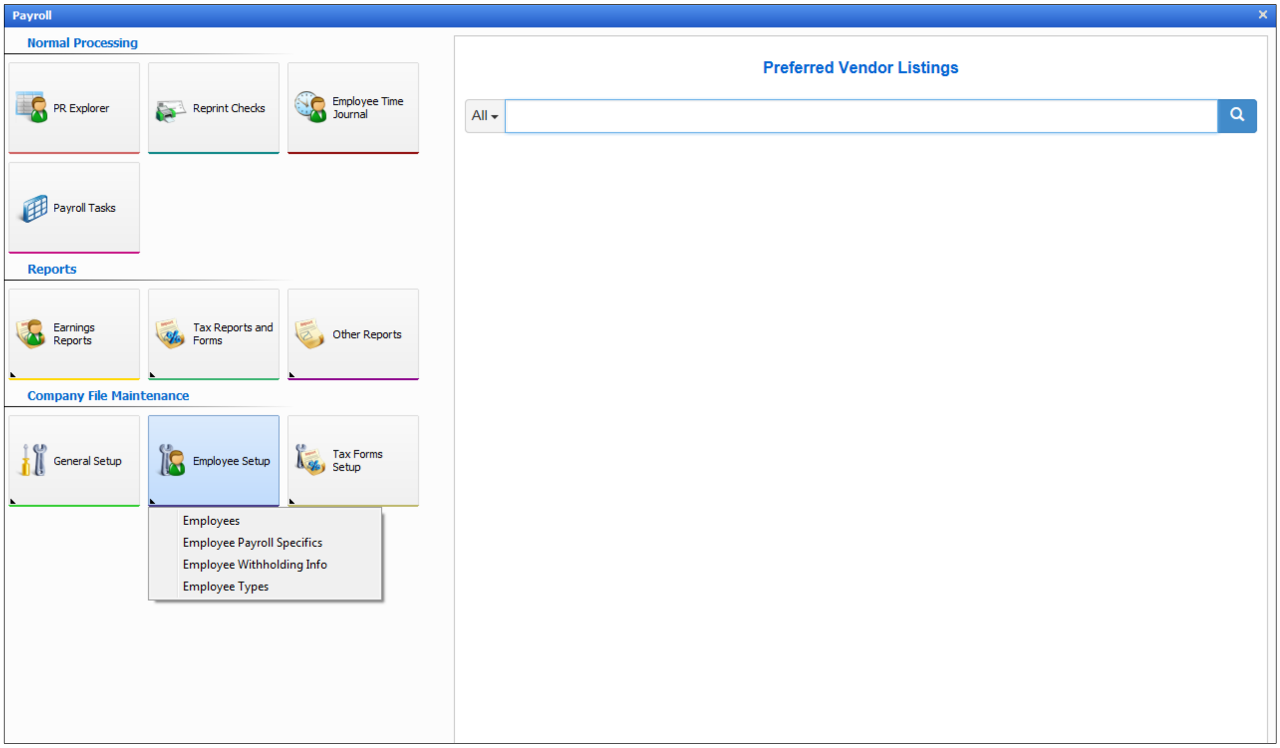
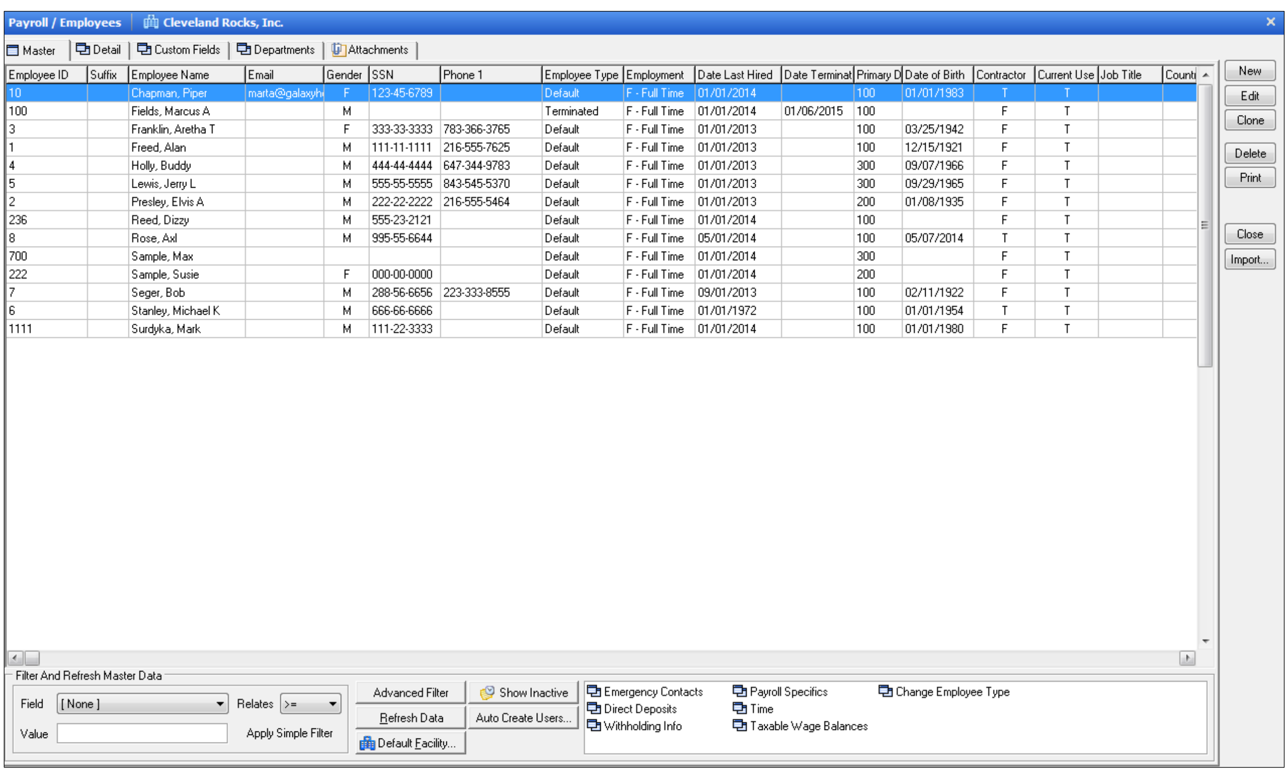


Looking at **Employee Setup,** you can see it is divided into 4 separate sections. You can access any section by clicking on the icon.

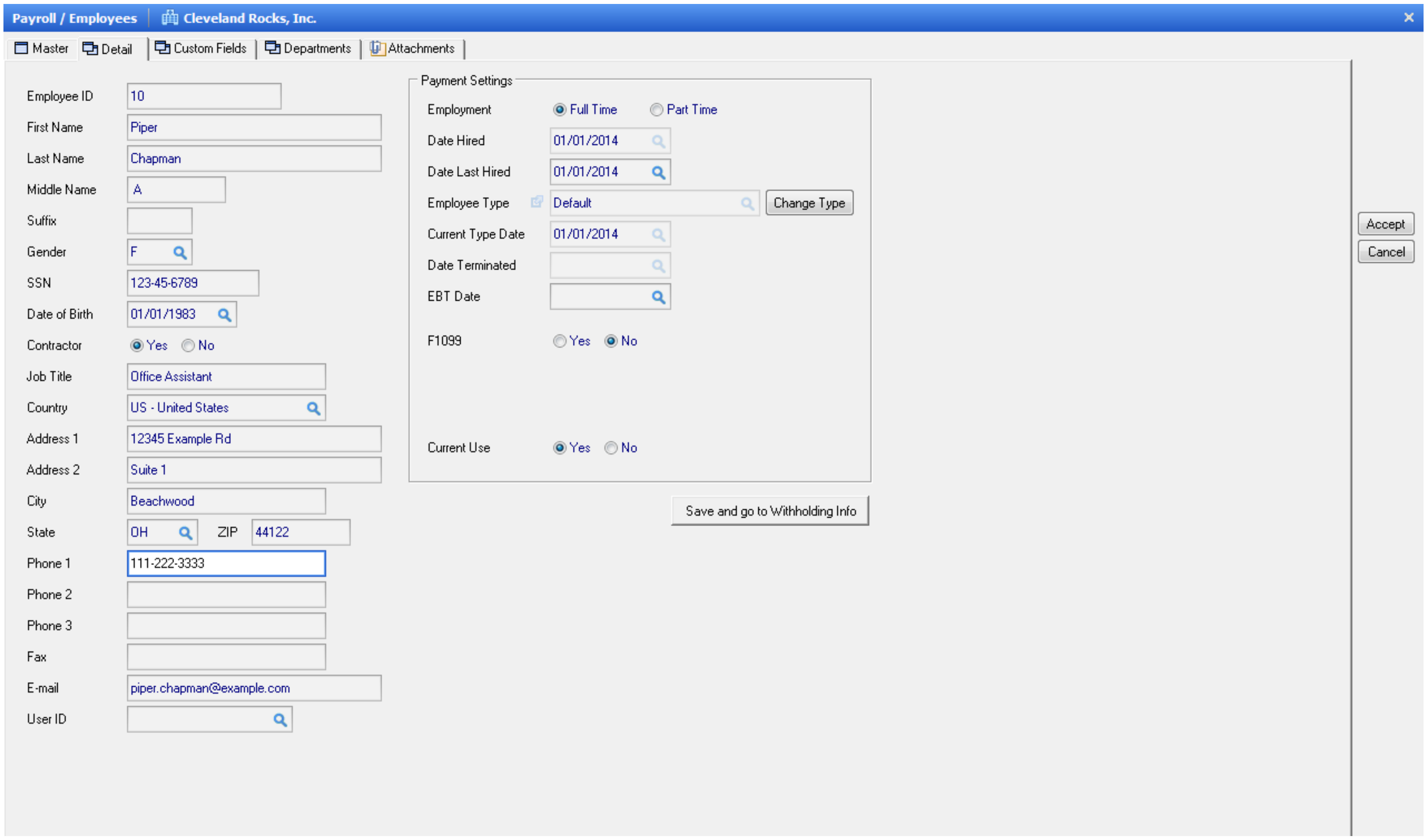
- Employees
- Employee Payroll Specifics
- Employee Withholding Info
- Employee Types

The **Employees** screen looks as follows:



This is where new employees are added and existing employee's information can be edited.

To add a new employee, there are 4 screens you have to go through if they don't want direct deposit. And if they do want direct deposit, there are 5 screens. The first screen is their demographic info. Click **New** on the far right side.



The fields that have a magnifying glass sign have different options. Please click the magnifying glass to access the options.

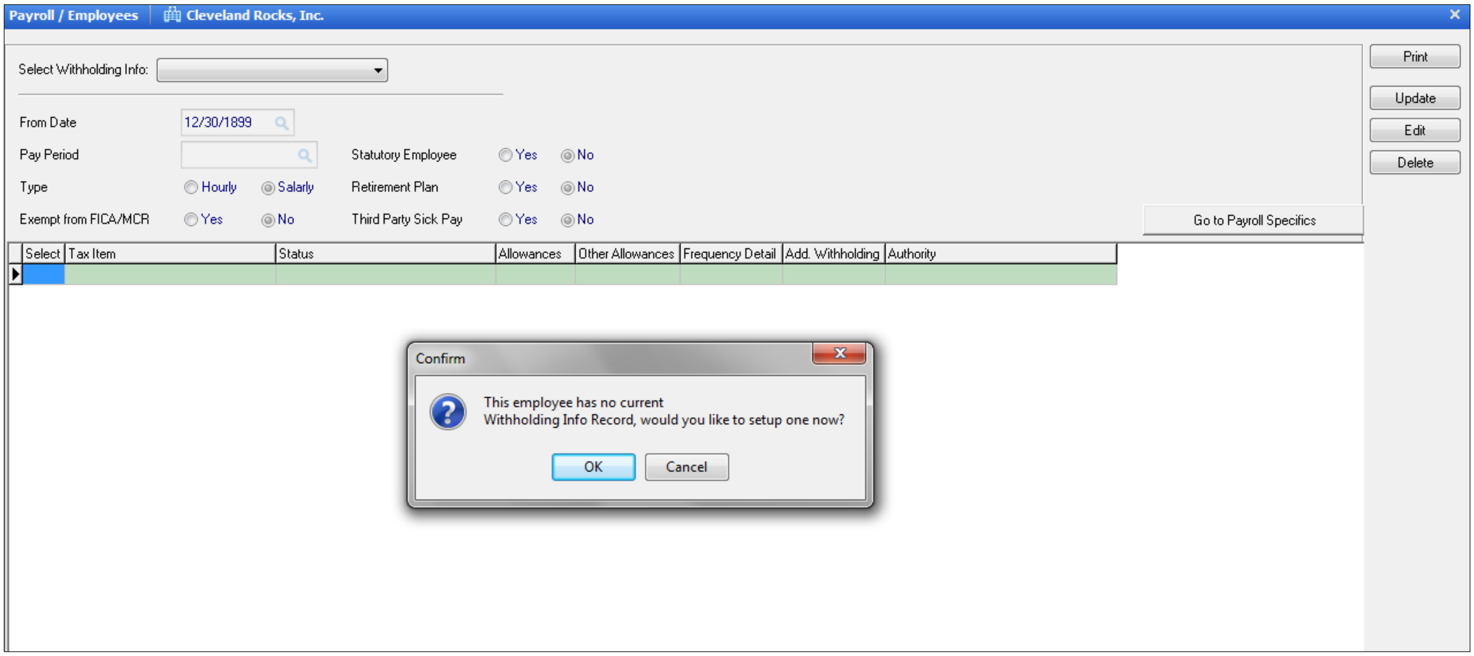
Employee ID is a mandatory field and it can start from 01. If there are already some employees added, it can be the next available number.

Date Last Hired will be the same as Date Hired for a new employee. It will only be different for employees who were terminated and rehired.

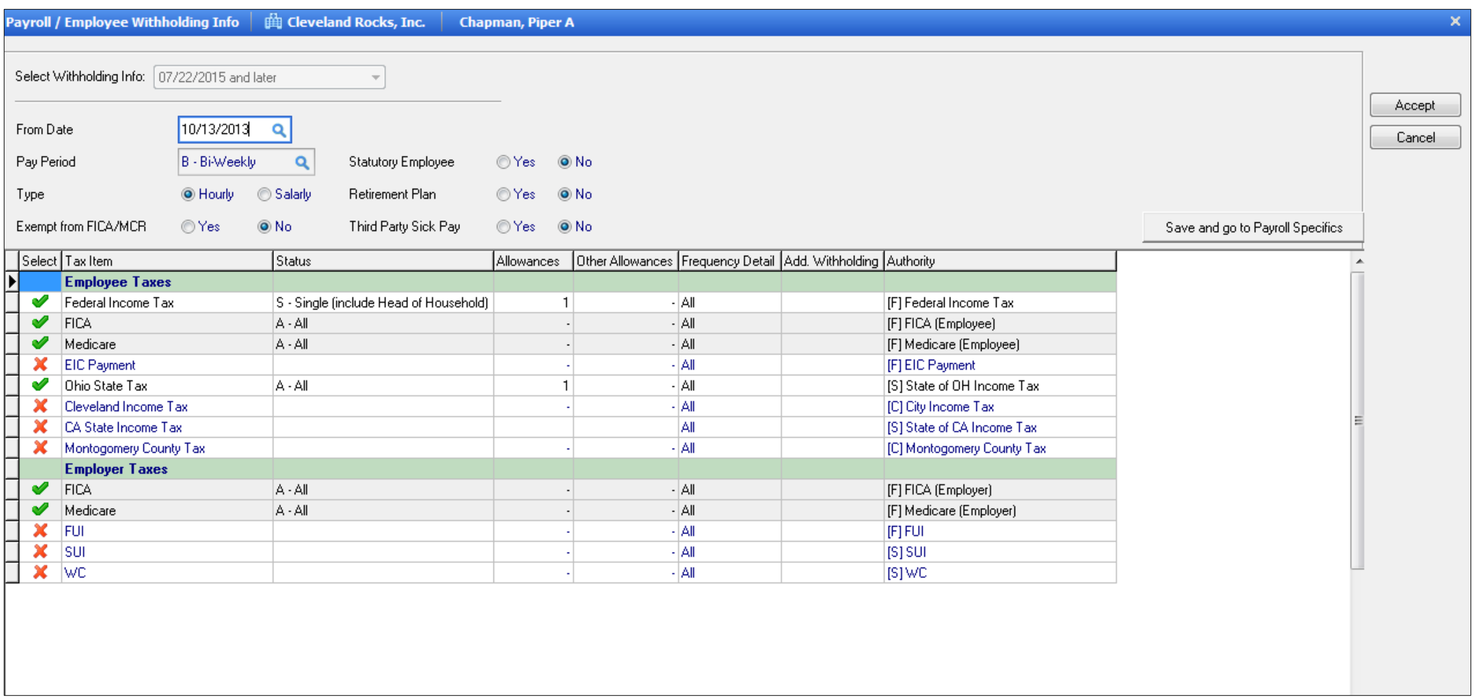
New employees will have an **Employee Type** of "Default".

For independent 1099 contractors, the **F1099** will need to be switched to "yes".

Once everything is filled out, click **Save and Go to Withholding Info**, which would take you to the second screen in adding your employee.



Please click "ok" here and the following will show up:



The first thing to change on this screen is the **From Date** at the top. It should **<u>always</u>** be the hire date of your employee. If the hire date is in a previous year, then you can put 1/1 of the current year. If you leave it at the default date that it comes with, the employee doesn't show in the payroll batch most of the times.

Please don't change **Pay Period** unless you can contacted Payroll4Free and has one of the Account Managers change your pay frequency in their side of setup.

Exempt from FICA/MCR applies only to independent 1099 contractors. If you are hiring a W-2 employee please leave this as "no", but if you're adding a contractor change it to "yes".

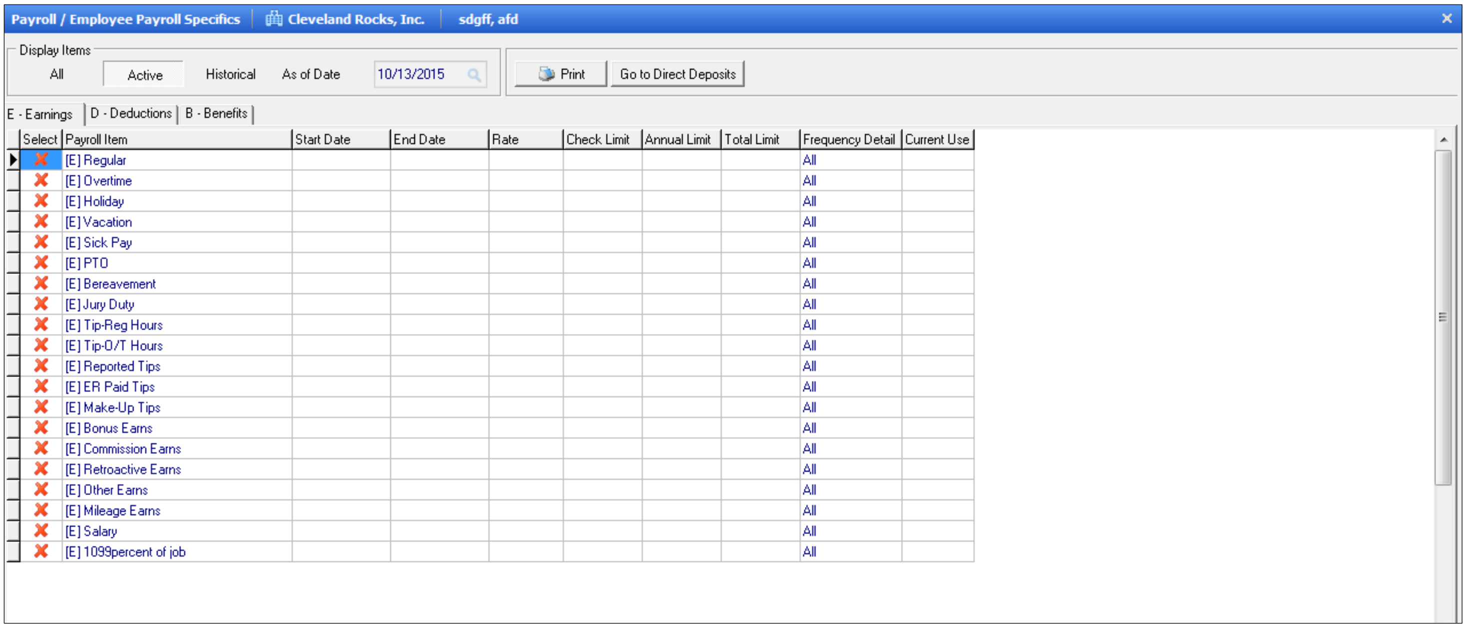
The table lists some Employee Taxes and some Employer Taxes. The tax items with a green check mark indicate that those are active and the ones with red X mean that they are inactive. If you see a tax item that should be active but is showing a red X, please double click on the X and activate it. Usually this happens with local taxes and other special taxes since those are manually added based on need. On the other hand, if you see a tax item showing a green check mark where that item shouldn't be active, please double click the green check mark to inactivate it.

At this point you should have a Federal Withholding Certificate, Form W-4, filled out by your employee as well as a state withholding certificate if your state imposes one. The W-4 form can be found on IRS.gov website. If you are not sure if your state imposes a state withholding certificate, please refer to this link: http://data.bls.gov/cgi-bin/print.pl/jobs/statetax.htm. Once you find out, you can do a Google search to get the appropriate form(s).

The filing status for federal withholding (item# 3 on form W-4) goes in the **Status** field for **Federal Income Tax** and the total number of allowance (item# 5 on form W-4) goes in the **Allowances** field. If your employee has written a dollar amount in line item 6 in the W-4 form, it goes in the **Add. Withholding** field. If your state imposes state tax then the filing status and the total number of allowance that your employee has filled out on the state withholding certificate goes in the relevant fields.

Under Employer Taxes, the only field there is to fill out in the status for FUI. It would be "All others" if you are participating in the state unemployment program and if you don't have any SUI liability, then the status for FUI would be "No SUI".

Then click **Save and Go To Payroll Specifics**, which would take you to the third screen (if the software gives you any error message such as "some of the fields are not filled properly" please try entering "0" for Other Withholdings and see if that works. If it still doesn't work, please check to see if everything discussed above is filled properly).



Like the Withholding Info screen, the pay items with a red X indicate they are inactive. Please double click on the red X's to activate items that might apply to the employee. If you don't see the item that you need for the employee (such as Reimbursement, Milage etc.), please contact Payroll4Free and an account manager can help you.

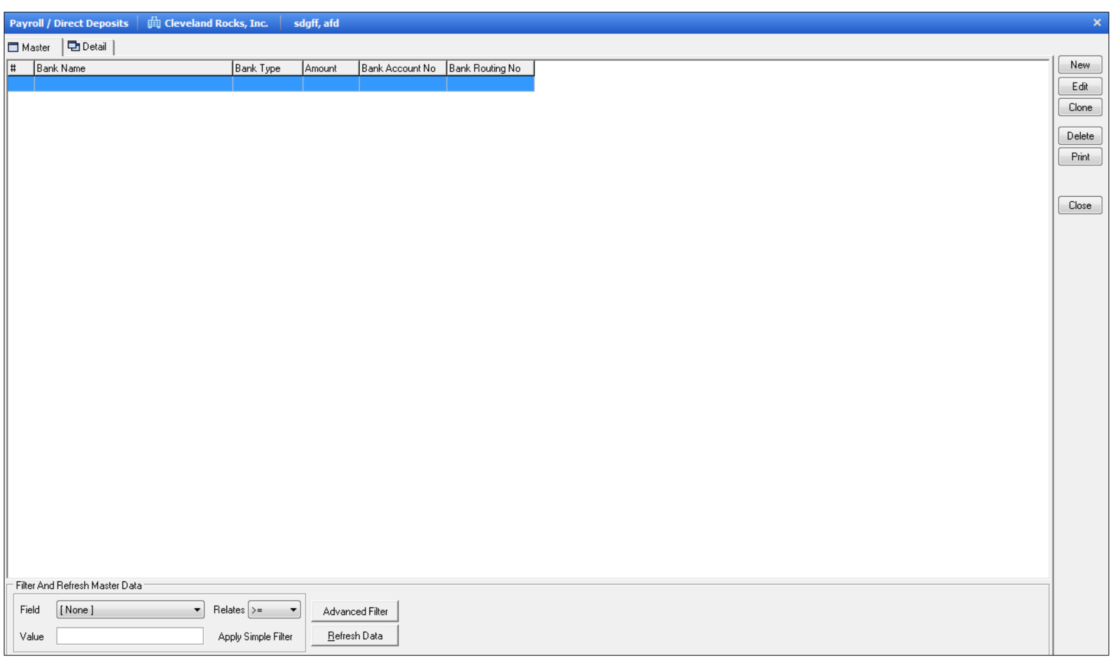
Once the items are activated, a date will show up and you should **<u>always</u>** change them to your employee's date of hire (or if date of hire was in a previous year, then 1/1 of current year).

The rate would either be their hourly rate (if "hourly" was chosen in the previous screen) or his/her salary for the pay period (for example, if your company's pay frequency is bi-weekly, divide his/her annual salary by 26. If it's semi-monthly, divide the yearly salary by 24)

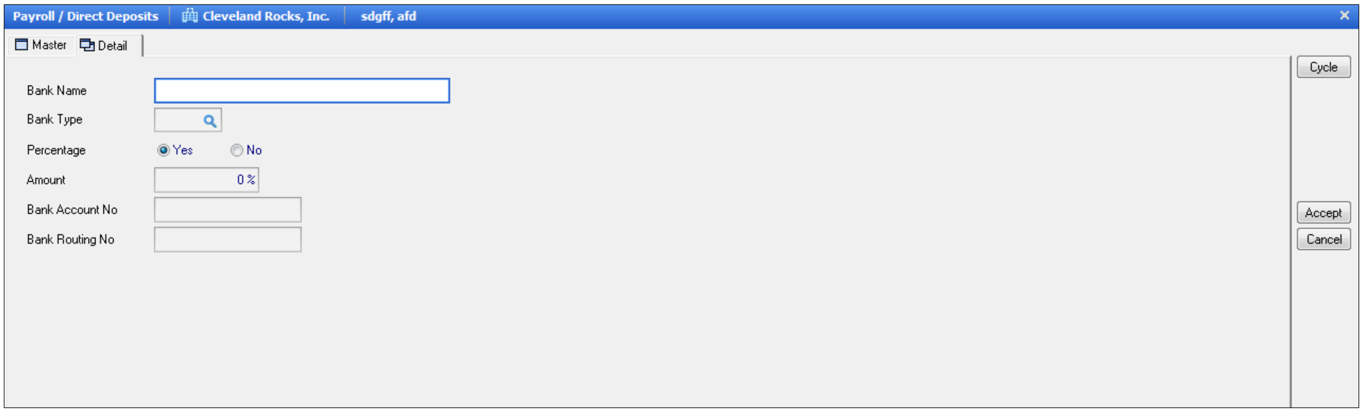
At the top, you have option to switch to the **Deductions** and **Benefits** tabs and do the exact same things.

Once done, there are 2 things you can do depending on if they want direct deposit or not.

1. If he/she doesn't want direct deposit, you can simply just click on small white "x" at the top right corner.
2. If he/she wants direct deposit, click on **Go to Direct Deposit** at the top.

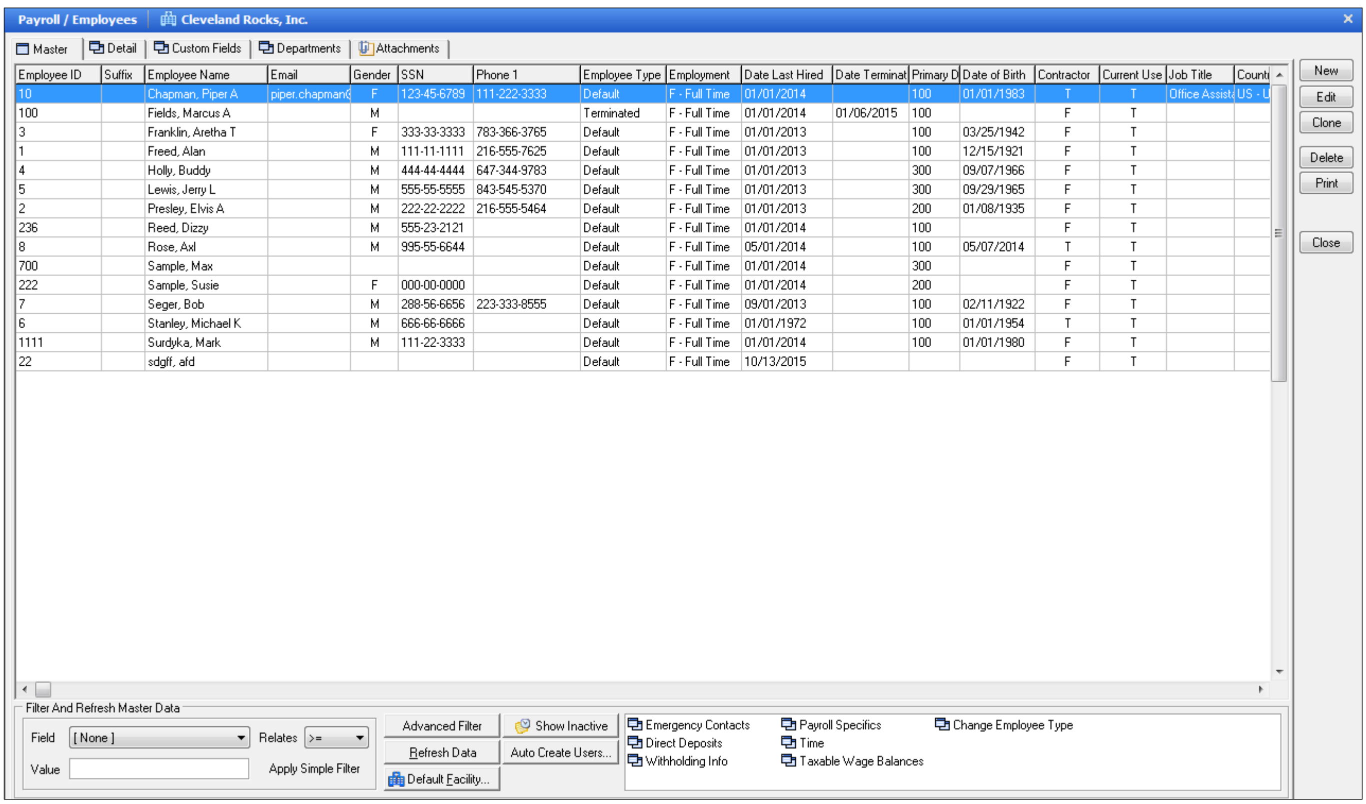


Then click “**New**” at the far right side.

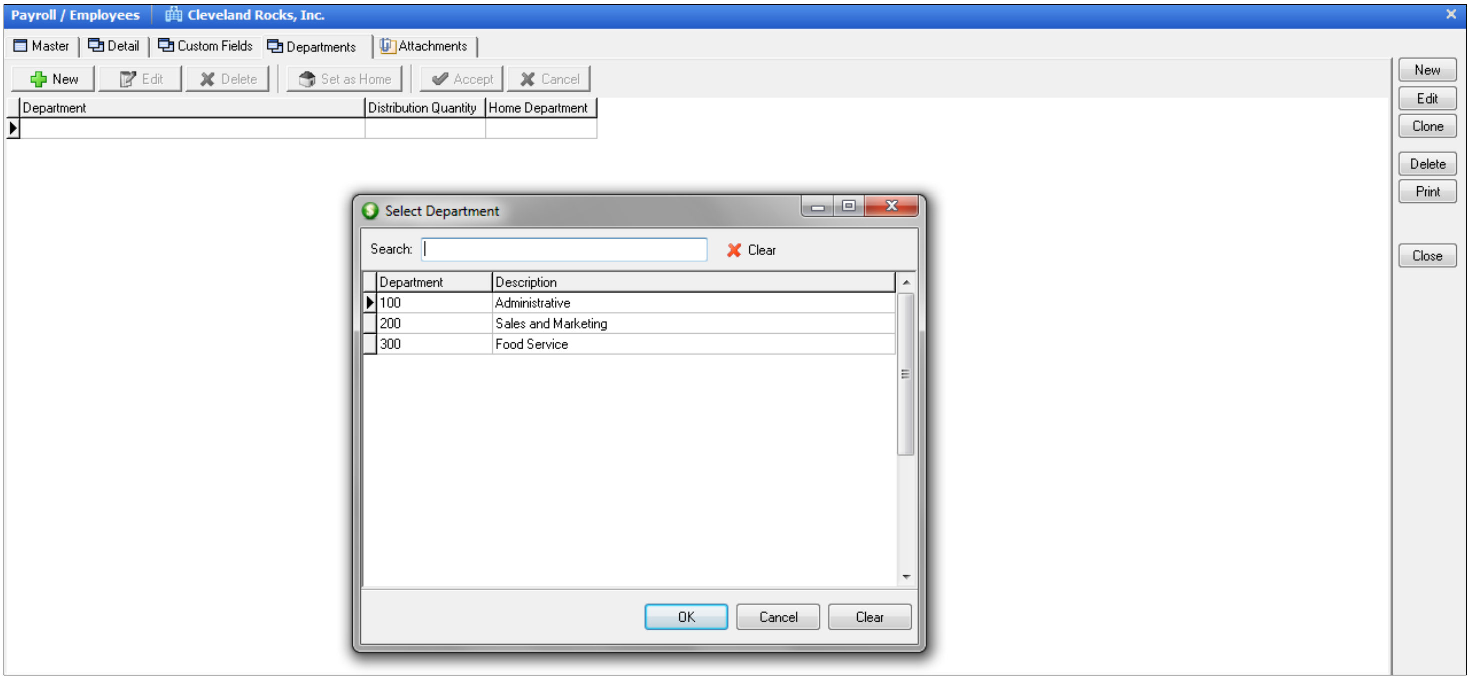


Fill out the bank info and double check the account number and routing number. Once done, click “Accept” on the right side and then click on small white “x” at the top right corner.

You will then be returned to the main Employee Setup screen.



There is just one last screen left before the employee setup is complete. At the top of this screen, there are some tabs (Master, Detail, Custom Fields etc.). Click on **Departments** from here**.**



In Departments, at the top left click on the button "**New" with the green plus sign** and the the smaller window will pop up. Usually you will only see one department listed named "Operations". Select it and click OK at the bottom. And then click **Accept** button at the top with the green check mark. If you want the department name to be changed or want more departments added, please contact Payroll4Free.

There is another tab at the tab that's optional, called Attachments. If you want you can attach employee files in here, i.e. W-4 form, state withholding certificate etc., for your own record.

The new employee should now be setup and ready for running payroll.