

Payroll Chart of Accounts

Account Name	Account Type	Description
Gross Wages	Expense	Include the amount that you pay to an employee every pay period before any deductions are made.
Health Insurance (Employer Share)	Expense	Include the total amount of health insurance that you pay to your insurance provider (i.e. Blue Cross, Kaiser, etc.).
401K Matching	Expense	If you offer a 401K plan to your employees, you will include the amount of contributions you have made to match your employee contributions in this account. This money will be paid to the investment company that is responsible for maintaining the company 401K. (i.e. Fidelity)
Federal Withholding	Liability	This account should reflect the total amount of income taxes you have withheld from all employee paychecks. You will remit these funds to the IRS based the deadlines set by the IRS. Refer to the reporting requirements section for more info.
FICA Payable	Liability	Deductions from employee paychecks for social security and medicare taxes will accumulate in this account. You will remit these funds to the IRS based the deadlines set by the IRS. Refer to the reporting requirements section for more info.
FUTA Payable	Liability	Under the Federal Unemployment Tax Act (FUTA), employers have to pay a tax rate of 6% on the first \$7,000 that each employee earns. Form 940 must be filed annually to report payments made for unemployment taxes. While you only have to file this form annually, you may be required to submit payments more often than that. For more information on when to pay FUTA taxes and how to file Form 940, click here .
SUTA Payable	Liability	This account should include the state unemployment taxes that you are responsible for paying. Refer to the State and Local Requirements section for more info.

State Disability	Liability	This account should include the state disability taxes that you have withheld from employees, if applicable. Read on to the State and Local Requirements section to learn more.
Workers Compensation	Liability	In this account, you need to reflect the amount of workers compensation due. To learn more about how to calculate workers compensation, click here .
Employee Health Insurance Payable	Liability	This account will include the amount withheld from employee paychecks for health insurance coverage. This account will reduce the amount of health insurance paid by the employer. To learn more about offering health insurance, click here .
401K Employee Contribution	Liability	All employee 401K contributions withheld from paychecks will accumulate in this account. This money will be paid to the investment company that is responsible for maintaining the company 401K. (i.e. Fidelity)
Accrued Vacation Payable	Liability	If you offer your employees time off with pay, then you need to keep track of the amount of time they have earned on the books. The way this would work is an employee would earn a certain number of vacation hours each pay period. It is important to record accrued vacation because it is money that you owe to the employee. If he/she were to quit or you fired them then you would have to include all accrued vacation pay in their final paycheck. Let's take a look at an example to see how this would work. Looking to learn more about vacation and PTO? Click here .
Accrued Sick Payable	Liability	Similar to accrued vacation pay, you need to keep track of the amount of sick pay an employee has earned on the books. You can establish how much sick pay an employee would earn per pay period (as we did in the above accrued vacation pay example).