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ACCOUNTING & AUDIT

Accelerated QuickBooks Payroll Options for Employees and Contractors

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As the pace of business accelerates, Intuit continues to empower small businesses to keep up. The QuickBooks Payroll team knows that for many small businesses, getting workers paid quickly and accurately is a huge pain point. Accordingly, two new QuickBooks Payroll offerings will enable small businesses to compete better for talent in the burgeoning gig economy, as well as pay existing employees and contractors more efficiently.

The days of Net 30 terms are quickly fading into the past, precipitated by instant transfer services such as Venmo, along with technology start-ups such as Uber that enable their contractors to transfer earnings into their bank account up to five times per day. This ever-shrinking window between services rendered and payment can make small businesses feel behind the curve. Olivier Bartholot, Director of Product

Management, QuickBooks Payroll, explained that Intuit is unveiling enhanced offerings to complement its existing payroll service solutions and “give small businesses a smarter way to do business—expediting and simplifying the payroll process.”

The new enhancements improve on Intuit’s popular existing payroll solutions, QuickBooks Online Payroll and QuickBooks Full Service Payroll, and are:

- **Contractor Direct Deposit:** This feature enables businesses of all sizes to pay independent contractors (1099 individuals) as easily as in-house employees (W2 workers). Direct deposit eliminates the need to pay contractors by cash or check. The days of checks getting lost in the mail or having coffee spilled on them fade into the past as well. Bartholot observes that, “some businesses can hang onto their money nearly 5-7 days longer when they pay their independent contractors via direct deposit inside QuickBooks Payroll.” This leeway is crucial for businesses that periodically white-knuckle their way through collecting funds from customers while seeking abeyance from paying contractors. Direct deposits made through Contractor Direct Deposit are posted to recipient’s bank accounts with 24 hours. Contractor Direct Deposit is available to both QuickBooks Online Payroll and QuickBooks Full Service Payroll customers.
- **Same Day Direct Deposit:** Additional payment options are always a boon, especially for small businesses that have ever missed a traditional direct deposit deadline. The repetitive nature of these deadlines makes it difficult to always set aside enough time to schedule your payment. QuickBooks Full Service Payroll users can now initiate same day direct deposit transactions for employees. If direct deposits are approved by 7 a.m. PT, then employees receive their funds the same day. This ability can bolster employee confidence, especially at bonus time. Imagine a small business meeting with an employee to inform them of their bonus, and then telling them that the funds will be in their bank account at the end of the business day!

Both of these new services empower accountants and bookkeepers, who likely have been asked to jump through hoops to help business owners recover from missing a critical payroll deadline, or who serve independent contractors whose payments records are a mess of cash, check and other digital transactions. Unlike checks and cash payments, which can be transacted outside of QuickBooks, direct deposit requires that transactions be logged within QuickBooks, which then means that financial, payroll, and income tax reporting is all more accurate. Bank

reconciliations are streamlined since no one has to chase down handwritten checks or cash withdrawals that didn't make their way into QuickBooks.

Further, Bartholot reports that since November 2017, “101,000 businesses [using 24-hour Direct Deposit] have been able to hold onto over \$2.3 billion in funds, granting QuickBooks users more flexibility with their money.” This means that small businesses who often had to worry about paying their employees on time or find ways to make payroll, had an extra five to seven days to track down a vendor payment or sale to clear in their bank before processing their payroll hours.

Additionally, Contractor Direct Deposit will help improve the confidence between contractors and small businesses. Independent contractors will welcome the certainty that their funds are posted directly to their bank account, rather than needing to follow up with business owners about payment. This eliminates paperwork for contractors, streamlines their bank reconciliations, and frees up time previously taken by depositing traditional paper checks.

Currently, it's estimated that 30 percent of small businesses in the United States pay independent contractors annually, and this trend is only likely to increase as the gig economy grows. The gig economy tends to be rife with turnover, but small steps, such as direct deposit, can help small businesses retain talent and minimize turnover. Bartholot's expectation is that “independent workers now will be paid by small businesses quickly, efficiently, and accurately—all while maintaining organized records to make tax compliance a breeze.”

To learn more about these online payroll enhancements, read the full announcement at <https://bit.ly/2sJdKUg>.

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