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Chapter **1**

Setting the Stage in QuickBooks

Buying a new pair of shoes can feel great — at least until you try walking in them. Maybe the fit's a little off, or the insoles aren't quite right. The same goes for QuickBooks Online. While the platform comes ready to use, a few thoughtful tweaks can make it a much better fit for your business.

In this chapter, I show you how to pick the right subscription plan, review your chart of accounts, and customize QuickBooks so it fits the way you work. With a little setup, QuickBooks can become as comfortable as a well-worn pair of sneakers.

The features in this chapter are available regardless of subscription level.

Establishing Your Subscription

Before you can start using QuickBooks Online, you need to choose a subscription level and set up an Intuit account. Fortunately, this decision is easier to change later than choosing a tattoo. Whether you're starting fresh or moving from another system, QuickBooks offers several plans designed for different business needs.



TECHNICAL
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If you're moving from another accounting system, QuickBooks Online can import company data from QuickBooks Desktop and Sage 50. Chapter 8 covers additional options for importing information from other software and spreadsheets.

Comparing subscription tiers

Each QuickBooks Online subscription includes core accounting features, but the available tools, user limits, and pricing vary by plan. Here's a quick overview of the available options:



REMEMBER

» **Solopreneur** (\$20/month, \$240/year): Includes one full access user, but no accountant access. This plan is designed for freelancers, contractors, and other one-person businesses.

Although you'll find some feature overlap, Solopreneur uses a separate version of QuickBooks Online not covered in this book.

» **QuickBooks Free** (\$0/month): Includes one full-access user but no accountant access. This level provides basic income and expense tracking, limited invoicing, and three core reports. Upgrading to a paid QuickBooks Online plan removes many of these limits.

» **Simple Start** (\$38/month, \$456/year): Includes one full-access user and two accountant users. It's designed for businesses that need basic invoicing, bill payment, income tracking, and expense tracking.

» **Essentials** (\$85/month, \$1,020/year): Includes three full-access users, two accountant users, and unlimited time-tracking-only users. This level adds features such as bill management and employee time tracking.

» **Plus** (\$140/month, \$1,680/year): Includes five full-access users, two accountant users, unlimited time-tracking-only users, and unlimited report-only users. Plus adds inventory tracking, purchase orders, projects, classes, and budgets.

» **Advanced** (\$340/month, \$4,080/year): Includes 25 full-access users, three accountant users, unlimited time-tracking-only users, and unlimited report-only users. Advanced adds features such as custom reporting, data backup and restore, Excel integration, workflows, and the QuickBooks Online desktop app.

» **Intuit Accountant Suite:** Designed for accountants and bookkeepers, this platform includes client and practice management tools, plus a QuickBooks Online Advanced subscription for your firm's own books. A free tier is available, but paid tiers add expanded management capabilities.



TIP

Annual billing reduces the cost of any QuickBooks Online subscription by 10 percent. Every little bit helps.

Here's how to start a QuickBooks subscription:

1. **Choose** <https://quickbooks.intuit.com>, **and then click See Plans & Pricing.**
2. **Choose between a discounted introductory offer or a 30-day free trial.**
3. **Click Choose Plan for the subscription level of your choice.**
4. **If you'd like to include payroll, select a payroll plan. Otherwise, click Continue without Payroll.**
5. **Create a new Intuit account, or sign in to an existing one.**
6. **Provide your payment information, and then click Subscribe.**
7. **Follow the onboarding wizard to enter basic information about your company and preferences.**
8. **When the setup process is complete, click Let's Go to open your QuickBooks dashboard.**

MANAGING PASSWORDS WITHOUT LOSING YOUR MIND

If you log in to QuickBooks regularly, consider using a password manager. Password managers help you create strong, unique passwords and store them securely so that you don't have to remember them yourself. Many also store authentication codes, which can reduce the number of verification emails or text messages you receive when signing in.

QuickBooks also supports passkeys, a more secure alternative to traditional passwords. With a passkey, you sign in using Face ID, a fingerprint, or your device passcode. Passkeys are resistant to phishing attacks and work well alongside password managers. If your browser or password manager offers to save a passkey, consider enabling it.

Silencing the setup task pane

QuickBooks displays onboarding tasks to help you complete common setup activities. If you've already completed these tasks — or simply don't want to see them — you can hide them:



1. **Click Tasks.**

The Tasks pane opens.

2. **Expand a category, such as Business Basics or Sales & Get Paid.**

3. **Open the See Tasks dropdown for a task and choose Hide Task.**

4. **Repeat as needed.**

To restore a hidden task, click Tasks, expand the Hidden section, and choose Unhide Task from the See Tasks dropdown.



TIP

Refining QuickBooks to Fit Your Workflow



Once you've chosen a subscription and worked through the setup wizard, QuickBooks is ready to go, but adjusting a few settings can make it feel more tailored to the way you work. You can even speed things up with keyboard shortcuts for common tasks, giving your mouse a well-earned break.



To access global options that you can customize, choose **Settings** ⇨ **Account and Settings**. The screen that appears is organized into categories on the left side. Select a category, click Edit within any section to make changes, click Save, and then click Done when you're finished. Here are some settings worth reviewing:

- » **Company:** Add your logo, or adjust the company name and contact details.
- » **Usage:** See how close you are to limits, such as the number of users or accounts.
- » **QuickBooks Checking:** Manage settings for QuickBooks's integrated business bank account, if you use it.
- » **Sales:** Customize invoices, enable features like progress invoicing or late fees, and set default messages. (See Chapter 2.)
- » **Expenses:** All users can set default bill payment terms. Upgrading to Essentials, Plus, or Advanced lets you access additional options.
- » **Payments:** Activate QuickBooks Payments or link an existing account so you can accept credit cards or bank transfers.

- » **Time:** Set up basic timesheet options, including billable time and service fields. This feature requires the Essentials plan or higher. See Chapter 10 for details.
- » **Advanced:** This is where the more technical settings live — fiscal year start, accounting method (cash or accrual), and your business's tax form.

It's time to drill in a little deeper on a few of the Advanced settings that particularly deserve special consideration:

- » **Fiscal Year:** This is the 12-month period your business uses to track income and expenses. It starts in January by default, but you can change it to match your business's reporting cycle, such as July through June.
- » **Accounting Method:** This setting determines when income and expenses appear on reports, not when you can enter transactions:
 - **Cash method:** Income appears when you receive payment, and expenses appear when you pay bills.
 - **Accrual method:** Income appears when you send an invoice, and expenses appear when you record a bill — even if no money has changed hands yet.

Work with your accountant to determine which method is appropriate for your business and tax filings.

- » **Sign Me Out if Inactive:** Controls how long QuickBooks waits before signing you out automatically. The default is one hour, but you can increase it to two or three hours. If QuickBooks signs you out while you're working, unsaved changes may be lost.



TIP

Upgrading to Advanced gives you access to the QuickBooks Online desktop app, which requires less frequent authentication than the browser version. Intuit Accountant Suite includes the desktop app as well. See Chapter 15 for details.

- » **Communications with Intuit:** Review your email and marketing preferences to control which notifications and promotional messages you receive.

Installing QuickBooks Mobile Apps

Before we dive into the details, please allow me to share an abbreviated list of the ways that QuickBooks uses the term app:

- » **QuickBooks Online mobile app:** Software you install on a phone or tablet to access QuickBooks Online.

- » **QuickBooks Online desktop app:** Software you install on a Windows or macOS computer to access QuickBooks Online. (See Chapter 15.)
- » **All Apps:** A choice on the QuickBooks Navigation bar that provides access to features within QuickBooks.
- » **Software formerly known as apps:** Separate third-party software and services that connect to QuickBooks and exchange information with it are now known as *integrations*.



TIP

If you think you need a scorecard, just wait until you see Intuit's inventive uses of the term *integration* in Chapter 7.

QuickBooks mobile apps are available at no extra cost for iOS, iPadOS, and Android. You'll typically need your browser for advanced tasks, such as configuration changes, but you can handle many everyday tasks while you're away from your desk, such as:

- » **Sales:** Create invoices and estimates, accept signatures, and track customer payments.
- » **Customers:** Review and manage customer information.
- » **Expenses:** Capture receipts and record expenses.
- » **Banking:** Review banking activity and reconcile accounts.
- » **Reporting:** View selected reports.
- » **Mileage:** Track business mileage.



WARNING

Mileage tracking in the QuickBooks mobile app is available only to admin users. Giving an employee admin access also gives them broad access to your company data, so use this feature with care.

To work with QuickBooks on a mobile device, install the QuickBooks app from the Apple App Store or Google Play, or sign in through a mobile web browser.



TIP

You can photograph receipts and bills with the QuickBooks mobile app and let QuickBooks extract information from them instead of entering the details manually. Chapter 8 covers this type of automated data capture.

Building Your Accounting Foundation

When you create a new company, QuickBooks automatically builds a chart of accounts tailored to the industry you selected. Think of this as your business's financial filing cabinet; it helps you track everything from income and expenses to assets and liabilities. You have a few options from here:

- » Keep QuickBooks's default setup.
- » Tweak it manually. (I walk you through how in the next sections.)
- » Replace it entirely with your own chart of accounts.



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Your accountant can use Intuit Accountant Suite to apply a standardized chart of accounts, or you can import one from Excel, CSV, or Google Sheets.

Chapter 20 covers both approaches.

Reviewing and customizing the chart of accounts



It's a good idea to review the chart of accounts that QuickBooks created for you. To do so, choose **Settings** → **Chart of Accounts**. From here, you can add, edit, and deactivate accounts to better reflect your business's needs.

CLARIFYING QUICKBOOKS CATEGORIES

QuickBooks takes some creative liberties with the term *category*. I've included a couple of leading descriptors that the software omits:

- 1. Transaction category:** An account from your Chart of Accounts. You'll be asked to fill in the Category field on transaction and banking screens.
- 2. Product category:** A way to group products and services. You'll be asked to select the Category that new products and services belong to. You can even swing for the fences and assign a sub-category as well.

I could continue. . .

Adding new accounts

Need to create an account that isn't already in your chart of accounts? Here's how to add one:



1. Choose Settings ⇨ Chart of Accounts ⇨ New.

The New Account task pane appears.

2. Fill in the Account Name field.

3. Choose an option from the Account Type field.

Account types determine where the account appears on your financial statements.

4. Select a detail type.

Detail types provide additional categorization within each account type.

5. Optional: Select Make This a Subaccount and choose a parent account.

Subaccounts allow you to group related accounts on reports. For example, you might create separate Office Supplies and Postage expense accounts and make them subaccounts of a broader Office Expenses parent account.

6. Optional: Specify an opening balance and an as-of date for balance accounts.

If you're unsure whether an opening balance is needed, consult your accountant or bookkeeper.

7. Optional: Enter a description.

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



REMEMBER

QuickBooks Online supports up to 250 active accounts. Upgrading to Advanced removes this restriction. Inactive accounts don't count toward this limit.

Removing accounts

QuickBooks generally doesn't delete accounts. Instead, you mark them as inactive. Inactive accounts no longer appear when you enter new transactions, but they remain available for historical reporting.

Keep the following in mind:

- » You can't make a parent account inactive if it still contains subaccounts.
- » Transactions remain associated with inactive accounts and continue to appear on reports.

» If you accidentally create duplicate accounts, you can merge them into a single account. (See the next section.)



TECHNICAL
STUFF

Before making a balance sheet account inactive, make sure its balance is zero. Otherwise, QuickBooks creates an offsetting entry in Opening Balance Equity. If you're unsure how to clear the balance correctly, consult your accountant or bookkeeper.

Here's how to mark an account as inactive:



1. Choose Settings ⇌ Chart of Accounts.

The Chart of Accounts screen opens.

2. Open the dropdown menu for the account and choose Make Inactive.

3. Click Yes to confirm.

The account remains in your chart of accounts but only appears when the Include Inactive setting is turned on.



TIP

To reactivate an account later, open the **Chart of Accounts**, turn on **Include Inactive** from the **Chart of Accounts Settings** menu, locate the account, and choose **Make Active** from its dropdown menu.

Combining accounts

If you accidentally create two accounts that serve the same purpose, you can merge them into a single account. Unlike making an account inactive, merging permanently deletes one account and transfers all of its transactions to the account you keep.



TECHNICAL
STUFF

You can't merge parent accounts that contain subaccounts. When merging subaccounts, both accounts must have the same parent account.

Here's how to combine two accounts:



1. Choose Settings ⇌ Chart of Accounts.

The Chart of Accounts screen opens.

2. Edit the account you want to eliminate.

3. Change the account name and detail type to exactly match the account you want to keep.

4. Click **Save** and then confirm the merge.

All transactions from the duplicate account are moved automatically to the account you kept.



WARNING

Unlike inactive accounts, merged accounts can't be restored. Be sure you're combining the correct accounts before you confirm the merge.

Locking Accounts

Sometimes you want an account to remain in your Chart of Accounts but prevent anyone from selecting it when entering transactions. Locking is particularly useful for parent accounts when you want transactions posted only to their subaccounts.

When you lock an account, QuickBooks grays it out in account dropdown lists and stops suggesting it for bank feed transactions. Bank rules that use the account also stop running. Third-party apps, however, can still post transactions to locked accounts.

Here's how to lock an account:

1. Choose **Settings** → **Chart of Accounts**.

The Chart of Accounts screen opens.

2. **Edit** the account you want to lock.

3. **Turn on** the lock option and save your changes.



TIP

To lock several parent accounts at once, filter the Chart of Accounts to show parent accounts only, select the accounts, and use the batch action to lock them.

Implementing account numbers

Once your chart of accounts is organized the way you want it, you may want to enable account numbers. Account numbers can help organize larger charts of accounts and may be useful when working with an accountant or migrating from another accounting system. QuickBooks Online doesn't use account numbers by default, but you can enable them:



1. Choose **Settings** → **Account and Settings** → **Advanced**.

The Account and Settings screen appears with the Advanced settings displayed.



2. Click **Edit in the Chart of Accounts** section.
3. Turn on **Enable Account Numbers**.
4. Check the **Show Account Numbers** box so they appear in your **Chart of Accounts** and on forms.
5. Click **Save** ⇌ **Done**.



TIP

If you're assigning account numbers to a large number of accounts, Chapter 7 shows how to use the Batch Edit feature to update multiple accounts more efficiently.

Enabling Custom Fields

Once your chart of accounts and company settings are in place, you can start tailoring QuickBooks to fit the way your business operates. For instance, custom fields let you track information that QuickBooks doesn't capture by default. Custom fields aren't required, but it can make QuickBooks a more complete home for your business information.

Custom fields in QuickBooks Online let you capture information beyond the standard fields found on forms like invoices, sales receipts, estimates, and purchase orders. Whether you're tracking salesperson names, job numbers, delivery instructions, or internal notes, custom fields help tailor QuickBooks to your business. Custom fields can also appear on reports, making it easier to filter, group, and analyze your data.

The exact capabilities depend on your subscription level. In Simple Start:

- » You can add up to 30 custom fields to customer profiles.
- » You can add one additional custom field that can appear on up to ten transaction forms.



TECHNICAL
STUFF

Upgrading to Essentials or Plus expands the number of custom fields you can create (see Chapter 10). Upgrading to Advanced adds even more customization options (see Chapter 15).

Here's how to create a custom field:



1. Choose **Settings** ⇌ **Custom Fields**.

The Custom Fields screen appears.

2. Click Add Field.

The Add Custom Field task pane appears.

3. Fill in the Name field.

4. Select either Text and Number or Dropdown from the Data Type field.

Dropdown lists can contain up to 100 options.

5. Select the form(s) where the custom field should appear onscreen.

For example, you might display a field on invoices but not on estimates or purchase orders.

6. Click Save to close the Add Custom Field task pane.

Your new field appears on the Custom Fields list.



REMEMBER

Like many list records in QuickBooks, custom fields can't be deleted, only made inactive. You can still edit an existing custom field to change its name or update its dropdown options.



TIP

To reactivate a custom field later, open the Custom Fields list, turn on **Include Inactive** from the **Custom Fields Settings** menu, locate the field, and choose **Make Active** from its dropdown menu.

Working with Attachments

In QuickBooks, attachments are supporting documents, such as receipts, invoices, contracts, and photos. You can upload as many as you like as long as each one is 20MB or smaller and in an accepted format.



REMEMBER

You can only delete attachments one at a time; QuickBooks doesn't currently support batch deletion.

Read on to find out which file types are accepted, how to add attachments, and what you can do with attachments once they're uploaded.

Recognizing acceptable file types

QuickBooks supports common document, image, spreadsheet, and data-exchange formats, including PDF, JPG, GIF, TIFF, DOC, DOCX, XLS, XLSX, CSV, and XML files as attachments. One exception: Although you can attach PDF files to records, QuickBooks doesn't include PDF attachments when emailing customer statements.



WARNING

Filenames should contain only letters, numbers, spaces, and common punctuation characters. Using unsupported characters may trigger server errors when uploading files. These character restrictions apply throughout QuickBooks, not just to attachments.



TECHNICAL
STUFF

QuickBooks supports letters (A–Z, a–z), numbers (0–9), spaces, and the following symbols in attachment filenames and most text-entry fields: , . ? @ & ! # ' ~ * _ - ; +.

Adding attachments

You can link attachments to customer profiles, vendor profiles, and many transaction types:

1. Navigate to the screen you want to link the attachment to:



- **Customer Profile:** Choose All Apps ⇄ Customer Hub ⇄ Customers, or Customers & Leads ⇄ Customers. Select a customer, and then click the Customer Details tab.
- **Vendor Profile:** Choose All Apps ⇄ Expenses ⇄ Vendors, or Expenses ⇄ Vendors. Select a vendor, and then click the Vendor Details tab.
- **Transaction:** Open the transaction, such as an invoice, bill, or expense. If you don't see an Attachments section, that transaction type doesn't support attachments.

2. Click **Add Attachment**, select a file from your computer, and click **Open**.



TECHNICAL
STUFF

In the modern interface, you may not be able to link an existing attachment to another record. Instead, you'll need to upload the file again, which can create duplicate attachments.

Managing attachments



To view all uploaded files in your company, choose **Settings → Attachments**.

From the Attachments list, you can:

- » Edit an attachment's name or add a descriptive note.
- » Delete an attachment you no longer need.
- » Create an invoice or expense using an existing attachment.
- » Export one or more attachments to a ZIP file.

Changing or Ending Your Subscription

Your business needs may change over time. If they do, you can upgrade, downgrade, switch to annual billing, or cancel your QuickBooks subscription.



1. Choose Settings ⇌ Subscriptions & Billing.

The Subscriptions & Billing screen appears.



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2. Choose one of the following:

- **Upgrade Plan:** Move to a higher-tier subscription.
- **Switch to Annual Billing:** Replace monthly billing with annual billing, which typically includes a 10 percent discount.
- **Cancel Subscription:** Begin the downgrade or cancellation process.

3. If you choose Cancel Subscription, you can instead select Downgrade Plan to move to a lower-tier subscription. Otherwise, follow the prompts to complete the cancellation.

Cancelled subscriptions remain active until the end of the current billing period. Afterward, you retain read-only access to your data for one year.



REMEMBER



WARNING

If you don't restart your subscription within one year, you'll lose access to the company data. Be sure to export any information you want to keep before that deadline.

Setting Up What Comes Next

With QuickBooks configured and ready to go, you can start putting it to work. The chapters ahead offer different pathways for managing your business, depending on what you need to accomplish. Here are some places to explore:

- » **Creating invoices and collecting customer payments:** Chapter 2 shows you how to send invoices and estimates, record sales receipts, and track customer payments.
- » **Recording expenses and paying bills:** Chapter 3 covers entering expenses, managing bills, and tracking vendor credits.
- » **Paying employees and contractors:** Chapter 4 walks you through setting up payroll, processing paychecks, and handling payroll taxes and forms.

- » **Managing bank and credit card accounts:** Chapter 5 explains how to connect accounts, review downloaded transactions, record deposits, and reconcile balances.
- » **Analyzing financial information:** Chapter 6 explores using reports to monitor performance, track trends, and better understand your business.
- » **Importing, exporting, and connecting apps:** Chapter 7 shows you how to bring information into QuickBooks, exchange data with other systems, and connect third-party applications.
- » **Automating repetitive tasks:** Chapter 8 shows you how to reduce manual data entry with bank rules, recurring transactions, and other automation tools.
- » **Using AI tools:** Chapter 9 shows you how to make AI useful in your everyday QuickBooks work while recognizing where human judgment still matters.
- » **Recording manual adjustments:** Chapter 24 shows how to use journal entries to make accounting adjustments directly to accounts in your Chart of Accounts.
- » **Decoding QuickBooks terminology:** Chapter 25 helps you make sense of multi-use terms such as *apps*, *integrations*, and *categories*, along with other terminology that isn't always as consistent as you might expect.
- » **Keeping AI in perspective:** Chapter 26 explores ten things to remember about how AI predicts, influences judgment, handles context, and increasingly takes action.

