

**QUICKBOOKS SET-UP INSTRUCTIONS**  
**FOR S CORPORATION MEDICAL INSURANCE**

**#1: Set up the new pay item:**

From the payroll item list choose “New” to set up a new pay item.

Choose EZ Set up                      Under the Select Setup Method dialog box, then hit “next”

Insurance Benefits                      Under the Payroll Item Type, then hit “next”

It will then take a minute to load the Set Up Insurance Benefits dialog box.

Choose “S Corp Medical” from the Other Insurance list, then hit “Next”

Then choose “I don’t need a regular payment schedule for this item,” and Next. Then hit Finish on the final page.

After it finishes, you can go back to the Payroll Item List and you will find the new “Company Contribution” pay item called: S-Corp Medical Insurance

**#2: Enter the shareholder health insurance costs actually paid by the company in 2010 to the shareholders payroll history for 2010:**

First; run an employee summary report for each shareholder before entering this, so you can compare it with the report you run after entering the Sub S medical insurance adjustment.

Then, from the Employee Menu,

Choose “Payroll Taxes and Liabilities”

Then, Adjust Payroll Liabilities

Enter the Date and Effective Date of: 12/31/10

Also, under the “Accounts Affected” button, choose “Do Not Affect Accounts”

Under “The adjustment is for”: Choose Employee, then select the shareholder’s name from the drop down list..

Then, under Taxes and Liabilities fill in as shown below:

<u>Item Name</u>	<u>Amount</u>	<u>Memo</u>
S-Corp Medical Insurance	<i>\$ amount paid last year</i>	Sub S Med

Hit the OK button to save:



**#3: Review the effect on the reports:**

Then, run another employee summary report.

When you look at the reports after putting this in you will see that it shows up on the Employee Summary report under the “Employer Taxes and Contributions” category at the bottom. It won’t show up in the Gross pay section, but it will show up on the following reports in the following boxes:

Form 940	Line 3
Form 941	Line 2
W-2	Box 1 and Box 14

