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Set up State Unemployment Tax

The Missouri State Unemployment Tax is paid quarterly by employers for each employee's **gross wages** up to the State's wage limit. Refer to the Missouri Employer booklet or the quarterly tax form for the current wage limit.

According to the Missouri Quarterly Contribution and Wage Report, *total wages for a worker are gross wages, before deductions, except federally allowed cafeteria deductions. Cafeteria plans generally are health or life insurance plans, which give the employee the choice of converting of his or her wages into benefits which are income tax free.* The University-sponsored Medical (MCHCP) plan is exempt from employer's state unemployment tax. The PEBSCO (Nationwide) Retirement plan is not exempt.

For more details, go to the Division of Employment Security web site at <http://www.dolir.mo.gov/es/ui-tax/what.htm>

If your office files a quarterly report but does NOT pay quarterly taxes, then review only the sections, "Interest Assessment Charge" and "Report Configuration."

Note: Extension Councils are exempt from Federal Unemployment Tax.

Interest Assessment Charge

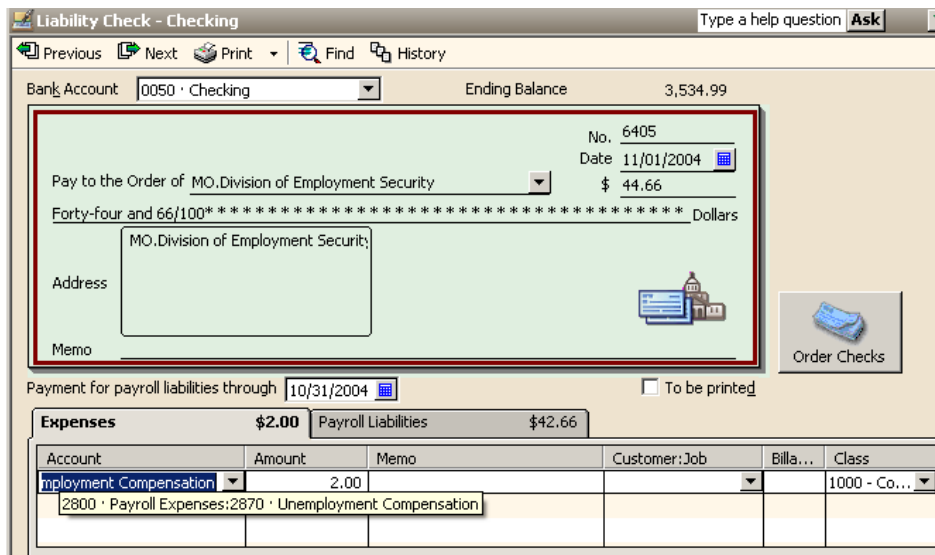
Annually, the Employer pays an *Interest Assessment due to Federal Advances*.

- **If your office does not pay quarterly taxes**, pay this amount as a regular check and post to **account 2870-Unemployment Compensation**. Ignore the following information. Complete the quarterly form as specified by Missouri. See also section, "Report Configuration."
- **If your office pays quarterly taxes**, the Interest Assessment Charge may be added to the Missouri Liability Tax check. See section, "Add Interest Assessment Charge to State Unemployment Liability Check."

Add Interest Assessment Charge to State Unemployment Liability Check

The annual Interest Assessment Charge may be added to the State Unemployment Tax liability check as follows. With this procedure, only **one check is written** to the Mo. Dept of Revenue.

- In the Payroll Liabilities screen, select the Mo. Unemployment Liability to be paid and create the liability check.
- In the Liability Check transaction screen, click the **Expenses Tab**.
- Under the Account column, select **2870-Unemployment Compensation** account, or the appropriate account in your chart of accounts.
- Enter the Interest Assessment Charge in Amount field.
- Complete the Memo field.
- Select appropriate **class code**. This is an employer expense. Expense must have a class code. Liability tax amount is not assigned a class code.
- Change the amount of the check (top of screen) to equal the total of the interest assessment and the liability.



For Employers Who Pay Quarterly MO. Unemployment Taxes

First Time Setup

Establish the following items **before** QuickBooks can begin recording and tracking the employer's state unemployment tax.

- Expense Account – 2870-Unemployment Compensation
- Liability Account – 9095-Mo. Unemployment Compensation
- Payroll Item – Mo. Unemployment Company
- Employee Data Information
- Report – Employee State Taxes Detail
- Unreported Prior Month's State Unemployment tax – QuickBooks will "catch up" when reporting employer tax for first time. See explanation in section, *Unreported Prior Month's State Unemployment Tax*.

2870-Unemployment Compensation Expense

The 2870-Unemployment Compensation expense already should be established under List, Chart of Accounts. If the account does not exist, then go to the [Create a New Account](#) procedure to learn how to setup a new account.

Select **Expense** as the Type.

Use **2870** as the Expense account number.

"**Unemployment Compensation**" as the expense name.

For Sub account, select **2800-Payroll Expenses**

9095-Mo.Unemployment Compensation Liability

The 9095-Mo.Unemployment Compensation Liability account already should be established under List, Chart of Accounts. If the account does not exist, then go to the [Create a New Account](#) procedure to learn how to setup a new account.

Select **Other Current Liability** as the Type.

Use **9095** as the **Other Current Liability Account** number.

"**Mo. Unemployment Compensation**" as the liability name.

For Sub account, select **9000-Payroll Liabilities**.

Payroll Item-Mo. Unemployment Company

The Mo. Unemployment Company payroll item already should be established under **Lists, Payroll Item List**. Review the payroll item configuration, as outlined below, to determine if it is setup correctly.

- Right Click on **Mo. Unemployment Company**. (The payroll item with "State Unemployment Tax" in the Type column.)

- Left Click **Edit**

If the Missouri Unemployment payroll item does not exist, then

- click the **payroll item button** at bottom left of payroll item list screen
- select **New**.

Missouri Unemployment Payroll Item Setup

- Select **Custom Setup**
- Select **State Tax (State Withholding, SDI,SUI)**, Next
- Select **Mo** for State and **State Unemployment**, Next
- Name should be MO. Unemployment Company**, Next.

Add new payroll item

Payroll item type

Select the type of payroll item you want to create.

- Wage (Hourly Wages, Annual Salary, Commission, Bonus)
- Addition (Employee Loan, Mileage Reimbursement)
- Deduction (Union Dues, 401(k) deferral, Simple IRA)
- Company Contribution (Employer 401(k) matching contribution)
- Federal Tax (FUTA, Social Security, Medicare)
- State Tax (State Withholding, SDI, SUI)
- Other Tax (Local Tax, Misc. State Tax)

Add new payroll item

State tax

Enter the state.

MO

Select the type of tax you want to create.

- State Withholding
- State Disability
- State Unemployment
- Other Taxes

Edit payroll item (Company Contribution:MO Unemployment)

Agency for company-paid liability

Enter name of agency to which liability is paid: Div. of Employment Security

Enter the number that identifies you to agency:

Liability account (company-paid): 9000 - Payroll Liabilities:9095 - MO Une...
This liability account tracks company contributions to be paid. You can change this account at any time.

Expense account: 2800 - Payroll Expenses:2870 - Unempl...
Company-paid contributions are an expense to your company. You can change this account at any time.

Prev Next Finish

- Select Agency Name from Vendor list
- Enter Missouri ID account number
- Liability account should be **9095-Mo. Unemployment Compensation**
- Expense Account should be **2870-Unemployment Compensation**, Click **Next**.

- Enter your assigned **Tax rate in % format**. If calculated rate is .0029, then your % rate is .29%. QB uses the % number.
Note: If you enter the calculated rate instead, then your rate amount will be in cents instead of dollars; and, of course, it will be the incorrect amount!
- Click **Next**.

- All Salary types should be checked under **Taxable Compensation** on next screen, including Retroactive Pay (if you have this item).

- Appropriate **Pre-Tax Medical, Dental, and Vision deductions** should be checked in the **Pre-Tax Deductions** screen.
- Click **Finish**.

Note: Your payroll item may be named differently.

Retirement employee deductions should **not** be checked.

Employee Data

Edit each employee's data to track the Missouri Unemployment Tax Compensation.

- Employee Center, Employees Tab.
- Double-click Employee's name.
- Under **Change Tabs**, click down arrow and select **Payroll and Compensation Info**.
- Click the **Taxes** button.
- There should be **no** ✓ preceding Federal Unemployment Tax. (Council is exempt)
- Under the State tab, place a ✓ preceding **SUI**.
- State Worked should be **MO**
- Click **OK**, **OK** Again

Repeat for each Employee.

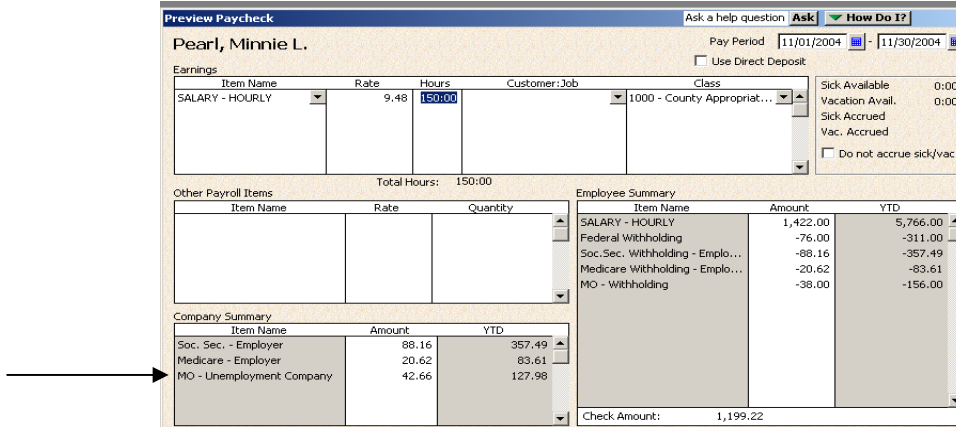
Payroll Updates

As a Payroll Tax Service Subscriber, update the payroll tables and software each month.

- Employees, Get Payroll Updates.

The Paycheck Screen

When the employee's paycheck screen is displayed, the Mo Unemployment tax will be calculated and displayed under **Company Summary**. QuickBooks will stop calculating Mo. Unemployment tax for an employee whose wages exceed the current wage limit.



Unreported Prior Month's State Unemployment Tax

If the State Unemployment tax was not included in the employee's prior month's paycheck (for some counties – the January paycheck), then the employee's data file was not setup for calculating Missouri Unemployment tax when the aforementioned paycheck was created. To correct this, see section, **"Correct Paycheck with Unreported State Unemployment Tax."**

Report Configuration

Create a report to display the quarterly Missouri Unemployment Tax.

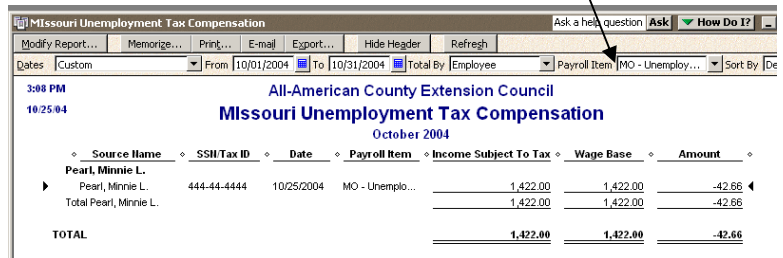
If your Council pays quarterly Missouri Unemployment taxes, then skip to section, Create Missouri Unemployment Tax Report.

If your Council does not pay quarterly taxes but files a quarterly report, you can create a similar Report as indicated below to show Gross Salary. Instead of selecting payroll item, Mo. Unemployment, in the report configuration below, select **Salary-Monthly** or **Salary-Hourly** or the appropriate Salary payroll item.

According to the Missouri Quarterly Contribution and Wage Report, *total wages for a worker are gross wages, before deductions, except federally allowed cafeteria deductions.* If your employee participates in a cafeteria plan, then select payroll item, **Mo. Withholding**.

Create Missouri Unemployment Tax Report

- Reports, Employees and Payroll
- Select **Employee State Taxes Detail**
- Select the appropriate **Date** range
- At top right, click the down arrow for **Payroll item** and select **Mo. Unemployment Company**
- If desired, change the **Report Heading**.
 - Select **Modify Report**
 - Select **Header/Footer** tab
 - Change the heading in the **Report Title**
 - Click **OK**.
- Click **Memorize** button and save report to Memorized Report List.



The **Income Subject to Tax** will be gross wages less the pre-tax medical, dental, and vision employee deductions.

Correct Paychecks with No State Unemployment Tax Reported

Before correcting paychecks, the expense and liability accounts for the Mo. Unemployment Tax, the Mo. Unemployment Company Payroll Item and the Employee data file must be set up. See sections, **“For Employers Who Pay Quarterly Mo. Unemployment Taxes, Employee Data, and Payroll Updates.**

Void Paycheck with No State Unemployment Tax Reported

- Make a snapshot of the original paycheck that will be voided.
 - Employees, **Edit/Void Paychecks**
 - Select the employee’s paycheck with no State Unemployment tax reported.
 - Click the **Edit** button
 - Note the **check number and date of the check.**
 - Select **Paycheck Detail** button.
 - With the paycheck screen displayed, press the **Print Screen key on your keyboard** (upper right) to make a copy of the screen.
 - Open a blank document in Word.
 - Right click on the blank document, Left Click on **Paste**. A copy of the paycheck screen will appear.
 - **Print** the Word document. You will have the data required for re-creating the paycheck.
 - Close Word. No need to save document.
 - Click OK and then Save and Close button **in the paycheck transaction.**
- **Void Paycheck**
 - In the **Edit/Void Paycheck** screen, select the paycheck with no State Unemployment tax reported so it is highlighted. Click **Void button.**
 - Type **Yes** to confirm deletion
 - Click **Void** button
 - Click **Done** in the Edit/Void Paycheck screen.
- **Re-create the Paycheck that was voided.**
 - Employees, **Pay Employees**
 - Be sure to enter the correct date of check and Pay Period before going to the Paycheck screen.
 - Select “Continue” if message displays regardinganother Paycheck exist...”
 - Review correct wages, employee deductions, and employer expenses. Make necessary changes, if necessary, to match the data to the original paycheck to the exact penny.
 - QuickBooks will calculate the State unemployment tax as related to the gross wages (less pre-tax medical, vision, and dental employee deductions).
 - Save the paycheck
 - In the Checking Register, locate the paycheck transaction. In the check number field, change **“to be printed”** to the correct, original check number. Click **Record** to save change.
- Repeat the above procedure for each employee’s paycheck.
- The Mo. Unemployment Tax liability should display in the **Pay Liabilities Screen.**
- Prepare a **Memo** in Microsoft Word to explain why the paychecks were voided. Note the paycheck numbers and dates. Sign and date the Memo. Ask your CPD to sign and date the Memo.

Correct Paychecks with Overstated State Unemployment Tax

Edit Paycheck with Overstated State Unemployment Tax, if any

- Employees, **Edit/Void Paychecks**
- Select the employee’s paycheck with the overstated unemployment tax.
- Click **Edit** button
- Select **Paycheck Detail.**
- Change the Missouri Unemployment tax to the correct tax amount as it relates to the paycheck’s gross wages. Be sure to tab out of the tax field to save the change.
- Click OK and then Save and Close button.

Contact your regional QuickBooks Trainer or the QB Administrator for assistance.