IN THIS CHAPTER

» Getting to know QuickBooks Online

» Pricing for subscriptions, payroll, and other add-ons

» Exploring features by subscription level and reviewing usage limits

» Customizing QuickBooks menu and account listing

» Attaching external documents to list records and transactions

Chapter 1

Beginning Your Journey with QuickBooks

Welcome to QuickBooks Online! In this book, you'll discover all the ins and outs of your accounting platform so that you can handle your clients' or your own accounting records (colloquially referred to as *books*) more effectively. I've organized this book by subscription level so you can easily determine the capabilities of each version — from Simple Start, Essentials, and Plus to Advanced and Accountant.

I first explain QuickBooks Online and give you a sense of the annual costs to expect. After that I discuss reviewing your chart of accounts to ensure that you can categorize your assets, liabilities, equity, revenue, and expenses correctly.

QuickBooks Online Overview

QuickBooks Online is a cloud-based accounting software for computers and mobile devices. The software and your data are housed securely in remote data centers and accessed via the Internet. Conversely, QuickBooks Desktop is a traditional accounting software installed locally, alongside your data, on your office computer or network. Intuit has been implementing a low motion discontinuation of their desktop platform, and as of this writing, QuickBooks Desktop Enterprise is the only remaining version.

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, the maker of QuickBooks, stores your data on servers using bank-level security that creates encrypted backups of your data automatically.

With QuickBooks Online, your accountant or bookkeeper also has access from anywhere. The Accountant version empowers accounting professionals to quickly toggle between multiple clients' accounting records and keep up with deadlines and tasks using 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 can't make 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.

REMEMBER

It can be confusing any time a software platform uses the same term, such as *accountant*, in multiple contexts. For example, you may run across the term Accountant View, which previously reconfigured the sidebar menu. This is separate from inviting your accountant or bookkeeper to oversee your books. This is also separate from the QuickBooks Online Accountant subscription that your accountant or bookkeeper probably uses to manage your books and their own.

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`.

TIP

My technical editor extraordinaire, Dan DeLong, has created a free QuickBooks Chooser chatbot that can help you choose the right version of QuickBooks Online based on your specific business needs. Check it out at `https://chat.schoolofbookkeeping.com/QBChooser`.

Considering QuickBooks Pricing

You can cancel QuickBooks subscriptions at any time, although the service is billed in monthly or annual increments 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 will see in the next three sections, your “drive-out” price for using QuickBooks may mushroom far beyond the base subscription price. You’ve likely experienced how the base price of a car is far from what the bottom-line price ends up being. Similarly, depending upon your needs, you may end up paying more than you expected for QuickBooks Online. In Chapter 7, I discuss apps that you can install, which often come with additional subscription fees.

REMEMBER

QuickBooks Online subscriptions and the various add-ons are priced on a per-company basis. If you maintain the books for two or more entities, you have to pay for two or more subscriptions plus fees for ancillary add-ons.

QuickBooks Online base pricing

As shown in Table 1-1, QuickBooks Online is available in six different versions and price points. The Solopreneur and Simple Start versions are best suited to fledging businesses, whereas 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
Solopreneur	$25	$270	1 billable user
Simple Start	$35	$378	1 billable user + 2 accountant users
Essentials	$65	$702	3 billable users + 2 accountant users + unlimited time tracking users
Plus	$99	$1,069	5 billable users + 2 accountant users + unlimited time tracking users + unlimited reports only users
Advanced	$235	$2,538	Up to 25 billable users + 3 accountant users + unlimited time tracking users + unlimited reports-only users
Accountant	$0	$0	No limit

TIP

QuickBooks allows you to choose between a 50 percent discount for the first three months of your subscription or a free 30-day trial. You may also be offered a 70 percent discount for the first three months during the 30-day trial. Take the deal immediately if you plan to move forward with QuickBooks because it’s unlikely to be offered again during your trial period. The annual prices shown reflect a 10 percent prepayment discount.

PROADVISOR DISCOUNT

Accounting professionals can arrange an ongoing 30 percent discount on QuickBooks Online (excluding QuickBooks Solopreneur), QuickBooks Payroll, and QuickBooks Time in exchange for being billed directly by Intuit. Accountants can pass all or part of the savings on to their clients if they want. Alternatively, accountants who prefer that their clients pay for QuickBooks directly can arrange a 30 percent discount for 12 months for charges billed directly to their clients. I discuss the ProAdvisor Discount in more detail in Chapter 17.

REMEMBER

You must cancel your subscription if you opt for the discount and decide QuickBooks isn't right for you. Conversely, the 30-day trial simply expires, and no further action is required on your part.

REMEMBER

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

Payroll and time tracking pricing

You will incur additional subscription costs if you need to process payroll or enable employees to track their time. 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. The Premium and Elite plans offer time tracking, which you can also purchase on an à la carte basis.

TABLE 1-2 QuickBooks Payroll Subscription Pricing for Five Employees

Version	Monthly	Annually
Core	\$75 (\$50/month + \$6/employee × 5 employees)	\$900
Premium	\$120 (\$85/month + \$9/employee × 5 employees)	\$1,458
Elite	\$175 (\$130/month + \$11/employee × 5 employees)	\$2,064

TIP

You can test-drive the QuickBooks payroll service for free for up to 30 days. This annual pricing reflects a 10 percent prepayment discount on the monthly fees. Intuit does not offer a discount on the per-employee charges.

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 and filing for one state. Core and Premium subscribers incur a $12/month charge for any additional state filings.
- Keeping payroll tax tables up to date without having to install updates (as you do with the QuickBooks Enterprise Desktop product).
- Using the QuickBooks Workforce mobile app to enable employees to view paychecks, see time off, and log their time.

The Core tier offers next-day direct deposit, and the Premium tier enables same-day direct deposit and adds time tracking. The Elite tier adds project tracking, tax penalty protection, a personal human resources advisor, mileage tracking estimated vs. actual hours worked, and geosensing GPS logging through the Workforce app. You can get more details and start a payroll subscription at `https://quickbooks.intuit.com/payroll/pricing/`, or you can choose Payroll from the sidebar menu.

WARNING

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

Table 1-3 shows the additional annual cost of adding a standalone QuickBooks Time subscription if you want time and attendance tracking but not necessarily payroll processing. It's worth running the numbers for the various offerings because QuickBooks Core Payroll for five employees at $80 per month plus QuickBooks Premium Time at $60 per month is $140 per month versus paying $130 per month for QuickBooks Payroll Premium, which also offers time tracking. With that said, an Elite time subscription does include project tracking.

REMEMBER

Although you can add time tracking on an á la carte basis, it typically makes more financial sense to use the time tracking bundled into the upgraded payroll service tiers. This also ensures that you avoid the complications that can arise if you start out with QuickBooks Time and then switch to a QuickBooks Payroll tier that offers time tracking.

TABLE 1-3 QuickBooks Time Subscription Pricing for Five Employees

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

QuickBooks Payments

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% (customer enters bank information online). Note: The maximum fee is $20 for customers who created accounts prior to September 5, 2023; otherwise, there is no maximum.
Swiped credit card	2.5%; you swipe the card via the available mobile reader.
Invoiced credit card	2.99%; your customer enters credit card online.
Keyed credit card	3.5%; you enter your customer's 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 in your books automatically, based on the funding date.

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 or removing users. Use the search term **downgrade** at `https://quickbooks.intuit.com/learn-support/en-us` for more details. Read on for information on the various tiers so that you can find the right fit for your needs.

QuickBooks Online Solopreneur

This version of QuickBooks is aimed at freelancers and self-employed people who file Schedule C of IRS Form 1040 (`www.irs.gov/forms-pubs/about-schedule-c-form-1040`). Unlike the higher-level offerings, QuickBooks Solopreneur 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. As of this writing, Solopreneur users cannot invite accountants to access their books. Intuit has indicated that this capability is in the works.

WARNING

I don't discuss QuickBooks Online Solopreneur any further in this book, although some of the features may mirror what you see in the higher subscription levels.

QuickBooks Simple Start

A QuickBooks Simple Start subscription is ideal for a new business with basic bookkeeping needs. With Simple Start, you accomplish the following tasks, broken down by chapter in Part 1:

- Chapter 2 covers all things customer related, including:
  - Creating an unlimited number of customers.
  - Sending estimates and invoices.
  - Tracking and paying sales taxes.
- Chapter 3 discusses money going out the door to vendors, including:
  - Printing checks and recording transactions to track expenses.
  - Using accounts payable functions, including scheduling payment of vendor bills and online bill payment.
- Chapter 4 is all about making sure that your team gets paid:
  - Processing payroll.
  - Paying contractors and sending 1099 forms.
- Chapter 5 helps you keep tabs on your financial activity:
  - Recording bank deposits.
  - Reconciling bank statements.
  - Downloading transactions from your bank and credit card accounts.

- Chapter 6 helps you view your business activity multiple ways. You can by view and customize more than 50 reports.
- Chapter 7 is all about app and automation:
  - Connecting one online sales channel, such as Amazon, eBay, or Shopify.
  - Tracking mileage manually or from the QuickBooks Online mobile app.
  - Categorizing expenses by taking pictures of receipts.
  - Importing bank data, customers, products and services, and invoices from comma-separated value (CSV) files.
  - Adding functionality with free and paid apps.

Although the Simple Start version supports accounts-receivable functions, you can't invoice customers on a recurring basis, and you'll have to dig to find the details of your unpaid invoices — the Reports screen makes it appear as if only a summary report is available. If you're on the fence between Solopreneur and Simple Start, you'll have more options in the future with Simple Start.

QuickBooks Online Essentials

Established businesses that don't have inventory may be able to use QuickBooks Essentials, which includes all the Simple Start functionality, plus a total of three sales channels, a total of 85 reports, and the following, broken down by chapter in Part 2:

- Chapter 8 is all about apps and automation:
  - Controlling the areas of QuickBooks your users can access.
  - Utilizing multiple currencies.
  - Adding up to three custom fields.
- Chapter 9 streamlines repetitive tasks:
  - Creating and using recurring transactions.
  - Establishing bundles of products and services.
  - Tracking time for unlimited users.

QuickBooks Online Plus

A Plus subscription offers all of the functionality of an Essentials subscription, plus unlimited sales channels, 124 reports, and the following, by chapter in Part 3:

- Chapter 10 is all about tracking and procuring physical goods:
  - Tracking inventory using the first in, first out (FIFO) inventory valuation method.
  - Creating, sending, and tracking purchase orders.

  REMEMBER

  If you need to assemble finished goods for sale, QuickBooks Online alone won't meet your needs. However, you can explore apps to supplement your inventory and work-in-progress tracking needs. I discuss apps that integrate with QuickBooks Online in Chapter 7.
- Chapter 11 gives you new levels of transaction tracking:
  - Categorizing income and expenses by using class tracking.
  - Tracking sales and profitability by department or location.
  - Creating and monitoring projects.
- Chapter 12 lets you plan ahead:
  - Creating budgets to estimate future income and expenses.
  - Planning out your cash flow.

  TIP

  You can test-drive the QuickBooks Online Plus sample company at `https://qbo.intuit.com/redir/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 can't add any element that exceeds the use limit without upgrading to a higher-level plan or deactivating current elements. As detailed 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	Usage Limit
Annual transactions	350,000
Chart of accounts	250
Classes and locations	40 combined; further, you can't track your balance sheet by class.
Billed users	1 for Simple Start, 3 for Essentials, 5 for Plus
Unbilled users	2 Accountant users; unlimited time tracking for Essentials and Plus; unlimited reports-only users for Plus

QuickBooks Online Advanced

QuickBooks Online Advanced incorporates all of the features of a Plus subscription and eliminates many of the use restrictions imposed on Simple Start, Essentials, and Plus subscribers. It is the flagship subscription for companies that have outgrown QuickBooks Online Plus. Advanced companies are allowed unlimited accounts, transactions, and classes, plus additional user types, plus Access to Intuit's Priority Circle, which provides elevated customer support and self-paced online training courses. Some of the additional functionality, broken down by chapter in Part 4, includes:

- Chapter 13 is about user empowerment and disaster recovery:
  - Installing a desktop app for more efficient company access.
  - Establishing custom permissions for users.
  - Backing up and restoring your QuickBooks Online data.
  - Exporting certain lists and transactions to comma-separated value (CSV) files by way of the Local Backup feature.
- Chapter 14 discusses custom reporting and charting:
  - Using the Custom Report Builder.
  - Building charts within QuickBooks Online.
  - Summarizing reports by using the Pivot feature.
  - Chapter 15 covers tasks workflows and other functionality:
  - Assigning and tracking user tasks.
  - Enabling workflows to trigger reminders for customers and team members.

- Defining and tailoring up to 48 custom fields.
- Automating employee expense management.
- Entering, editing, or deleting multiple transactions by way of the Batch Transactions feature.
- Complying with the Accounting Standards Codification (ASC) 606 revenue recognition regulation issued by the Financial Accounting Standards Board (FASB).
- Tracking fixed assets and compute depreciation.

» Chapter 16 documents how to synchronize QuickBooks Online with Microsoft Excel:

- Creating refreshable reports in Microsoft Excel.
- Importing and editing lists and transactions directly from Excel.
- Synchronizing Excel-based budgets with QuickBooks Online.

TIP

You can test-drive the QuickBooks Online Advanced sample company at `https://qbo.intuit.com/redir/testdrive_us_advanced`.

QuickBooks Online Accountant

The Accountant version enables accounting professionals to manage their practice and their clients' books. This free subscription includes a single QuickBooks Online Advanced subscription so that accountants can manage their own books as well.

TIP

Subscribe to QuickBooks Online Accountant at `https://quickbooks.intuit.com/accountants/products-solutions/accounting/online`.

Accountants are limited to subscription-based feature sets when accessing a client's books, but Part 5 breaks down the additional functionality by chapter:

» Chapter 17 introduces the Accountant version:

- Adding companies to the client list.
- Accessing a client's books.
- Managing team members access.
- Leveraging QuickBooks Online Ledger.

TECHNICAL STUFF

QuickBooks Online Ledger is a low-cost, streamlined version of QuickBooks Online designed specifically for accounting professionals. It offers essential bookkeeping features, such as bank reconciliation and journal entry management.

- Chapter 18 discusses accountant-specific tools:
  - Establishing chart of account templates.
  - Reviewing a client's books.
  - Employing a suite of accountant tools, including undoing bank reconciliations.
  - Charting clients' financial performance.
- Chapter 19 covers the nitty-gritty of practice management:
  - Assigning and tracking work assigned to team members.
  - Utilizing the free QuickBooks Online Advanced subscription.

If you're curious about the rest of the book, here's a quick overview:

- Chapter 20 empowers you to analyze your data in Excel.
- Chapter 21 helps you automate repetitive analytical tasks.
- Chapter 22 deconstructs several common journal entries.
- Chapter 23 offers ways to use the Chrome browser more effectively.

Now that you have a sense of what the various subscription levels and this book offer, let's explore how to tailor QuickBooks to suit your preferences.

Customizing Your Chart of Accounts

When you create a new company, QuickBooks creates a chart of accounts tailored to your industry. You can keep this list intact, edit it manually as I describe, or replace it with what you import from Excel, a CSV file, or Google Sheets, which I discuss in the later section titled "Importing accounts."

REMEMBER

Your chart of accounts is limited to 250 active accounts unless you have an Advanced subscription.

I encourage you to review the chart of accounts that QuickBooks establishes for your company. To do so, choose the Gear icon ➪ Chart of Accounts or Transactions ➪ Chart of Accounts. The screen shown in Figure 1-1 displays your chart of accounts and lets you carry out a variety of actions:

- Click Run Report to generate a report that lists your chart of accounts.
- Click New to create a new account.
- Choose New ➪ Import to import a new chart of accounts, which I discuss later in more detail in the "Importing accounts" section.
- Click Edit below New to turn on the Batch Edit feature, which enables you to edit multiple account names at once.
- Click the Print to generate a printout of the Chart of Accounts screen.
- WARNING You're better off clicking Run Report versus clicking Print because the Print command generates a rather unaesthetic-looking report.
- Click the Gear icon to control which columns appear on the screen and whether inactive accounts are displayed.
- Click the checkbox for one or more accounts, and then choose Batch Actions ➪ Make Inactive to deactivate unnecessary accounts.
- Click View Register adjacent to balance sheet accounts or Run Report adjacent to income and expense accounts to view a register or report showing all activity.
- Click the arrow next to an account to reveal the following choices, depending on the account type:
  - **Connect Bank:** Starts the process of syncing checking and credit card accounts with a financial institution.
  - **Edit:** Allows you to change the account type, detail type, name, description, or subaccount status of an account.
  - **Make Inactive:** Deactivates an account so that it can no longer be used for new transactions.

    WARNING QuickBooks zeroes out accounts that you make inactive, so make sure that you move the account balances by way of a journal entry or other transaction. I discuss journal entries in Chapter 22. You can mark multiple accounts inactive by clicking the checkbox for one or more accounts and then choosing Batch Actions ➪ Make Inactive.
  - **Run Report:** Enables you to run a report showing the activity for a given account.

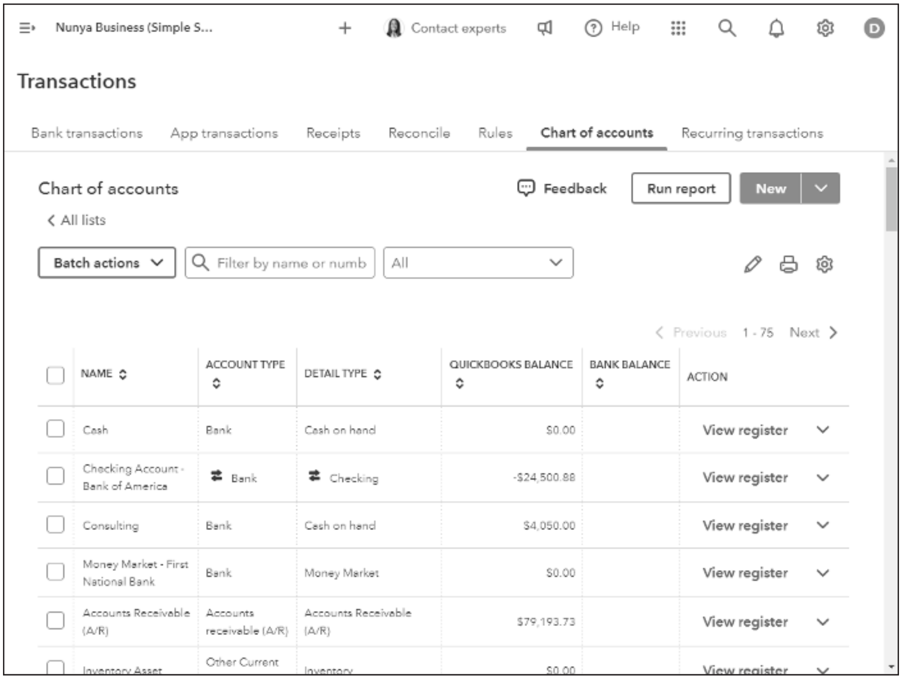

FIGURE 1-1: The Chart of Accounts screen.

Adding new accounts

Here's how to add an account to your chart of accounts:

1. **Click New on the Chart of Accounts screen to open the New Account task pane, shown in Figure 1-2.**
2. **Fill in the Account Name field.**

   Only enter words in this field. Later in the chapter, I show you how to enable account numbers for your chart of accounts. Don't be fooled by the relatively small size of the field; it accepts up to 100 characters.
3. **Make a selection from the Account Type field.**

   This list contains the major categories that typically appear on the balance sheet and profit-and-loss reports for a business.
4. **Make a selection from the Detail Type field.**

   Depending upon the Account Type you chose, you may only have one choice here, or you may have many.

5. **Optional: Click the Make This a subaccount checkbox under the Account Type field if you want to have this account roll up into a higher-level account on your reports.**

   You must specify a parent account for each subaccount that you create.

6. **Optional: Specify an Opening Balance and an As Of date if you are creating an account that will appear on your balance sheet.**

   Balance sheet accounts include assets, liabilities, and equities. Always defer to your accountant or bookkeeper if you're unclear as to if and when to start tracking an account.

7. **Optional: Enter a description for your account.**

   Enter up to 100 characters, providing additional documentation as to the purpose of the account.

8. **Click Save to record the new addition to your chart of accounts.**

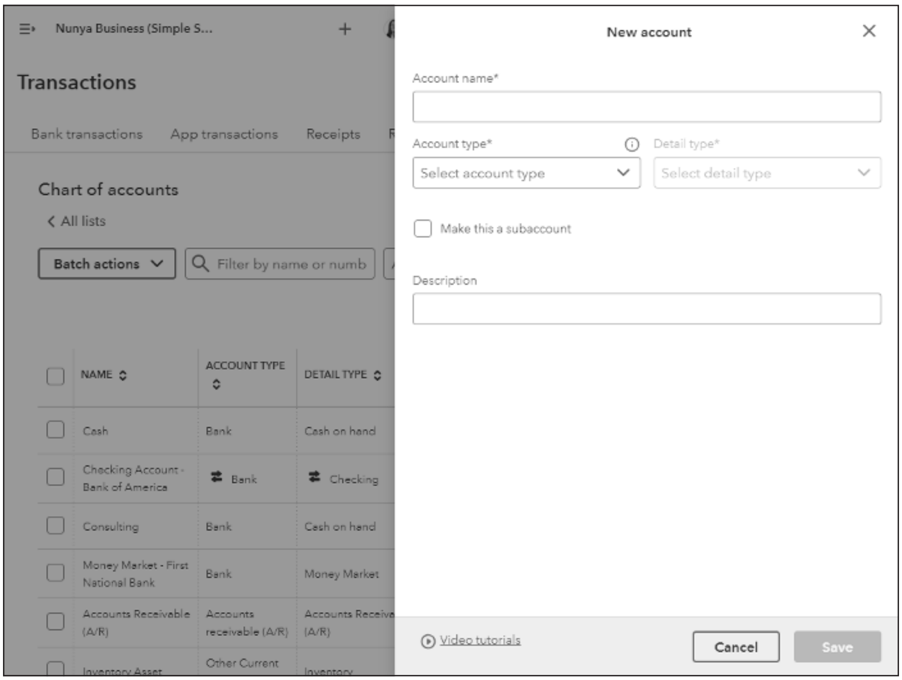

FIGURE 1-2: The task pane you use to create an account.

A FEW NOTES ON PAYING OWNERS

Many small-business owners wonder about the accounts they should use to pay themselves. Owners and partners typically aren't considered to be employees and therefore aren't paid through payroll. To pay an owner or partner, use the Chart of Accounts screen to set up a Draw account (Owner's Draw, Partner's Draw, or whatever is appropriate; if you have multiple partners, set up Draw accounts for each partner) and use it to pay owners. The Draw account is an equity account. Similarly, owners and partners sometimes put their own money into the business. To account for these contributions, set up equity accounts (again, one for each owner or partner) called Owner's Contribution, Partner's Contribution, or whatever is appropriate.

Note that you use the Draw account not only to pay the owner, but also to account for personal items an owner might buy with the business's money. You record the withdrawals by using the appropriate bank account and the appropriate Draw account. Note that these transactions don't show up on your profit-and-loss report because they're not business expenses. To find out the total amount paid to an owner, run a report for the Draw account.

At the end of your fiscal year, you need to enter a journal entry, dated the last day of your fiscal year that moves the dollar amounts from the appropriate Draw or Contribution account to Retained Earnings, which is another equity account. If I've just lost you, talk to your accountant about how to handle closing the year.

Removing accounts

A common theme that you'll encounter across this book is that QuickBooks generally does not allow you to delete list items, such as accounts. You must instead mark accounts as inactive, subject to the following caveats:

- The only way to permanently delete an account is to merge it into another account.
- You cannot mark parent accounts that contain subaccounts as inactive until you edit the subaccounts and assign them to a new parent account.
- Transactions remain intact within inactive accounts — which means that inactive accounts that contain activity will be included on your financial reports. You must, however, reactivate an account before you can edit any transactions within it.

» Balance sheet accounts that you mark as inactive are automatically adjusted to zero with an offset to the Opening Balance Equity account.

WARNING

Deactivating a balance sheet account that has a non-zero balance increases the risk that your income tax return may be filed incorrectly.

Here's how to mark an account as inactive:

1. **Choose the Gear icon ➪ Chart of Accounts or Transactions ➪ Chart of Accounts.**

   The Chart of Accounts screen opens.

2. **Choose Mark Inactive (Reduces Usage) from the drop-down menu in the Active column.**

   In Advanced companies, this command is labeled Mark Inactive because there is no limit on the number of accounts.

3. **Choose Yes, Make Inactive.**

   Conversely, here's how to merge two accounts:

4. **Choose the Gear icon ➪ Chart of Accounts or Transactions ➪ Chart of Accounts.**

   The Chart of Accounts screen opens.

5. **Choose Edit from the drop-down menu in the Active column for the account that you want to keep.**
6. **Make note of the account name and detail type, and then click Cancel.**
7. **Choose Edit from the drop-down menu in the Active column for the account that you want to remove from your chart of accounts.**
8. **Edit the Account Name and Detail Type accounts to exactly match the account that you want to keep.**

   REMEMBER

   Ensure that any parent accounts you are merging do not contain any subaccounts, and that any subaccounts that you are merging share the same parent account.

9. **Click Save and then Yes, Merge Accounts.**

   Any transactions in the account that you have chosen to remove are automatically recategorized into the account that you kept.

Implementing account numbers

By default, QuickBooks doesn't use or display account numbers; however, you can enable this feature by following these steps:

1. **Choose the Gear icon ➪ Account & Settings ➪ Advanced.**
2. **Click Edit in the Chart of Accounts section.**
3. **Toggle on the Enable Account Numbers option.**
4. **Click Show Account Numbers checkbox if you want to display the account numbers in QuickBooks.**
5. **Click Save and then click Done.**

You can enable or disable these settings as needed at any time. Use the Batch Edit method I discuss in the "Customizing Your Chart of Accounts" section earlier in this chapter. After you add account numbers, you can sort the chart of accounts in account-number order by clicking the Number heading of the Chart of Accounts screen.

REMEMBER

Click Save periodically as you enter account numbers in case you get pulled away unexpectedly. This prevents QuickBooks from signing you out and causing you to lose your work.

Importing accounts

You can replace the default chart of accounts provided by QuickBooks with one you've set up in Microsoft Excel, as a CSV file, or as a Google Sheet spreadsheet. The import file can include subaccounts and parent accounts.

REMEMBER

Use the convention *Account: Subaccount* when establishing subaccounts, with *Account* representing the parent account.

Here's how to import a chart of accounts:

1. **Choose the Gear icon ➪ Chart of Accounts or Transactions ➪ Chart of Accounts.**
2. **Choose New ➪ Import to display the Import Accounts screen.**
3. **Use the links to download a sample CSV or Excel file or to preview a sample Google Sheet.**
4. **After you set up your Chart of Accounts file, choose New ➪ Import again on the Chart of Accounts screen.**

5. **Click Browse or Connect, as appropriate, to select your import file.**
6. **Click Next to display the Map Data screen.**
7. **Map the headings in your import file to the fields in QuickBooks by making selections from the drop-down lists in the Your Field column.**
8. **Click Next to display a preview of the accounts to be imported.**
9. **Click Import if everything looks to be in order.**

TECHNICAL STUFF

QuickBooks Online Accountant users can establish and apply chart of accounts templates to their clients' companies. This feature streamlines the setup process, ensuring consistency across multiple clients' accounts by quickly implementing standardized account structures tailored to specific industries or client needs. I dig into the details in Chapter 18.

Tailoring Your QuickBooks Environment

Once you choose a subscription, a comprehensive wizard walks you through the set-up process. I don't regurgitate the steps here, but I do share some customizations you may want to make. For instance, the navigation menu along the left side of the screen is called the *sidebar menu*, which I sometimes refer to as the *sidebar*. I also explain customizing the chart of accounts, which you use to categorize every transaction you make, but let's first see how to prevent QuickBooks from logging you out of a work session prematurely.

Extending the default length of a QuickBooks session

By default, QuickBooks signs you out of your company after 60 minutes of inactivity. You can extend this to as much as three hours like so:

1. **Choose the Gear icon ⇨ Account & Settings ⇨ Advanced.**
2. **Click Edit in the Other Preferences section.**
3. **Make a choice from the Sign Me Out If Inactive For field.**
4. **Click Save and then Done.**

TIP

Advanced and Accountant users can use the QuickBooks Online desktop app, which I discuss in Chapter 13, instead of working in a browser window. The desktop app requires you to log in to your Intuit account only once every six months, unless you manually log out of the app.

Customizing the sidebar menu

The sidebar menu is on the left side of your QuickBooks company and is the primary navigation aid for working with QuickBooks. You can customize this menu to hide commands you don't use and bookmark commands you do use. For instance, you're not going to need the Commerce choice on the menu if you don't sell products online. Here's how to customize the sidebar:

1. **Click Edit next to the Menu or Bookmarks sections of the sidebar menu.**

   A Customize Your Menu dialog box opens with Menu and Bookmarks tabs.

2. **Optional: Toggle checkmarks on or off to enable or disable menu groupings or bookmarks by clicking on Menu or Bookmarks to switch between the lists.**
3. **Click Save to preserve your changes or Cancel if you change your mind.**

REMEMBER

Turning commands off doesn't remove any functionality from QuickBooks but instead moves those commands into a More section at the bottom of the Menu portion of the sidebar menu.

You can also use a second approach to add bookmarks:

1. **Hover your mouse over a grouping from the sidebar, such as Payroll, to reveal a submenu.**
2. **Hover your mouse over a command, such as Employees, and then click Bookmark.**

Reviewing company settings

Now that your chart of accounts is set up, it's worth your while to review the default settings for QuickBooks and make changes as appropriate. Choose the Gear icon ➪ Account and Settings to display the Account and Setting screen, and then select a category and make any changes needed. Some setting changes require you to click Save, and you need to click Done to close the Account and Settings screen. Here's a rundown of the settings you can change:

- **Company:** You can add your company logo and edit your company name, company type, address, and contact information, as well as your marketing preferences for Intuit.

  Click Edit within any section to make updates, and then click Save to record your changes.

- **Billing & Subscription:** You can view the current status of your subscription and change your payment method. You can convert a QuickBooks or QuickBooks Payroll trial to a regular subscription, but doing so terminates the trial period. You can also scroll down to order checks and supplies. As of this writing, you can choose to opt for annual billing — instead of monthly — and reduce your QuickBooks subscription fees by roughly 10 percent.

  REMEMBER

  The Billing & Subscription section isn't shown if your QuickBooks company is being managed by an accountant who participates in the ProAdvisor Discount program, which I discuss in Chapter 17.

- **Usage:** This section shows any usage limits based on your subscription. Click the link showing the count of users, accounts, and so on to display the corresponding screen.

- **QuickBooks Checking:** This section offers a QuickBooks Checking bank account that integrates directly with your accounting records.

- **Sales:** This section enables you to customize certain fields within your sales forms, including determining whether to show Product/Service or SKU fields. You can add a default charge to overdue invoices, utilize progress invoicing, customize default email messages, and include an aging table at the bottom of account statements.

- **Expenses:** You can opt to display a table of expense and purchase forms so that you can itemize and categorize the products and services you buy, as well as show a Tags field on these forms. You can also choose to add a column for identifying the customer a purchase relates to, as well as a column where you can mark items and expenses as billable to your customers. You can opt to use purchase orders and create a default email message to be sent with them.

- **Payments**: Use this section to establish a new QuickBooks Payments account here or connect an existing account so that you can accept credit cards payments or bank transfers from your customers. This feature also enables you to include a Pay Now button on invoices that you email to customers. This service entails per-transaction fees that I discuss in the "QuickBooks Payments" section earlier in this chapter.

- **Time:** Your options here vary, based upon your subscription level, but at a minimum, you can set the first day of the work week and determine if a service field should appear on timesheets, and if time should be billable.

» **Advanced:** Here, you'll mostly find nitty-gritty accounting settings that you'll probably want to hand off to your accountant. They include specifying the first month of your fiscal and tax years; choosing Cash or Accrual for your accounting method; picking a tax form; and, as mentioned earlier, determining if you want to use account numbers in your chart of accounts.

REMEMBER

I discuss how to customize payroll settings in Chapter 4.

Customizing Sales Forms

QuickBooks enables you to customize invoices, estimates, and sales receipts. The default format is now known as Modern, which previously distinguished it from the Classic sales form designs. Sales forms have four different views:

» **Edit:** Use to record the transaction.

» **Email View:** Use to preview what your customer will see when they open the transaction email.

» **PDF View:** Use to review the PDF version of the transaction.

» **Payor View:** Use get review what clicking the View Details button will display within the transaction email.

Tailoring sales forms

To modify a sales form, follow these steps:

1. **Choose + New ➪ Invoice, Estimate, or Sales Receipt.**

   The corresponding form opens onscreen.

2. **Click Manage to display a design task pane that contains four sections:**

   - **Customization:** Use this section to turn fields and columns on or off, as well as modify column headings in the body of the transaction form.
   - **Payment Options:** Enable online payments via the QuickBooks Payment service, as well as fields to handle deposits, discounts, and shipping fees.
   - **Design:** Choose from existing templates, including the default Modern format, or click Add/Edit to display the Custom Forms Style screen, which enables you to add or edit sales form templates.

- **Scheduling:** Activate the Recurring Invoice setting to schedule an invoice to generate automatically, mark an invoice as Print Later or Send Later, and manage invoice reminders.

Simplifying your invoicing process

Invoicing your customers generally involves a lot of rote work. QuickBooks offers a couple of features that can speed things up for you:

- **Bundles:** In Chapter 9, I discuss how bundles allow you to add a collection of two or more items to an invoice by selecting a single item.
- **Pricing rules:** In Chapter 10, I discuss how Plus and Advanced users can enable *pricing rules* that automatically discount or increase the price of items for some or all customers, either permanently or for some period.
- **Subtotals:** QuickBooks offers a limited ability to add subtotals to invoices for time activities only.

To add a subtotal, follow these steps:

1. **Choose the Gear icon ➪ Custom Form Styles.** The Custom Form Styles screen displays any form styles you've set up.
2. **Select a form to customize, and then click Edit in the Action column.**

   The Customize Form Style screen contains three buttons in the top-left corner: Design, Content, and Emails.
3. **Click Content.**

   The Content screen opens, with all sections disabled.
4. **Click Edit within the Table section.**

   The Table section is where you see column titles such as Date, Product/Service, and Description.
5. **Scroll down the screen and click Show More Activity Options in the bottom-left corner.**

   Additional options for the Table section are displayed.
6. **Click the Group Activity By checkbox and make a choice from the drop-down menu.**

   You can group items by day, week, month, or type. For this example, choose **type**.
7. **Click Subtotal Groups.**

8. **Click Done in the bottom-right corner of the window to save the settings.**

   Although you can click Preview PDF, there's not much point in this context because QuickBooks doesn't show you the subtotals in use until you actually create an invoice.

REMEMBER

You must repeat the preceding steps to include subtotals for estimates and sales receipts if you want to have a consistent look and feel across all the forms you use.

Getting Attached

Most list and transaction records offer an Attachments field that allows you to upload an unlimited number of files as long as each attachment is 20MB or smaller and is one of the following file types:

- **CSV (Comma-Separated Values):** A simple file format used to store tabular data, such as a spreadsheet or database. Each line in a CSV file represents a row, and columns are separated by commas.
- **DOC (Document) or DOCX (Document Open XML):** The DOC file format is used by Microsoft Word for text documents and was the default file format for Word documents until the introduction of the DOCX file format in Word 2007. Word 2007 DOCX files are based on the Open XML standard and are more efficient in terms of file size and data recovery than the older DOC format.
- **GIF (Graphics Interchange Format):** A bitmap image format that supports up to 256 colors and is commonly used for simple graphics and short animations on the web. GIFs can include multiple frames, allowing for simple animations.
- **JPEG or JPG (Joint Photographic Experts Group):** A commonly used method of lossy compression for digital images, particularly for those images produced by digital photography. You can use the JPEG or JPG file extension interchangeably — the shorter extension was created to comply with the three letter file extension limitation in early versions of Windows.
- **PDF (Portable Document Format):** A file format developed by Adobe that captures all elements of a printed document as an electronic image. PDF files are widely used for sharing documents because they preserve the formatting and can be viewed on any device.

- **TIFF (Tagged Image File Format):** A file format for storing high-quality raster graphics images, popular among graphic artists, photographers, and the publishing industry. TIFF files can be either uncompressed or compressed using lossless compression.
- **XML (eXtensible Markup Language):** A markup language used to encode documents in a format that is both human-readable and machine-readable. XML is commonly used for data transfer between systems and for structuring data within various applications.
- **XLS (Excel Spreadsheet) and XLSX (Excel Spreadsheet Open XML):** The XLS file format is used by Microsoft Excel for storing spreadsheet data in workbooks. XLS files were the default format for Excel until the introduction of XLSX in Excel 2007. The XLSX format is based on the Open XML standard and is more efficient in terms of file size and data handling than the older XLS format. XLSX files have 1,048,576 rows and 16,376 columns per worksheet, while XLS files only have 65,536 rows and 256 columns.

  The message "We were unable to upload this type of file" is displayed beneath the Attachments field when you attempt to upload an unacceptable file type — such as compressed ZIP files or Excel binary workbooks (XLSB files).

Some transactions, such as invoices, give you the option to include the attachment when emailing the transaction form. Attachments appear in uploaded order within the Attachments dialog box of a list or transaction record, as well as on the Attachments list, which you can access by choosing Settings ➪ Attachments.

The Attachments list is composed of the following columns:

- **Thumbnail:** Displays a small preview image of GIF, JPG, JPEG, and TIFF files.
- **Type:** A one-word description of the file, such as Document, Image, PDF, Spreadsheet, and so on.
- **Name:** Shows the uploaded file's name, but you can assign a new one by selecting Edit from the Action column drop-down menu.
- **Size:** Displays the size of the file.
- **Uploaded:** Shows the date/time that the file was uploaded.
- **Links:** Typically identifies the transactions and/or list records that the upload is attached to, but is blank if the upload is not attached to any records.
- **Note:** Remains blank, but you can assign a note by selecting Edit from the Action column drop-down menu.

The Actions column drop-down menu includes the following commands:

- **Download:** Enables you to save a copy of the attachment to your computer.
- **Edit:** As noted, displays a dialog box from which you can change the file name for an upload as well as optionally add a note describing the file.
- **Delete:** A prompt asks to confirm that you want to delete the upload, which removes the attachment from your QuickBooks company. The link to the upload will also be removed from any corresponding list or record pages.

  REMEMBER

  You can delete attachments only at a time. QuickBooks Online does support batch deletion.
- **Create Invoice:** Attaches the upload to a blank invoice and displays the corresponding transaction screen.
- **Create Expense:** Attaches the upload to a blank expense and displays the corresponding transaction screen.

The Batch Actions commands are disabled until you turn on the Selection checkbox for two or more individual transactions, or the Select All checkbox at the top of the column. It contains the following commands:

- **Download:** Creates a compressed file named Archive.ZIP that contains copies of the selected uploads.
- **Create Invoice:** Attaches the selected uploads to a blank invoice and displays the corresponding transaction screen.
- **Create Expense:** Attaches the selected uploads to a blank expense and displays the corresponding transaction screen.