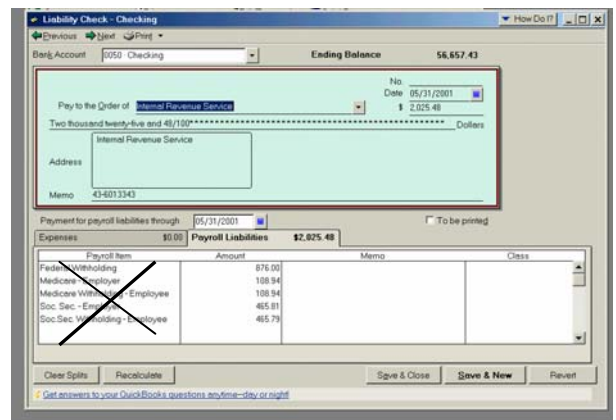
All related employee or employer expense and liability accounts will be adjusted.

If the employee's check has been assigned a check number but the check has not been delivered to the employee,

- Click once in the employee's paycheck transaction in the **checking register**.
- Select **Edit** from the menu bar.
- Select **Void Paycheck**
- Click the **Record** button at bottom of checking register.
- Write "VOID" on the actual "paper" paycheck.
- If the liability check transaction was created but not yet mailed, void the liability check.
- Create a new paycheck for the employee. New liability amounts will be calculated.
Create a liability check payments.

Do not change Payroll liability amount in the Liability check!

This may result in an incorrect payroll liability "amount due" in the Pay Payroll liability screen. In some instances, you may void the liability check transaction in the checking Register and re-select the liabilities in the Pay Payroll Liability screen. Create a new Check.



Adjusting a Payroll Liability Amount in 941 Form

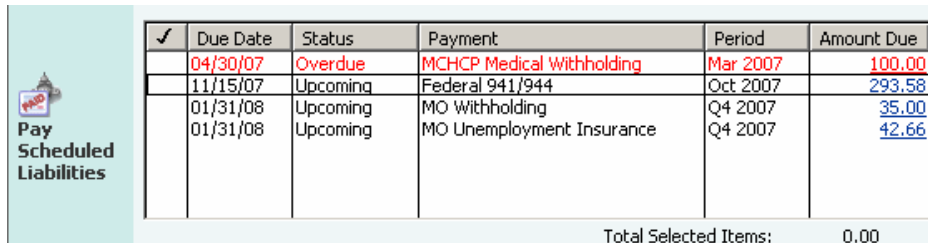
Occasionally, you may have a few cents or few dollars difference in an overpaid or underpaid employee or employer tax. In most cases, you can specify the Social Security or Medicare difference on line 9 of the 941 Form. QuickBooks may add this amount as an outstanding payroll liability in the Pay Payroll Liability screen.

Liability Adjustments

Scenario 1 - Adjust Employee's Deduction – Paycheck already cashed.

In the sample scenario, medical insurance inadvertently was withheld from the employee's paycheck. Employee's paycheck was distributed and cashed. \$100.00 is owed to the employee.

If the paycheck has been printed and distributed to the employee, do not void the paycheck. Instead, create appropriate liability adjustments.

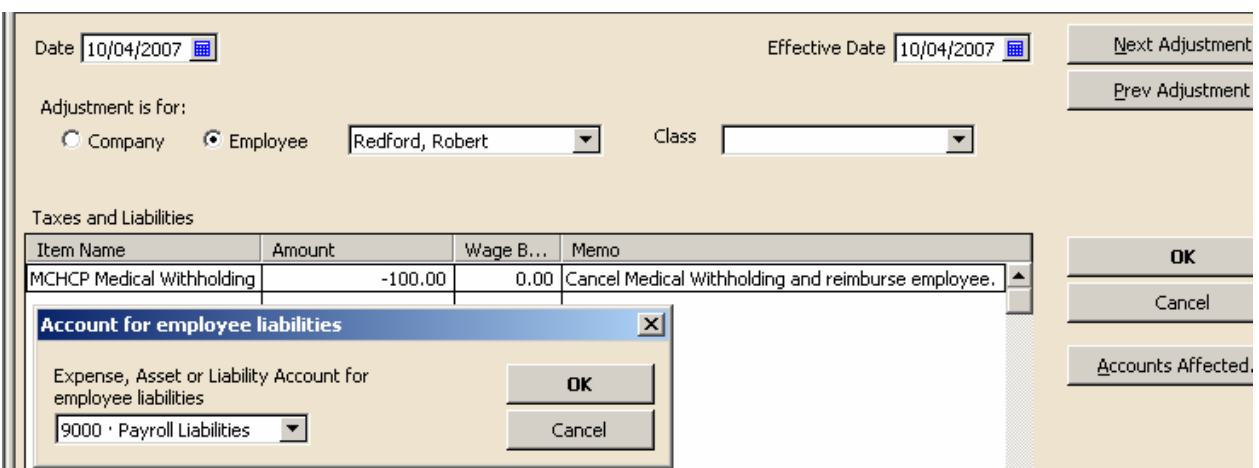


✓	Due Date	Status	Payment	Period	Amount Due
	04/30/07	Overdue	MCHCP Medical Withholding	Mar 2007	100.00
	11/15/07	Upcoming	Federal 941/944	Oct 2007	293.58
	01/31/08	Upcoming	MO Withholding	Q4 2007	35.00
	01/31/08	Upcoming	MO Unemployment Insurance	Q4 2007	42.66
Total Selected Items:					0.00

The liability may display in the Scheduled Liabilities screen and the Payroll Liability screen. **Adjust the Medical Withholding Liability** and **write a non-payroll check** to the employee to reimburse the \$100.00.

Adjust the Medical Withholding Liability

- o Select **Employees** from menu bar, **Payroll Taxes and Liabilities, Adjust Payroll Liabilities**.
- o Enter appropriate dates in the Date and Effective Date fields.
- o Select Employee name. (employee will be reimbursed)
- o Do **not** enter a Class Code! (Remember: liability transactions are not assigned a class code.)
- o Select the appropriate **payroll item** under **Item Name**.
- o Enter amount with a **minus** sign. You are reducing the liability.
- o Describe why you are adjusting the liability in the **Memo** field.
- o Under **Accounts Affected** button, be certain **Affect Liabilities and Expense accounts** is selected. Click **OK**.
- o Click **OK**.
- o When prompted about the class code, click **Save Anyway**.
- o In the Account for Liabilities screen, select **9000-Payroll Liabilities**. You will create a temporary liability to reimburse the employee.
- o Click **OK**. The amount will be removed from the Payroll Liability screen.



Date: 10/04/2007 Effective Date: 10/04/2007

Adjustment is for:
 Company Employee Redford, Robert Class: []

Taxes and Liabilities

Item Name	Amount	Wage B...	Memo
MCHCP Medical Withholding	-100.00	0.00	Cancel Medical Withholding and reimburse employee.

Account for employee liabilities

Expense, Asset or Liability Account for employee liabilities: 9000 · Payroll Liabilities

Buttons: Next Adjustment, Prev Adjustment, OK, Cancel, Accounts Affected.

✚ Write a Non-Payroll Check to the Employee (Reimbursement)

- In the Write Checks screen, prepare a check to the employee. However, create and **use a vendor name for this person**. Do not use the name from the employee list.
- Select **9000-Payroll Liabilities** account. Ignore the warning about payroll liabilities.
- Do **NOT** assign a Class Code!
- Save.

Account	Amount	Memo	Customer:Job	Bill...	Class
9000 - Payroll Lie	100.00				

Here is the how the transactions will appear in the liability accounts.

9055 - MCHCP Medical Payable						0.00
Redford, Robert	03/31/2007	6418	Paycheck		100.00	100.00
Redford, Robert	10/04/2007		Liability Adj... Cancel Me...	100.00		0.00
Total 9055 - MCHCP Medical Payable						0.00
9000 - Payroll Liabilities - Other						0.00
Redford, Robert	10/04/2007		Liability Adj...		100.00	100.00
Redford, Robert (v)	10/05/2007		Check	100.00		0.00
Total 9000 - Payroll Liabilities - Other						0.00

Scenario 2 – Adjust Employer’s Payroll Expense

In this scenario, the employer’s share of the Medical Insurance should be removed, decreased, or increased. The liability has not been paid.

In most cases, the employee’s paycheck can be edited and the appropriate employer’s (company) expense adjusted or set to zero.

✚ Adjust the Employer’s Payroll Expense

- Select **Employees** from the menu bar.
- Select **Edit or void Paychecks**.
- Select the appropriate **date range**.
- Select the employee’s paycheck transaction that needs changing.
- Click **Edit** button
- Select **Paycheck Detail** button.
- In the Employee’s Paycheck screen, select **Unlock Net Pay**.
- Under **Company Summary**, change the appropriate payroll item.
- Click **OK**. Then **Save**. Then **Done**.

The liability amount will be deleted or adjusted in the payroll liability screen.

Scenario 3 – Employer’s Payroll Liability Incorrectly Adjusted in the Liability Check Transaction

In this scenario, the employer’s retirement liability originally was \$50 (employee’s share \$50). When the liability check transaction was created, the bookkeeper discovered that the Invoice amount was \$110.00. Instead of changing the employer’s amount in the paycheck transaction, the amount was changed in the liability check. Liability Check was mailed.

Period: 03/01/07 - 03/31/07

Expenses	\$0.00	Payroll Liabilities	\$110.00	<input checked="" type="checkbox"/> To be printed
Payroll Item	Amount	Memo	Class	
Retirement PEBSCO Withl...	50.00			
Retirement PEBSCO - Emp...	60.00	←		

Originally, the \$60 employer retirement liability was \$50. Bookkeeper changed amount in liability check transaction.

The Liability Account now has a **negative \$10 balance**, which suggests an overpayment.

✓	Payroll Item	Payable To	Balance	Amt. To Pay
	MO - Unemployment Company	Mo Dept of Revenue	42.66	0.00
	MO - Withholding	Mo Dept of Revenue	35.00	0.00
	Retirement PEBSCO - Employer	University of Missouri	-10.00	0.00

Adjust the Liability Discrepancy

- Edit the Employee’s check where the original employer retirement liability amount exists. (Employees, Edit/Void Paychecks, Change Date Range, Select employee’s paycheck, Edit, Paycheck Detail)
- Check **Unlock Net Pay**
- Under Company summary, change the employer’s liability amount to \$60.
- Save paycheck screens.

Consult with your regional QuickBooks trainer or Administrator for assistance with special payroll liability adjustment.