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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. Additional Special Fees may be charged to the employer to offset state or federal costs. See section, [Explanation of Special Fees](#), at the end of this document. 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, "Special Fees - Interest Assessment/Automation Surcharge" and "Report Configuration." Note: Extension Councils are exempt from Federal Unemployment Tax.

Special Fees – Interest Assessment/Automation Surcharge

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

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

Add Special Fees to State Unemployment Liability Check

The annual Interest Assessment Charge or the Automation Surcharge 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 or the Automation Surcharge in the 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.

Note: the tax liability amount is not assigned a class code. The Special Fee is assigned a class code.

Account	Amount	Memo	Customer:Job	Bill...	Class
Unemployment Compensation	2.00				1000 - Co...
Total Expenses: 2870 - Unemployment Compensation					

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.)

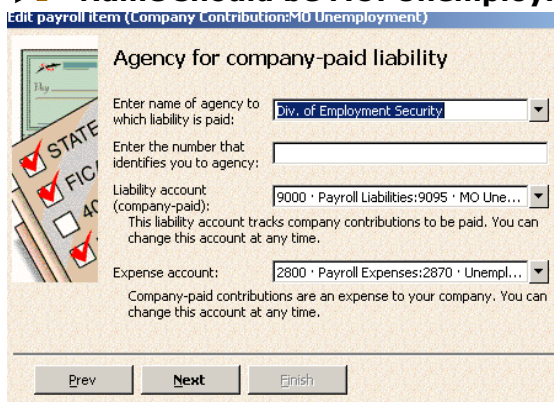
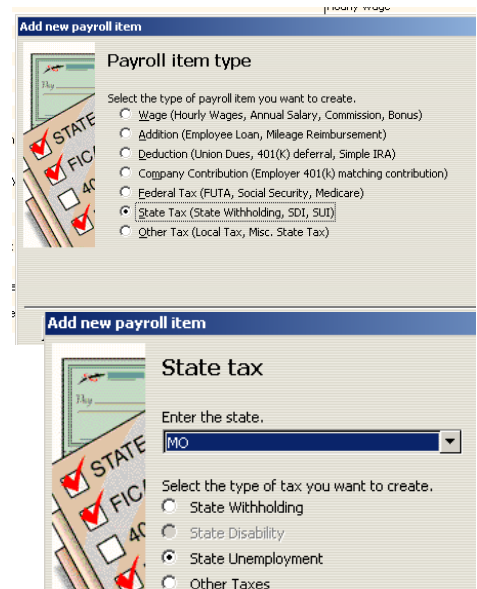
- ✦ Left Click **Edit**

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.



- ✦ 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**.

Add new payroll item (MO-State Unemployment Tax)

Company tax rates for 2005

Enter each tax rate as a percentage. Your tax rate can change at the beginning of each calendar quarter.

Company rate
For 1/1 - 3/31: 0.29%
For 4/1 - 6/30: 0.29%
For 7/1 - 9/30: 0.29%
For 10/1 - 12/31: 0.29%

These rates are common new employer rates; your rates may be different. Check with your state tax agency.

Prev Next Finish Cancel

- 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).

Edit payroll item (MO-State Unemployment Tax)

Taxable compensation

Select the items subject to this state unemployment insurance tax.

Payroll Item	Click Default to revert to QuickBooks automatic settings.
<input checked="" type="checkbox"/> SALARY - MONTHLY	Default
<input checked="" type="checkbox"/> Sick Salary	
<input checked="" type="checkbox"/> Vacation Salary	
<input checked="" type="checkbox"/> Retroactive Pay	
<input checked="" type="checkbox"/> SALARY - HOURLY	
<input checked="" type="checkbox"/> Sick Hourly Rate	
<input checked="" type="checkbox"/> Vacation Hourly Rate	

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

Edit payroll item (MO-State Unemployment Tax)

Pre-tax deductions

Select the items that will reduce wages for this state insurance tax.

Payroll Item
<input checked="" type="checkbox"/> Dental Pre-Tax Deduction
<input checked="" type="checkbox"/> Eye (Vision) Pre-Tax Deduction
<input checked="" type="checkbox"/> MCHCP Insurance Withholding
<input checked="" type="checkbox"/> MCHCP PreTax Medical Deduction
<input type="checkbox"/> Other Benefits Payable
<input type="checkbox"/> Retirement Other Withholding
<input type="checkbox"/> Retirement Pebsco withholding

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.

Information for: Pearl, Minnie L.

Change tabs: Payroll and Compensation Info

Payroll Info

Earnings

Item Name
SALARY - HOURLY

Additions, Deduction

Item Name

Taxes for Pearl, Minnie L.

Federal State Other

Filing Status: Married

Allowances: 0

Extra Withholding: 0.00

Subject to

Medicare

Social Security

Advance Earned Income Credit

Federal Unemployment Tax (Company Paid)

Taxes for Pearl, Minnie L.

Federal State Other

State Worked

State: MO

SUI (Company Paid)

State Subject to Withholding

State: MO

Filing Status: Married, Spouse Works

Allowances: 0

Extra Withholding: 0.00

Miscellaneous Data (Depends on state selected)

Previous State Data (For reference only)

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.

Item Name	Rate	Hours	Customer: Job	Class
SALARY - HOURLY	9.48	150.00		1000 - County Appropriat...

Total Hours: 150:00

Item Name	Amount	YTD
SALARY - HOURLY	1,422.00	5,766.00
Federal Withholding	-76.00	-311.00
Soc. Sec. Withholding - Emplo...	-88.16	-357.49
Medicare Withholding - Emplo...	-20.62	-83.61
MO - Withholding	-38.00	-156.00

Item Name	Amount	YTD
Soc. Sec. - Employer	88.16	357.49
Medicare - Employer	20.62	83.61
MO - Unemployment Company	42.66	127.98

Check Amount: 1,199.22

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.

Source Name	SSN/Tax ID	Date	Payroll Item	Income Subject To Tax	Wage Base	Amount
Pearl, Minnie L.	444-44-4444	10/25/2004	MO - Unemplo...	1,422.00	1,422.00	-42.66
Total Pearl, Minnie L.				1,422.00	1,422.00	-42.66
TOTAL				1,422.00	1,422.00	-42.66

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 regarding "...another 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.

Explanation of Special Fees [Back to top](#)

Federal Interest Assessment

Federal advances are subject to an interest charge by the U.S. Treasury. In Missouri, statutes provide this interest charge is to be collected from employers that are covered by the Employment Security Law. The amount of each employer's share of the federal interest assessment is based on the employer's taxable payroll during the previous calendar year. The interest charge is assessed once per year during the second quarter.

Missouri received federal advances in the past when the state Unemployment Compensation Fund did not have enough money to pay unemployment benefits, and employers were assessed an interest charge each year from 2002 through 2007. Missouri has now repaid all amounts loaned from the federal government; therefore, a federal interest charge was not assessed in 2008.

Unemployment Automation Fund and Surcharge

Effective August 28, 2008, the "Unemployment Automation Fund" was established as provided in Section 288.312, RSMo. This fund is to be used solely for the purpose updating the division's automated systems to improve the administration of the state's unemployment insurance program.

As provided in Section 288.131, the fund will be financed by an automation surcharge paid by established employers. The automation surcharge rate will be five one-hundredths of one percent or less. Any employer who is subject to this automation surcharge will have their normal unemployment insurance tax rate REDUCED by five one-hundredths of one percent. This reduction will be shown on the employer's unemployment insurance tax rate statement that is mailed to the employer in November. The automation surcharge will be based on the employer's total taxable wages for a twelve month period ending on June 30th of the previous year. Employers with a zero contribution rate are exempt from the automation surcharge. Each employer will be notified of the amount of their automation surcharge on the first quarter contribution report. The automation surcharge is in effect for calendar years 2009, 2010 and 2011. Contributions to the automation surcharge will not be used for future rate calculations nor will they be reportable to the Internal Revenue Service on Form 940 as contributions paid.

Above information is from the Missouri Division of Employment Security web site.

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