

## IN THIS CHAPTER

- » Unveiling what QuickBooks Online is
- » Pricing for subscriptions, payroll, and other add-ons
- » Finding QuickBooks features and looking at usage limits
- » Meeting QuickBooks Online Accountant

# Chapter **1**

# Welcome to QuickBooks Online

**W**elcome to QuickBooks Online! Why devote a whole book to this software? First of all, I'm going to assume that you're most likely not an accountant but are either the owner or the employee of a business that has chosen to keep their accounting records in QuickBooks Online. Or maybe you're an accountant and you want to understand the ins-and-outs of QuickBooks Online better. No matter where you fall on this continuum, my goal is to empower you to use QuickBooks Online more effectively. To do so you'll find that I sometimes broaden the discussion to include Microsoft Excel and Google Sheets, because no accounting software can meet every single need that you may have. Another complicating factor with QuickBooks Online that accountants in particular may notice is that the functionality available varies widely between the different subscription levels. Throughout the book I help you keep tabs on what you can, and cannot, accomplish within each level of QuickBooks.

In this chapter I explain some differences between QuickBooks Online and QuickBooks Desktop, and then I give you a sense of what your annual costs might look like if you choose to use QuickBooks. Pricing and features are directly related, and most businesses may find the Plus and Advanced subscriptions are best suited to their needs, but less expensive options are available for those who don't need quite as much functionality. I briefly touch on QuickBooks Online Accountant here, but rest assured, that version gets full-bore treatment in Chapters 16 to 18.

# What Is QuickBooks Online?

QuickBooks Online is a cloud-based accounting software, as opposed to QuickBooks Desktop, which is a traditional accounting software installed locally, alongside your data, on your office computers. Conversely, with QuickBooks Online, both the software and data are housed securely in remote data centers and accessed securely over the Internet. Working in the cloud can increase your efficiency by offering you the opportunity to work anywhere, communicate easily with others, and collaborate in real time. Further, your data is backed up automatically, which can help you avoid disasters such as fire or flood, which can take out both your workspace and your accounting records. Traditionally, QuickBooks Desktop allowed you to choose when to pay for a software upgrade, but starting with QuickBooks 2022, the desktop version became subscription-based, just the same as QuickBooks Online.



REMEMBER

Some folks see the “anywhere, anytime” aspect of the cloud as a potential disadvantage because it makes information too readily available — and therefore a target for hackers. Rest assured that Intuit stores your data on servers that use bank-level security that creates encrypted backups of your data automatically.

Perhaps you’re currently using QuickBooks Desktop and wondering, “Should I switch to QuickBooks Online?” The answer, as you might expect, is that it depends. Because QuickBooks Desktop is no longer offered on a perpetual license basis, the cost distinction between the two has been somewhat removed. Chapter 3 describes the conversion process, and Appendix B offers a nuts-and-bolts analysis of what data you can move to QuickBooks Online from QuickBooks Desktop, and what you can’t.



REMEMBER

QuickBooks Desktop enables you to create unlimited companies at no additional charge, while QuickBooks Online subscription fees are on a per-company basis.

On the other hand, using web-based software can be attractive simply because you always have immediate access to your accounting records from any device as long as you have an Internet connection. The QuickBooks Online mobile app allows you to track your mileage, and keeps your accounting records in the palm of your hand. Further, your accountant and/or bookkeeper has access from anywhere as well. As you’ll see, QuickBooks Online Accountant (QB Accountant) empowers accountants and bookkeepers to quickly toggle between their clients’ accounting records and to keep up with deadlines and tasks, and provides a centralized communication hub. Conversely, QuickBooks Desktop requires you to send an electronic Accountant’s Copy to your accountant, and specify a dividing date before which you cannot make any changes until your accountant returns the Accountant’s Copy to you. QuickBooks Desktop also requires you to install periodic software updates, which are a thing of the past with QuickBooks Online. Most

modern computers should easily exceed the minimum requirements for QuickBooks Online, but you can get the nitty gritty computer specification details here: <https://intuit.me/3yEaSjL>.



WARNING

Because updates occur so frequently in QuickBooks, by the time this book is published, some features (and screens) may have changed. Make that *will* have changed.



TIP

My technical editor extraordinaire Dan DeLong has created a free QuickBooks Chooser chatbot that will help you choose the right version of QuickBooks Online based upon your specific business needs. Check it out at <https://sob.drift.click/QBChooser>.

## SHOULD YOU MOVE TO THE CLOUD?

Before you decide to move your accounting records to the cloud, you should consider the needs of your business in the following areas:

- Invoicing, point of sale, electronic payment, and customer relations management
- Financial and tax reporting
- Budgeting
- Time tracking and payroll
- Inventory, job costing, and job scheduling
- Management of company expenses and vendor bills

Beyond the advantages described in this section, the needs of your business may dictate whether you can use QuickBooks Online. The platform won't work for you if your business has industry-specific needs or is midsize, for example. In addition, QuickBooks Online won't work for you if you need to do any of the following things:

- Track your balance sheet by class.
- Manage a robust inventory that supports making and selling finished goods.

In any of these cases, you'd probably be better off with Intuit's desktop-based QuickBooks Enterprise or perhaps QuickBooks Premier. Another consideration is the speed and quality of your Internet connection. You will be mightily frustrated if you can't get to your books simply because the Internet is out again.

# Checking on QuickBooks Pricing

QuickBooks subscriptions can be canceled at any time, but the service is billed in monthly periods with no refunds or prorations. You can no longer create new transactions once your subscription expires, but you can view your accounting records and run reports for up to one year. As you see in the next three sections, you may find that using QuickBooks costs much more than the base subscription price that you pay. Further, pricing is per company, so if you maintain the books for two or more entities, you'll have to pay for two or more subscriptions. Add-ons such as payroll and specialized apps are generally priced on a per-company basis as well.

## QuickBooks subscription pricing

As shown in Table 1-1, QuickBooks Online is available in six different versions and price points, but most likely you'll need to choose one of the three shaded options. QuickBooks Online Self-Employed and Simple Start are best suited to fledgling businesses, while QuickBooks Online Accountant is a free portal that accountants and bookkeepers can use to support their clients. You can get more details and start a QuickBooks Online subscription at <https://quickbooks.intuit.com/pricing/> or start using QuickBooks Online Accountant at <https://quickbooks.intuit.com/accountants/products-solutions/accounting/online>.

**TABLE 1-1** QuickBooks Online Subscription Pricing per Company

Version	Monthly	Annually	Users
Self-Employed	\$15	\$180	1 billable user + 2 accountant users
Simple Start	\$30	\$360	1 billable user + 2 accountant users
Essentials	\$55	\$660	3 billable users + 2 accountant users
Plus	\$85	\$1,020	5 billable users + 2 accountant users
Advanced	\$200	\$2,400	Up to 25 billable users + 3 accountant users
Accountant	\$0	\$0	No limit



TIP

QuickBooks allows you to choose either a 50 percent discount for the first three months of your subscription, or a free 30-day trial. You may also be offered a discount during the 30-day trial. If so, take the deal immediately if you plan to move forward with QuickBooks, as it's unlikely that it will be offered again during your trial period. The 50 percent discount will save you more money, but the 30-day trial lets you test drive the software without making a financial commitment. You will have to cancel your subscription if you opt for the discount and decide QuickBooks isn't right for you, whereas the 30-day trial simply expires at the end.

## PROADVISOR PREFERRED PRICING

Accounting professionals can arrange a 30 percent discount on QuickBooks Online (all versions except QuickBooks Self-Employed), QuickBooks Payroll, and QuickBooks Time. The 30 percent discount is ongoing for accountants who agree to be billed directly by Intuit. Accountants can pass all or part of the savings on to their clients if they wish. As discussed in Chapter 16, Intuit sends you a single consolidated bill for all the QuickBooks subscriptions you manage. Conversely, accountants also use the ProAdvisor Preferred Pricing program to arrange a 30 percent discount for 12 months for charges billed directly to their clients.

If your client initially sets up their own QuickBooks subscription, you can move it to your consolidated bill at the discounted wholesale rate. If your arrangement with your client doesn't work out, you can remove the client from your consolidated bill, which means that the client resumes paying for their own subscription.

## Payroll and time track pricing

It's best to think of the amounts in Table 1-1 as the base cost for QuickBooks, as it's likely that you'll need to add additional functionality, such as payroll processing. As shown in Table 1-2, QuickBooks offers three different payroll options. I've calculated the associated costs for a hypothetical team of five employees to give you a frame of reference.

**TABLE 1-2** QuickBooks Payroll Subscription Pricing for Five Employees

Version	Monthly	Annually
Core	\$65 (\$45/month + \$5/employee x 5 employees)	\$780
Premium	\$115 (\$75/month + \$8/employee x 5 employees)	\$1,380
Elite	\$175 (\$125/month + \$10/employee x 5 employees)	\$2,100

All QuickBooks Payroll plans include the following features:

- » Paying employees with printed checks or by direct deposit
- » Calculating tax payments automatically and paying them electronically
- » Processing federal and state quarterly and annual reports, and preparing W-2 and 1099 forms

- » Processing payroll for employees who work in your company's state or another state
- » Keeping payroll tax tables up to date without having to install updates (as you do with the QuickBooks Desktop product)
- » Using the QuickBooks Payroll mobile app to pay employees, view past paychecks, file tax forms electronically, and pay taxes electronically

The Core tier offers next-day direct deposit, while the Premium tier enables same-day direct deposit and adds time tracking. The Elite tier also adds project tracking, tax penalty protection, and a personal human resources advisor. You can get more details and start a payroll subscription at <https://quickbooks.intuit.com/payroll/pricing/> or you can choose Payroll from the left-hand menu within your QuickBooks company.



TIP

A QuickBooks company is a set of accounting records for a single business entity. Each QuickBooks company entails separate subscription fees, and you will need to establish a QuickBooks company for each company that you own or maintain accounting records for.



TIP

You can test-drive the QuickBooks payroll service at no charge for up to 30 days.



WARNING

When you establish QuickBooks Payroll, you must connect your bank account and provide your tax identification numbers. Make sure that you're ready to start processing payroll immediately before you embark on a QuickBooks Payroll subscription. If you'd like to try before you buy, use the online test drives I mention later in this chapter in the sections, "QuickBooks Online Plus" and "QuickBooks Online Advanced."

Table 1-3 shows the additional annual cost for the Premium plan for five employees, which provides time and attendance tracking. The Elite tier adds project tracking as well. It's worth running the numbers for the various offerings, because QuickBooks Core Payroll for five employees at \$65 per month plus QuickBooks Premium Time at \$60 per month is \$125 per month versus paying \$115 per month for QuickBooks Premium Payroll, which also offers time tracking.

**TABLE 1-3** QuickBooks Time Subscription Pricing for Five Employees

Version	Monthly	Annually
Premium	\$60 (\$20/month + \$8/employee x 5 employees)	\$720
Elite	\$90 (\$40/month + \$10/employee x 5 employees)	\$1,080
ProAdvisor	Free for accounting professionals	\$0



REMEMBER

You can add time tracking on an á la carte basis by adding QuickBooks Time (formerly known as TSheets). Think twice before doing so, as it typically makes more financial sense to use the time tracking bundled into the upgraded payroll service tiers. Further, you may encounter complications if you start out with QuickBooks Time and then try to switch to a QuickBooks Payroll tier that offers time tracking.

## Other add-on pricing

QuickBooks Payments enables you to accept electronic payments from customers, and entails per-transaction fees instead of a monthly subscription. Table 1-4 shows the current rates as of this writing.

**TABLE 1-4** QuickBooks Payments per Transaction Fees

Payment Type	Rate per Transaction
ACH Bank payments	1% up to a maximum of \$10 per transaction (customer enters bank information online)
Swiped credit card	2.4% plus 25 cents (mobile reader available)
Invoiced credit card	2.9% plus 25 cents (customer enters credit card online)
Keyed credit card	3.4% plus 25 cents (you key the credit card information online)



TIP

QuickBooks Payments deposits money from qualifying credit or debit card transactions into your bank account the next business day. Your payments and deposit transactions are recorded into your books automatically, based upon the funding date.

Companies with e-commerce offerings might opt for QuickBooks Commerce, an add-on that allows you to position your inventory products on a variety of major shopping platforms for \$100 per month or \$1,200 per year. You can find out more or start a QuickBooks Commerce subscription at <https://quickbooks.intuit.com/quickbooks-commerce>. In Chapter 2, I discuss the QuickBooks App store, which offers dozens of free and paid apps that add even more functionality to QuickBooks.

## Comparing QuickBooks Features

As you can see, the ongoing expenses for QuickBooks can add up fast. You can upgrade or downgrade your subscription at any time, although downgrading can entail disabling inventory and/or removing users. Use the search term **downgrade**

at <https://quickbooks.intuit.com/learn-support/en-us> for more details. Let's take a look at the various tiers so that you can find the right fit for your needs.



REMEMBER

I used a QuickBooks Online Advanced subscription as I wrote this book because it offers the whole enchilada with regard to QuickBooks functionality. Accordingly, there's a good chance that you'll see references throughout the book to features you don't have.

## QuickBooks Online Self-Employed

This version of QuickBooks is aimed at freelancers and self-employed people who file Schedule C of IRS Form 1040 (<https://www.irs.gov/forms-pubs/about-schedule-c-form-1040>). Unlike the higher-level offerings, QuickBooks Self-Employed allows you to mix business with pleasure, meaning that you can track personal and business expenses, as well as mileage. It's best suited to someone with a side hustle who wants to keep track of their business and simplify income tax filing.

## QuickBooks Simple Start

A QuickBooks Simple Start subscription is great for a new business with basic bookkeeping needs. With Simple Start, you can

- » Track your income and expenses
- » Download transactions from your bank and credit card accounts
- » Create an unlimited number of customers
- » Send estimates and invoices
- » Print checks and record transactions to track expenses
- » Track and pay sales taxes
- » Track mileage
- » Categorize expenses by taking pictures of receipts
- » Pay contractors and send 1099 forms
- » Import data from Microsoft Excel or QuickBooks Desktop
- » Integrate with available apps in the QuickBooks Online App Center
- » View and customize over 50 reports

Although the Simple Start version supports accounts-receivable functions, you can't set up invoices to bill customers on a recurring basis or track unpaid bills. If you're on the fence between Self-Employed and Simple Start, you'll have more options in the future with Simple Start.

## QuickBooks Online Essentials

Established businesses that do not have inventory may be able to use QuickBooks Essentials, which includes all of the Simple Start functionality and also allows you to

- » Set up invoices to bill automatically on a recurring schedule
- » Use accounts-payable functions, including scheduling payment of vendor bills and free online bill payment
- » Create and post recurring transactions
- » Track time for unlimited users
- » Control the areas of QuickBooks that your users can access
- » View and customize up to 85 reports



REMEMBER

QB Accountant users can create Simple Start, Essentials, Plus, or Advanced subscriptions and then serve as the primary administrator (previously known as the master administrator), or transfer that role to their client at any time, as discussed in Chapter 17.

## QuickBooks Online Plus

A Plus subscription goes beyond the Essentials level by adding the ability to

- » Create, send, and track purchase orders.
- » Track inventory using the first in, first out (FIFO) inventory valuation method. QuickBooks Online supports light inventory needs: If you sell finished goods, then QuickBooks Online should be able to meet your needs. But if you need to assemble finished goods to sell, QuickBooks Online won't meet your needs on its own. You can look for an add-on app to supplement your inventory needs; I talk about add-on apps in Chapter 2.
- » Categorize income and expenses by using class tracking.
- » Track sales and profitability by business location. You can assign only one location to a transaction, but you can assign multiple classes to a transaction.

- » Give employees and subcontractors limited access to the QuickBooks company to enter time worked.
- » Track billable hours by customer. QuickBooks Online supports light job-costing needs, but it doesn't allow you to cost labor automatically.
- » Track projects.
- » Create budgets to estimate future income and expenses. You can create multiple budgets per year, location, class, or customer.
- » View and customize 124 reports, along with unlimited reports-only users.



TIP

You can test-drive the QuickBooks Online Plus sample company at <https://qbo.intuit.com/redirect/testdrive>.

## Usage limits for QuickBooks Simple Start, Essentials, and Plus

Simple Start, Essentials, and Plus subscriptions are subject to the limits shown in Table 1-5. Long-term users may be allowed higher limits but won't be able to add any element that exceeds the use limit without upgrading to a higher-level plan. As you'll see in the next section you can work without limits in QuickBooks with an Advanced subscription.

**TABLE 1-5**

### Usage Limits for Simple Start, Essentials, and Plus Subscriptions

QuickBooks Element	Use Limit
Annual transactions	350,000
Chart of accounts	250
Classes and locations	40 combined; further, you cannot track your balance sheet by class.
Billed users	1 for Simple Start, 3 for Essentials, 5 for Plus
Unbilled users	2 Accountant users for most plans, 3 for Advanced; unlimited reports-only users in Plus and Advanced; Unlimited time tracking-only users in Essentials, Plus, and Advanced.



WARNING

QuickBooks Simple Start, Essentials, and Plus have hard limits on the chart of accounts and number of classes and locations. Once you max out, you have to deactivate accounts, classes, or locations to free up space, or else upgrade to an Advanced subscription.

# QuickBooks Online Advanced

QuickBooks Online Advanced is the flagship subscription for users who have outgrown QuickBooks Online Plus, and allows you to

- » Have unlimited accounts, transactions, and classes.
- » Connect with a dedicated customer success manager to handle support questions. (Support calls go to the front of the line instead of waiting in a queue.) Customer success managers also provide information on online training and QuickBooks products; Advanced subscribers are entitled to five free on-demand training courses annually.
- » Establish custom permissions for your users.
- » Efficiently import hundreds of invoice transactions into QuickBooks by way of a comma-separated-values (CSV) file. You can create such a file in Microsoft Excel or Google Sheets.
- » Use Spreadsheet Sync to create customized reports in Microsoft Excel, as well as edit existing records, such as customers and vendors, in Excel, and then post the changes back to QuickBooks.
- » Create custom reports using the Custom Report Builder.
- » Edit or delete multiple invoices.
- » Batch-reclassify and batch-create transactions, including invoices, bills, checks, and expenses.
- » Enable workflows to trigger reminders for customers and team members.
- » Use up to 48 custom fields.
- » Visualize your data in the Performance Center with customizable chart widgets.
- » Employ premium app integration with services such as Bill.com, HubSpot, Salesforce, LeanLaw, and DocuSign. (Third-party subscription fees apply.)
- » Restore QuickBooks data to a particular date and time. You can also schedule automatic backups and reverse changes made to customers, vendors, and company settings.
- » Set up workflow automation to generate payment and invoicing reminders and assign tasks to team members.



TIP

You can test-drive the QuickBooks Online Advanced sample company at [https://qbo.intuit.com/redirect/testdrive\\_us\\_advanced](https://qbo.intuit.com/redirect/testdrive_us_advanced).

## QuickBooks Online Accountant

QuickBooks Online Accountant (QB Accountant) is a free cloud-based portal that accounting professionals use to access clients' QuickBooks Online companies and communicate with clients. QB Accountant includes a free QuickBooks Online Plus subscription that accountants can use to keep track of their own businesses, but the standard subscription fees apply for each additional QuickBooks company that is created. I discuss QB Accountant in great detail in Chapters 16 to 18, and you can create your QB Accountant account at <https://quickbooks.intuit.com/accountants/products-solutions/accounting/online>.

Once you choose a subscription, the next step is to start building out your QuickBooks company, which you do in Chapter 2.