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## Sick and Vacation Salary

QuickBooks tracks sick and vacation pay for each employee and uses this information when you write a paycheck for the employee. Each employee's accumulated and used Sick and Vacation hours should be recorded either manually or in QuickBooks.

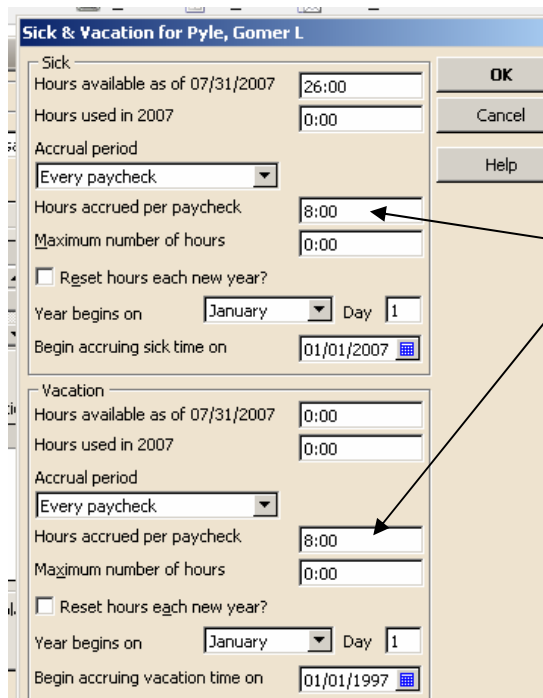
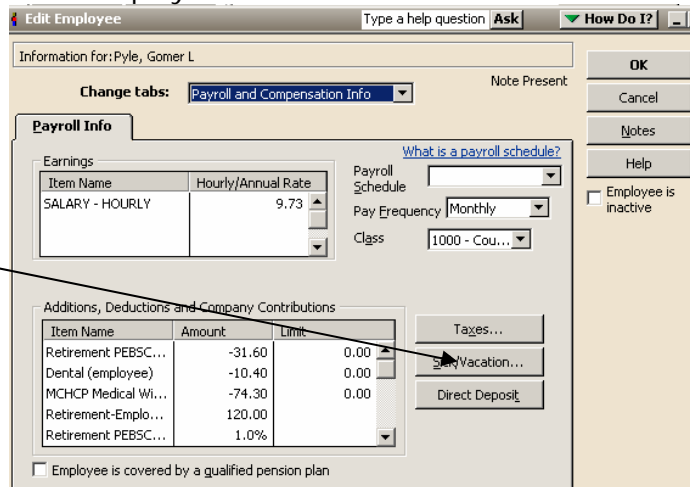
### Issues:

- **Sick Salary and a Vacation Salary payroll items** must be established before entering used hours for an employee. See section below **"Setting up the Sick and Vacation Payroll Items."**
- Year-to-date sick and vacation hours must be entered for each employee as of the last employee's paycheck before paying sick and vacation hours on the next paycheck. See section **"Enter Current Sick and Vacation Hours – First Time."**
- The Sick or Vacation Salary payroll item must indicate if employee is paid monthly (yearly salary) or paid hourly. See section **"Setting up the Sick And Vacation Payroll Items."**
- The Sick or Vacation Salary payroll item must designated a salary or payroll expense account, e.g. 2700, 2730. See section **"Change Expense Account."**
- When an employee uses sick or vacation hours, report the hours used as a **separate payroll item**. This method allows QuickBooks to update sick and vacation hours.

### Enter Current Sick and Vacation Hours - First Time

Enter the existing sick and vacation balances for each employee.

- Select **Employees** from the menu bar
- Select **Employee Center**
- Double-click on the employee's name to open the employee's data file.
- Under **Change Tabs**, click down arrow and change to **Payroll and Compensation information**.
- Click the **Sick/Vacation** button.

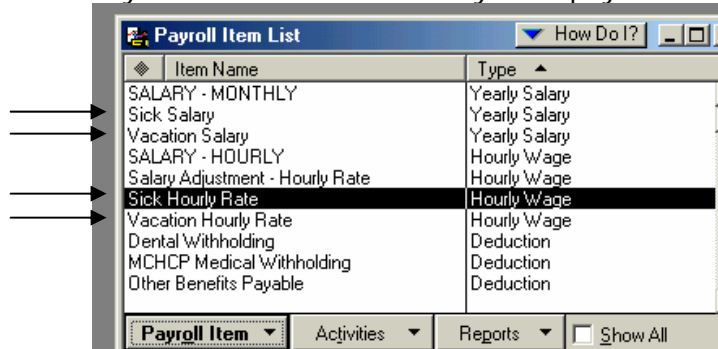


- In the **"Hours available as of..."** fields for **both** Sick and Vacation, enter the current hours as of the date shown. This date usually represents the last paycheck date for the employee.
- Enter the amount of **hours accrued** (or earned) by the employee **for each paycheck**. For example, if an employee earns 8 hours per month and is paid a monthly salary, enter 8. If an employee earns 8 hours per month and is paid on a bi-monthly basis, enter 4.
- If an employee's sick or vacation is reset to zero at beginning of calendar year, place a ✓ preceding "Reset Hours each new year."
- Click **OK**.

## Setting Up the Sick and Vacation Payroll Items

Originally, the Sick and Vacation payroll items were established as illustrated below.

The Sick and Vacation Salary Payroll Items with type – Yearly Salary – is used for monthly paychecks. Sick Hourly Rate and Vacation Hourly Rate payroll items are used for employees paid by the hour.

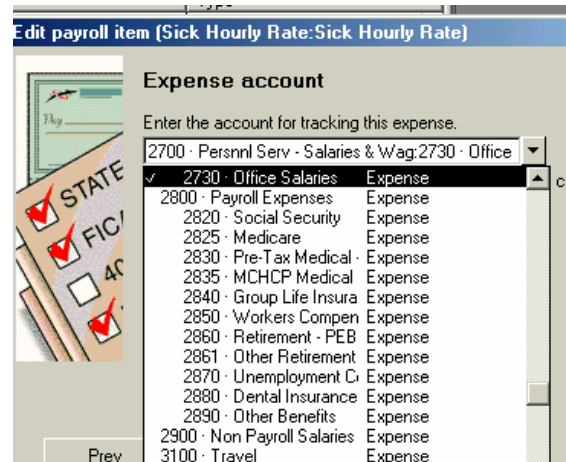


All four Sick and Vacation payroll items were set up to designate the account, 2800-Payroll Expense. Using account 2800, the employee's sick and vacation hours will not appear with the regular salary expense, 2700 or 2730. Instead, it will appear as a benefit under the generic 2800. County offices may elect to change the designated salary account to 2700 or 2730 by editing the appropriate sick and vacation payroll items. See following procedure, "Change the Expense Account."

### Change the Expense Account

- Select **Lists** from the menu bar.
- Select **Payroll Item List**
- Double-click on the appropriate sick or vacation payroll item.
- Click the **Next** button
- Under **Expense** account, click the down arrow to select the appropriate salary or payroll expense account.
- Click **Finish**.

Repeat the above procedure for each sick or vacation payroll item.



### Entering Sick or Vacation Hours on a Paycheck

Sick and Vacation hours are tracked by QuickBooks only when the hours used are reported under a separate Payroll Item, e.g. Sick Hourly Rate, Sick Salary, Vacation Hourly Rate, Vacation Salary, and included on the employee's paycheck.

- Select **Employees** from menu bar, **Payroll Center**.
- Select **Pay Employees** button under
- Insert a ✓ preceding the employee's name
- Select **Open Paycheck Detail** button to display the employee's **Preview Paycheck** screen.

If employee's Salary is Monthly, go to next section, "For Monthly Salary."

If employee's Salary is Hourly, go to section "For Hourly Salary."

### For Monthly Salary

#### In the Preview Paycheck screen

- Be certain the **correct pay period** is displayed.
- Leave the original salary transaction line as it is.
- In the **second transaction line**, select the appropriate sick or vacation salary payroll item:
  - Sick Salary (for monthly salary)
  - Vacation Salary (for monthly salary)
- Enter the **sick or vacation hours** in the "Hours" column.

- In the **Monthly Salary Hours** column, enter the **total hours less the sick and/or vacation hours**.
- QuickBooks will calculate the sick or vacation salary and recalculate the regular salary on the first line. The Hours shown for the Regular Monthly Salary are relevant to QB's calculations. **The total of the two salary amounts should equal the salary paid each month.**
- By default, QuickBooks will enter the **same Class code** for sick or vacation salary. You can change the class code, if required.
- Review the employee and employer data.
- Save the paycheck.

Note: Sick and Vacation hours can be reported on the same paycheck but on separate transaction lines.

## For Hourly Salary

In the Preview Paycheck screen

- Be certain the **correct pay period** is displayed.
- Change the Total Hours for the **Regular Salary** (first Line) to reflect hours - exclusive of (minus) the sick or vacation hours.

In the **second transaction line**, select the appropriate sick or vacation salary payroll item:

Sick Hourly Rate (for employee paid by the hour)

Vacation Hourly Rate (for employee paid by the hour).

- Enter the **sick or vacation hours** in the "Hours" column.
- QuickBooks will calculate the sick or vacation salary.
- The hours for all transaction lines should equal **the total hours worked**.
- **The total of the two salary amounts should equal the salary for all Hours.**
- By default, QuickBooks will enter the **same Class code** for sick or vacation salary. You can change the class code, if required.
- Enter the employee and employer data.
- Save the paycheck.

Note: Sick and Vacation hours can be reported on the same paycheck but on separate transaction lines.

In the example below, the total hours worked is 80.

# Report for Sick and Vacation Hours

Create a report for sick and vacation for all employees by selecting from the menu bar:  
**Reports, Reports Center, Employees & Payroll, Paid Time Off List.**