User Guide

QuickBooks Pro for Windows
QuickBooks Premier for Windows
QuickBooks Premier Industry-Specific Editions for Windows

My QuickBooks account details:

QuickBooks License Key: _____

QuickBooks Customer Number: _____

Installation Key Code (IKC) : _____

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How do I use this guide?

Welcome to QuickBooks! This user guide is designed to help you learn how to use the most-common features of QuickBooks.

The User Guide covers QuickBooks Pro, QuickBooks Premier and the QuickBooks Premier Industry-Specific Editions. When the name *QuickBooks* is used, it refers to any of these programs. When there is an important distinction between the versions of QuickBooks, the proper name of the software is used in the text.

Where to start

If you're new to QuickBooks

Read the *Installing & Learning to Use QuickBooks guide* that came with QuickBooks. It contains information on the following:

- installing QuickBooks
- hardware, software and network requirements
- activating QuickBooks
- setting up multiusers
- introduction to some essential tasks such as adding customers, vendors, accessing the in-product help, creating an account, tracking sales tax and setting up payroll to name a few

Using this guide

The User Guide is meant to help you get the most out of QuickBooks. Once you have read the *Installing & Learning to Use QuickBooks guide* and you have become familiar with your software, look to this guide to get more comprehensive instructions on QuickBooks and its features. This guide also provides some business concepts to help you better understand some of the accounting concepts used in QuickBooks.

Setting up a new company

How to set up your business in QuickBooks

This chapter tells you what information you need to gather to set up your company in QuickBooks. It also helps you make choices as you set up your company and suggests things you should do after you complete your setup.

Decisions to make before you start

In QuickBooks, a "company file" contains all the financial records for a single business. Before you can use QuickBooks, you need to tell QuickBooks about your business so that it can set up your company file.

Locating an advisor to help you with QuickBooks

Tip: Professional accountants and consultants can help set up your company file for you. To help small businesses find these professionals, Intuit Canada manages a referral service through the IntuitAdvisor program. The referral service connects small businesses working with QuickBooks with accountants or consultants who are knowledgeable in QuickBooks. The service is free - you simply pay the advisors' fee for specific services you need.

These accountants and consultants possess the tools, resources, and knowledge to help you set up and maintain, and optimize QuickBooks so that you can manage your business better.

You can locate a QuickBooks IntuitAdvisor in your area by using our no-cost online referral service on the QuickBooks web site (http://www.quickbooks.ca//). We suggest that you select two or three advisors and contact each to determine who would be right for your business. The advisor you select will provide you with information about his or her fees.

Becoming an IntuitAdvisor

If you are an accountant, bookkeeper, or computer consultant who supports small to medium business clients, you may want to consider becoming a member of this unique community. The program is intended to provide additional support to those people who service the needs of small business clients. It's a great way to learn more about QuickBooks as well as help you build your business.

By joining the program, you will receive the latest version of QuickBooks plus all updates for it and payroll changes, additional training materials, invitations to training courses, informational emails, access to an online forum, and referral programs. If you like, you can also have your name listed on our Web site to attract new QuickBooks clients. To become an IntuitAdvisor or find one near you, visit the QuickBooks Web site (http://www.quickbooks.ca//).

How many companies should you set up?

The Canada Customs and Revenue Agency (formerly called Revenue Canada) requires that for each business you have, you clearly show its income and expenses. For tax purposes, it's usually best to set up a separate QuickBooks company for each business that files its own tax return.

For example, if you have two shops and file one tax return for each, you need to set up two company files in QuickBooks. However, if you have a farm that grows wheat and raises pigs and you file only one tax return for the entire operation, you only need one company file in QuickBooks.

In cases like these, in which you have one business but need to track different segments of it, set up one company file in QuickBooks and use **classes**. These are a way of categorizing income or expenses *within* income or expense accounts. For example:

Use classes to track the following	Industry examples
Account executives	Advertising, Consulting
Partners	Law firms, Consultants
Construction industry standard categories (General, Site Work, Concrete, Masonry, and so on)	Construction contractors
Departments	Businesses that budget by department, Retailers
Funds (General, Building, Outreach, and so on) You could start with two main classes for restricted and unrestricted funds, and then make each fund a subclass of a main class.	Nonprofit organizations, Religious groups
Locations (if the business has more than one)	Restaurants, Retailers, Service businesses
Manufacturers or Product lines	Distributors, Manufacturing reps, Sales agents

You can set up subclasses of existing classes if you need to subtotal information about classes on reports.

To learn about...	Search the Help index for...
Turning on the preference for using classes	classes, turning on in QuickBooks
Adding classes and subclasses	classes, adding

What accounting method should I use?

Cash versus accrual bookkeeping

There are two common methods of bookkeeping: cash and accrual. Your method determines how you report income and expenses on your tax forms. When you begin your business, you need to decide which bookkeeping method to use.

> ⚠️ **The Canada Customs and Revenue Agency (CCRA)** <u>requires</u> **accrual-based bookkeeping for businesses that collect GST except for farmers, fishers, and a few other specified businesses.**
>
> Check with your accountant or the CCRA before you make your choice.

It's best not to switch to a different accounting system after you've selected one. However, you can switch between cash and accrual reports in QuickBooks at any time, without affecting your accounting records. By default, QuickBooks creates reports on an accrual basis. To change reports (except a transaction report) to cash basis, search the Help index for "Reports: cash vs. accrual."

Cash basis

Some small businesses record income when they receive the money and expenses when they pay the bills. This method is known as bookkeeping on a cash basis. If you've been recording deposits of your customers' payments but haven't been including the money customers owe you as part of your income, you've been using cash basis accounting. Similarly, if you've been tracking expenses at the time you pay them, rather than at the time you first receive the bills, you've been using cash basis accounting.

Accrual basis

In accrual-basis bookkeeping, you record income at the time you make the sale, not at the time you receive the payment from the customer. Similarly, you enter expenses when you receive the bill, not when you pay it. Most accountants feel that the accrual method gives you a truer picture of your business's finances.

How your bookkeeping method affects QuickBooks

QuickBooks allows you to enter your transactions the same way no matter which method you use for taxes. When you first install QuickBooks; however, it uses accrual-basis accounting by default. For example, it shows income on a profit and loss statement for invoices as soon as you record them, even if you haven't yet received payment. It shows expenses as soon as you record bills, even if they are unpaid.

You can see any report (except transaction reports) on a cash basis by changing the reporting preference. (For more information, search the Help index for "Reports: cash vs. accrual.")

What accounting do I need to know?

Using QuickBooks requires very little accounting knowledge. You need to understand a chart of accounts and the different types of accounts on it. You don't have to know about debits and credit, journal entries, or closing periods.

Your company's chart of accounts

When you keep books for a business or organization, you want to track where your income comes from, where you put it, what your expenses are for, and how you pay them. You track this flow of money through a list of accounts called the chart of accounts. Your QuickBooks chart of accounts can have:

- Balance sheet accounts
- Income accounts
- Expense accounts
- Cost of goods sold accounts
- Non-posting accounts (includes purchase orders and estimates, which don't appear on your balance sheet)

Some of these accounts are created for you automatically. For example, the first time you create an invoice or statement charge, QuickBooks automatically creates an accounts receivable (A/R) account. You'll add other accounts, such as your chequing account, during setup using the EasyStep Interview. You can create and modify your accounts as needed at any time.

Types of accounts

Balance sheet accounts

Your chart of accounts includes *balance sheet accounts*. These accounts track the following:

- What you have (assets)
- What people owe you (accounts receivable)
- What your company owes to other people (accounts payable and other liabilities)
- The net worth of your company (equity)

The following table describes the various types of QuickBooks balance sheet accounts.

Balance sheet account type	QuickBooks account type	Use to track
Asset		**What you have and what people owe you**
	Bank	Transactions in chequing, savings, and money market accounts. You can also use this type of account for petty cash.
	Accounts Receivable (A/R)	Transactions between you and your customers, including invoices, statement charges, payments from customers, deposits of customer payments, refunds, and credit memos. QuickBooks automatically creates an A/R account when you first create an invoice or statement charge.
	Other Current Asset	Assets that are likely to be converted to cash or used up within one year, such as the value of your inventory on hand, notes receivable due within a year, prepaid expenses, and security deposits.
	Fixed Asset	Depreciable assets your business owns that aren't liquid (not likely to be converted into cash within a year), such as equipment, furniture, or a building.
	Other Asset	Any asset that is neither a current asset nor a fixed asset, such as long-term notes receivable.
Liability		**What your company owes to other people**
	Accounts Payable (A/P)	Outstanding bills. When you first enter a bill, QuickBooks automatically creates an A/P account.
	Credit Card	Credit card transactions for your business expenses. One account per credit card.
	Other Current Liability	Liabilities that are scheduled to be paid within one year, such as sales tax, payroll taxes, accrued or deferred salaries, and short-term loans. Some businesses include the current portion of long-term liabilities in this kind of account.
	Long-Term Liability	Liabilities such as loans or mortgages scheduled to be paid over periods longer than one year.
Equity		**Net worth of your company (equity = assets – liabilities)**
	Equity	A company builds equity from three sources: ■ Investment of capital in the business by the owners ■ Net profit from operating the business during the current accounting period ■ Retained earnings, or net profits from earlier periods that are carried forward into the current fiscal year and that have not been distributed to the owners

Balances for balance sheet accounts

The Chart of Accounts window shows a balance for each balance sheet account (except for the special equity account, Retained Earnings).
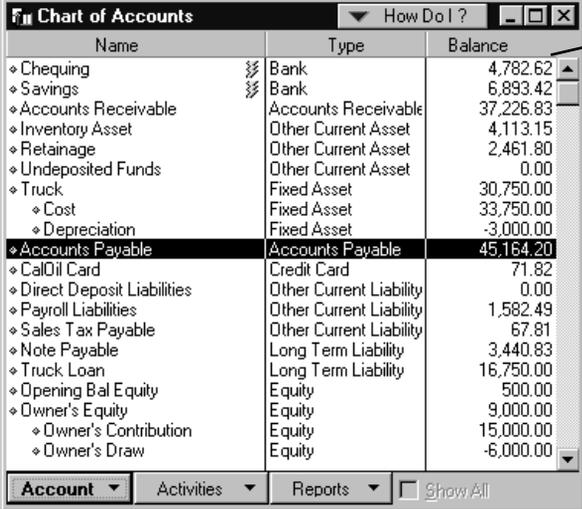
Name		Type	Balance
◦ Chequing	⅏	Bank	4,782.62
◦ Savings	⅏	Bank	6,893.42
◦ Accounts Receivable		Accounts Receivable	37,226.83
◦ Inventory Asset		Other Current Asset	4,113.15
◦ Retainage		Other Current Asset	2,461.80
◦ Undeposited Funds		Other Current Asset	0.00
◦ Truck		Fixed Asset	30,750.00
◦ Cost		Fixed Asset	33,750.00
◦ Depreciation		Fixed Asset	-3,000.00
◦ Accounts Payable		Accounts Payable	45,164.20
◦ CalOil Card		Credit Card	71.82
◦ Direct Deposit Liabilities		Other Current Liability	0.00
◦ Payroll Liabilities		Other Current Liability	1,582.49
◦ Sales Tax Payable		Other Current Liability	67.81
◦ Note Payable		Long Term Liability	3,440.83
◦ Truck Loan		Long Term Liability	16,750.00
◦ Opening Bal Equity		Equity	500.00
◦ Owner's Equity		Equity	9,000.00
◦ Owner's Contribution		Equity	15,000.00
◦ Owner's Draw		Equity	-6,000.00

One of the first things you should do when you open a business is open a business chequing account.

If you have multicurrency turned on, the Chart of Accounts also shows the currency denomination of the account.

For more information on multicurrency, see "Doing business internationally" on page 157.

Income and expense accounts

Income and expense accounts track the sources of your income and the purpose of each expense. When you record transactions in a balance sheet account, you usually assign the amount of the transaction to one or more income or expense accounts. For example, you not only record that you took money out of your chequing account, but you keep track of what you spent the money on, such as utilities, advertising, or office supplies.

There are no registers for income and expense accounts, but you can create reports to show totals for these accounts over a period of time.

Cost of goods sold (COGS) account

Many businesses that track inventory have one cost of goods sold account, which is similar to an expense account. A COGS account contains the cost of inventory you have sold.

What's the best way to track my type of detail?

The following table describes situations that require a business to track a particular type of detail. The table suggests the best way to track this detail in QuickBooks.

Situation	How to record in QuickBooks	Comments	For more...
You need to track details of services you're providing or products you're selling.	Set up items on the Item list for your services and products. Record the sale, using the appropriate items. On sales forms you can edit the item descriptions to add detail you want the customer or client to see.	You can get reports about the items for services and products that you have sold, including quantities and dollar amounts by item.	search the Help index for: items Also see "Setting up items" on page 28.
You need to track multiple jobs for the same customer.	Set up jobs for the customer on your Customer:Job list. When entering any sales for a job, enter both the job and customer name in the Customer:Job field.	Reports by customer or by job give subtotals by job and then a total of jobs for the customer.	search the Help index for: jobs, setting up
You need to track expenses by customer or job.	If you don't have QuickBooks Pro or better, turn on the preference for tracking expenses by job. When entering any expenses for a customer or job, enter the customer name or the job and customer name in the Customer:Job field.	You can track expenses by customer alone if you don't use jobs. The profit & loss by job report lists both income and expenses with a separate column for each customer and job.	search the Help index for: customers, adding new profit and loss reports
You need to track income and expenses by fund, location, department, or business segment. Examples: religious and arts organizations, retail stores with multiple locations	Turn on class tracking, and set up a class on your Class list for each fund. On every transaction, enter a class as well as an account (where appropriate).	The profit & loss by class statement has a column for each fund (class), so you can see income and expenses by fund.	search the Help index for: classes, turning on in QuickBooks
You have employees and need to see detail about payroll taxes and other payroll expenses. Example: any company with employees	Use the QuickBooks payroll feature to track your payroll.	The payroll reports show all your payroll information.	See "Setting up payroll: an overview" on page 175
You need to track certain details about your customers and vendors. Example: payment terms, customer's sales tax, customer's "ship to" address, T4-A information, your account number with a vendor	Find and fill in the appropriate field in the New or Edit Customer window or the New or Edit Vendor window. The field you want may be on the Additional Info tab.	If you set up customers and vendors by using the Quick-Add option, go back later, to add missing information.	search the Help index for: customers, adding new customers, editing information for vendors, adding, adding a vendor vendors, editing information for

Situation	How to record in QuickBooks	Comments	For more...
You want to see reports for a particular group of customers, jobs, or vendors. Examples: residential vs. commercial customers; remodeling jobs vs. new construction; vendors that sell materials vs. subcontractors	When setting up a customer, job, or vendor, assign a type. (Job types are available only in QuickBooks Pro and better.)	You can filter a relevant report to limit the transactions to those for customers, job, or vendors of the type (or types) you specify. You can filter a report of your Customer:Job list or Vendor list to limit the names to those for the type (or types) you specify.	search the Help index for: customer types job types vendors, adding report customization
On your Item list, you want to group similar items together. Example: A school store wants to group clothing items and also group book items	Set up a main, or parent, item (for example, clothing). Then set up subitems of the parent item (for example, T-shirt, cap). Use the appropriate subitem when entering a sale or purchase of items.	On reports that summarize amounts by item, QuickBooks provides an amount for each subitem, and then a subtotal for all subitems of the same item.	search the Help index for: subtotals, on sales forms
You want to track information that QuickBooks doesn't already track for customers, vendors, employees, or the items you sell. Examples: patient's insurance company, item size or colour	Set up a custom field for tracking the particular kind of information. Fill in the custom field, where relevant, for new and existing customers, vendors, employees, or items. To display and print the custom field on sales forms or purchase orders, customize the form to add the new field.	You can use the same custom field for customers, vendors, and employees if you choose. Custom fields for items are only for items you sell or purchase (services, parts, and other charges). You can filter a relevant report to limit the transactions to forms that have specific text in a custom field.	search the Help index for: custom fields, about estimates, customizing
On your profit and loss statement, you want to see subtotals for accounts that have something in common. Example: A construction company wants a subtotal for construction income for labour, materials, and subcontractors	Set up a main, or parent, account for the subtotal (for example, construction income). Then set up subaccounts of the parent account (for example, labour, materials, subcontractors). Use the appropriate subaccount when QuickBooks requires you to specify an account.	On reports that summarize amounts by account, QuickBooks provides an amount for each subaccount and then a subtotal for all subaccounts of the same account.	search the Help index for: subaccounts, then click the link "Why use subaccounts?"

Tracking income and expenses with classes

Do you need to track income and expenses for separate parts of a business or organization? The following table has examples of what you can track by using classes in QuickBooks. (The word *class* has nothing to do with teaching or learning—instead, it is a way of classifying income or expenses *in addition to* assigning an income or expense account.)

Use classes to track the following	Industry examples
Account executives (particularly useful if you plan on using an employee incentive program linked to the employee's business goals and profitability)	■ Advertising ■ PR ■ Consulting
Construction industry standard categories (General, Site Work, Concrete, Masonry, and so on)	■ Construction contractors
Departments	■ Businesses that budget by department ■ Retailers
Funds (General, Building, Outreach, and so on) You could start with two main classes for restricted and unrestricted funds, and then make each fund a subclass of a main class.	■ Nonprofit organizations ■ Religious groups
Locations (if the business has more than one)	■ Restaurants ■ Retailers ■ Service businesses
Manufacturers	■ Distributors ■ Manufacturing reps
Partners	■ Law firms ■ Consulting ■ Any other partnerships
Product lines	■ Distributors ■ Manufacturing reps ■ Sales agents

After you set up classes, you can enter them on any income or expense transaction including payroll transactions.

You can't assign classes to transactions that involve only balance sheet accounts (for example, transfers from chequing to savings, setup of inventory, setup of fixed assets).

You can set up subclasses of existing classes if you need to subtotal information about classes on reports.

To learn about...	Search the Help index for...
Turning on the preference for using classes	classes, turning on in QuickBooks
Entering a class on a transaction	classes, assigning to a transaction
Adding classes and subclasses	classes, adding

Should I use classes, jobs, or types?

Ask yourself: Am I trying to track income or expense activity associated with a particular customer or group of customers or group of jobs?

If your answer is Yes, then you use jobs, customer types, or job types or track expenses by job. The following table shows what you can do with each of these.

To do the following...	Do this in QuickBooks...	Examples of reports you can use
Keep track of sales for separate jobs or projects for one customer.	Set up and use jobs for the customer on the Customer:Job list.	Sales by customer summary (which shows each job separately)
See income or expenses for one type of customer, as distinguished from another type. Example: A PR writer wants to compare a restaurant with retail clients.	When entering or editing a customer, assign a customer type.	Sales by customer summary, filtered for one customer type Profit & loss by job, filtered for one customer type
(QuickBooks Pro and better only) See income or expenses for one type of job, as distinguished from another type. (Jobs of the same type can be for different customers.) Example: A construction contractor wants to compare kitchen remodels with office remodels.	When entering or editing a job, assign a job type.	Sales by customer summary, filtered for one job type Profit & loss by job, filtered for one job type
Assign expenses to a customer (or to a particular job for a customer).	On every expense transaction for that customer or job, enter the customer name (or the customer and job name) in the Customer:Job field.	The following reports always break down amounts by customer. If you have jobs, they also break down amounts by job. Profit & loss by job Job profitability (QuickBooks Pro and better only) Profit & loss budget vs. actual

If you are tracking a segment of your business that is independent of your customers and jobs, set up a class for the particular business segment. Then enter the class name in the Class field of every income or expense transaction for that segment.

Reports to measure profitability

The value and performance of your company can be summarized by two reports: the balance sheet and the profit and loss statement. How you set up your accounts will greatly influence the level of detail you can get on these reports. You may also want to create the statement of cash flows report, which details the net change in your cash during a period.

The balance sheet

A balance sheet is a financial snapshot of your company on one given date. This report is useful when applying for a business loan or at year-end to get an account of your company's equity, assets, and liabilities.

Assets include what you have and what people owe you. Examples include:

- cash on hand
- money in your chequing account
- money you are owed
- furniture
- vehicles

total assets = total liabilities + equity

Liabilities include what your company owes to other people or your company debts. Examples include:

- unpaid bills
- money you owe on credit cards
- loans
- sales tax you owe

Equity is the net worth of your company:

equity = assets - liabilities

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Rock Castle Construction
Balance Sheet
As of March 31, 2004


ASSETS
Current Assets
Chequing/Savings29,454.55
Accounts Receivable94,246.05
Other Current Assets93.19
Total Current Assets123,793.79

Fixed Assets43,900.00
TOTAL ASSETS167,693.79

LIABILITIES & EQUITY
Liabilities
Current Liabilities
Accounts Payable44,118.16
Credit Cards1,129.36
Other Current
Liabilities2,655.72
Total Current
Liabilities47,903.24

Long Term Liabilities8,470.96
Total Liabilities56,374.20

Equity111,319.59
TOTAL LIABILITIES & EQUITY167,693.79
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The profit and loss statement

A profit and loss statement, also called an income statement, shows your income and expenses over a period of time.

Profit and Loss Statement

	Oct - Dec '04
Ordinary Income/Expense	
Income	
Construction	
Labour	▶ 29,965.75 ◀
Materials	35,540.21
Miscellaneous	3,002.20
Subcontractors	47,946.63
Total Construction	116,454.79
Total Income	116,454.79
Cost of Goods Sold	
Cost of Goods Sold	5,651.38
Total COGS	5,651.38
Gross Profit	110,803.41
Expense	
Automobile	
Fuel	140.35
Repairs and Maintenance	114.75
Total Automobile	255.10
Bad debt	33.99
Bank Service Charges	10.00
Freight & Delivery	70.00
Insurance	
Disability Insurance	150.00
Liability Insurance	1,050.00
Work Comp	825.00
Total Insurance	2,025.00

Your cost of goods sold account always appears after income accounts and before any other expense accounts, so you can see what your net income is before subtracting your business's indirect expenses, such as utilities and office supplies.

Net income = income - expenses

Page 2

	Oct - Dec '04
Interest Expense	
Finance Charge	-5.65
Interest Expense - Other	539.80
Total Interest Expense	534.15
Job Expenses	
Equipment Rental	850.00
Job Materials	18,395.36
Permits and Licenses	700.00
Subcontractors	40,099.00
Total Job Expenses	60,044.36
Payroll Expenses	19,780.38
Professional Fees	
Accounting	250.00
Total Professional Fees	250.00
Rent	2,400.00
Repairs	
Computer Repairs	0.00
Total Repairs	0.00
Tools and Machinery	1,135.00
Utilities	
Gas and Electric	154.40
Telephone	100.71
Water	61.85
Total Utilities	316.96
Total Expense	86,854.94
Net Ordinary Income	23,948.47
Other Income/Expense	
Other Income	
Interest Income	93.42
Other Income	12.50
Total Other Income	105.92
Net Other Income	105.92
Net Income	24,054.39

The statement of cash flows report

The statement of cash flows summarizes your sources (inflows) and uses (outflows) of cash. From the report, you can see how your cash position changed over a period of time.

Note: QuickBooks also has the capability to display investing activities, which show you how much was invested in assets such as equipment and furniture.

This shows how much cash was provided by profit-making activities.

This shows how much cash was provided by long-term liabilities and equity.

Rock Castle Construction
Statement of Cash Flows
October 1 through December 15, 2004

12/15/04

	Oct 1 - Dec 15, '04
OPERATING ACTIVITIES	
Net Income	19,919.42
Adjustments to reconcile Net Income	
to net cash provided by operations:	
Accounts Receivable	-37,251.83
Inventory Asset	-4,113.15
Retainage	-2,461.80
Accounts Payable	40,779.20
CalOil Card	5.14
Payroll Liabilities	-838.39
Sales Tax Payable	-792.50
Net cash provided by Operating Activities	15,246.09
FINANCING ACTIVITIES	
Note Payable	-17,059.17
Opening Bal Equity	-8,863.39
Owner's Equity:Owner's Draw	-6,000.00
Retained Earnings	8,863.39
Net cash provided by Financing Activities	-23,059.17
Net cash increase for period	-7,813.08
Cash at beginning of period	35,071.57
Cash at end of period	27,258.49

QuickBooks also has the capability to display investing activities, which show you how much was invested in assets such as equipment and furniture.

Setting up your company in QuickBooks

Determining a start date

New Business

If your business has no financial transactions yet (that is, you are starting up your business at the same time you are setting it up in QuickBooks), your start date is today. You can go on to "Information to collect" on page 18.

Existing Business

Your start date is the date on which you begin managing your business finances in QuickBooks. It determines what information you need to enter in the Interview and afterwards.

For example, you could choose today as your start date, in which case you will need to enter how much money you have in each of your accounts and the amounts that your customers owe you and you owe your suppliers. Or, you could choose an earlier date, in which case you'll also need to enter all the business transactions you've made between your start date and today.

The advantage of choosing today as your start date is that you don't need to enter many historical transactions, which saves you time. The advantage of choosing an earlier date (and entering your business' historical transactions) is that you'll be able to see a lot more detail in your business reports.

To choose a start date that's best for your company, consider these questions:

- When does your company's fiscal year start?
- How close is today to the end of your fiscal year?
- Do you have an accurate balance sheet for your current fiscal year?
- Do you have an accurate profit and loss statement (also called an income statement) for your current fiscal year?
- How far back in time are you willing to enter historical transactions (old invoices, bills, bank account transactions)
- Will you be tracking payroll in QuickBooks?

Note: Although you can change your start date later, your start date determines much of your setup. It's much easier to decide on the best start date now than change it later.

If it's almost the end of your company's fiscal year, consider finishing it using your old system of bookkeeping. Then set up your company in QuickBooks with a start date of your fiscal year-end so you can use QuickBooks for the new fiscal year. You'll have the detail for each fiscal year, and you won't have to do a lot of work setting up.

If it is not near the beginning of your fiscal year, decide which is more important to you:

■ Do you want to have full detail in QuickBooks for the current fiscal year?

OR

■ Do you want to enter relatively few historical transactions (covering the period between your start date and today)? If you're not going to enter your historical information for the full fiscal year, you may want to choose a start date at the beginning of a calendar quarter, especially if you're going to use QuickBooks payroll.

If your business generates a lot of invoices, bills, or cheques, you probably don't want to enter more than three months of historical transactions. On the other hand, if your business has relatively few transactions, you may be willing to enter several months of historical detail.

Information to collect

Who owns your business?

First, determine how your business is owned. Is it a sole proprietorship, a partnership, or a corporation? The differences include the tax form you file (T1 or T2), your income tax filing deadlines, and how your profits are apportioned.

■ **Sole proprietorships:** A sole proprietorship is an unincorporated company owned by one person.

■ **Partnerships:** A partnership is an unincorporated business owned by two or more persons. In a partnership, each partner owns a share of all assets and liabilities. Each partner may have invested in the partnership, and each receives a specified share of profits. Partners do not receive salaries, but they may withdraw money against their share of profits.

■ **Corporations:** A corporation is owned by its stockholders. Unlike a sole proprietorship or a partnership, a corporation can pay a working owner a salary.

Are you registered to collect sales taxes?

Although very small businesses are exempt, the Canada Customs and Revenue Agency (CCRA) recommends that all businesses register to collect the GST. When your company's sales exceed a certain level, the CCRA requires you to register. Check with your local CCRA office about whether your company needs to be registered, and if so, how to go about it.

Registered businesses track the GST (or HST) paid on purchases for the business and collected from customers on sales. Usually, the business owner collects more sales tax than he or she pays out and remits the difference to the CCRA.

Many provincial governments also require businesses to register to collect a provincial sales tax (PST or QST). Check with your province's Minister of Finance for the requirements for your business.

Other important information you'll need

This table lists the information you'll need to complete the EasyStep Interview and where to find it. You'll enter most of this information in the Interview, but some you'll need after you finish the Interview and are completing your company setup.

Information you need	Where to find it	✓
Company legal name and address	Owner, your accountant, or tax forms.	❏
Federal business number. You must have a business number if you ■ collect the GST, or ■ pay wages to employees.	Canada Customs and Revenue Agency (CCRA), formerly Revenue Canada.	❏
The dates of your accounting period: ■ first month of your fiscal year ■ first month of your income tax year, and ■ your QuickBooks start date	Your records or accountant.	❏
Income tax form your business will file **Tip:** When the EasyStep Interview asks you, select the income tax form your company uses. QuickBooks uses this information to associate accounts with tax form lines and create tax reports.	Your accountant, CCRA, or tax forms.	❏
Chart of accounts for your business **Tip:** If you do not have an existing chart of accounts, don't worry. The EasyStep Interview helps you choose an appropriate chart of accounts for your industry.	Your accountant or previous bookkeeping method.	❏
Names of the people in your company who will use QuickBooks, and which areas of your financial records you want them to have access to.	See "Working with multiple users" on page 122.	❏
Balances for these accounts: ■ Credit card ■ Line-of-credit ■ Loan ■ Bank	■ Statements covering your start date up to today for all bank accounts, including chequing, savings, and GICs. ■ All uncleared cheques, deposits, or other items (credit card receipts, for example). ■ Balance sheet prepared by your accountant.	❏
How much GST/PST you owe.	Accountant, CCRA, or provincial Minister of Finance	❏
List of types of items you sell (products and services), including: ■ Item number or name ■ Current sales price or hourly rates ■ The tax code that is usually associated with the item ■ Income account for tracking sales of the item For inventory only: ■ Purchasing cost ■ Quantity in inventory ■ Total value of inventory for the item	Your company records.	❏

Information you need	Where to find it	✓
List of customers, including: ■ Addresses ■ Contact names ■ Phone numbers ■ Outstanding invoices	Your company records.	❏
List of vendors, including: ■ Addresses ■ Contact names ■ Phone numbers ■ Outstanding bills	Your company records.	❏
Value of your assets For fixed assets, you also need the original cost and accumulated depreciation.	Balance sheet prepared by your accountant.	❏
Equity information All the money you have put into the company, plus the sum of the retained earnings (the net profit or loss) for each year your company has been operating.	Your accountant.	❏
Payroll information	See "Setting up payroll: an overview" on page 175 for details.	❏

Using the EasyStep Interview

The following custom editions of QuickBooks Premier come with company files that are partially set up based on a specific industry; therefore, the EasyStep Interview is not available in these editions.

■ Premier: Contractor

■ Premier: Retail & Repair

■ Premier: Accountant

For information on creating your company file in a custom edition of QuickBooks Premier, refer to the QuickBooks Premier Custom Edition Set Up Guide. Return to this guide for more information on how best to set up your company in QuickBooks once it is created.

The EasyStep Interview walks you through the process of setting up your entire business in QuickBooks. It takes about an hour to complete, but if for some reason you need to exit the interview, you can click **Leave** at any time.

Starting the Interview the first time you start QuickBooks:

The first time you start QuickBooks, it displays a window with several options. One is to create a new company. Choose this option to start the EasyStep Interview. You can also start the EasyStep Interview by choosing **New Company** from the File menu.

QuickBooks displays the EasyStep Interview window.

Opening the EasyStep Interview at other times:

With your company file open, choose **EasyStep Interview** from the File menu. The interview picks up where you left it and you can continue on.

> **You can't change information by returning to the EasyStep Interview and answering the questions differently.**
>
> If you need to change information you entered in the EasyStep Interview, change it directly in QuickBooks. The EasyStep Interview is designed to help you with the initial set up of your company file, not for editing it.

Getting around in the EasyStep Interview

The EasyStep Interview is broken into six sections. After you complete all the sections, your company file contains basic information about your business.

- **General:** Lets you enter company information, choose a chart of accounts appropriate for your business, decide on QuickBooks preferences, and specify a business start date.

> **Complete the General section of the Interview before going on to other areas.**
>
> **QuickBooks won't know enough about your company to ask the rest of the Interview questions unless you fill in your basic company information and start date first.**

- **Income & Expenses:** Lets you review the income and expense accounts on your business's chart of accounts and create new accounts, if needed.
- **Income Details:** Lets you specify whether your business income is from services and/or products you sell. Based on the information provided, QuickBooks determines which income tracking and accounts receivable features you need.
- **Opening Balances:** Lets you enter information about the customers who owe you money as of your start date, vendors to whom you owe money as of your start date, and balances in your balance sheet accounts as of your start date.
- **Payroll:** Lets you enter information like Social Insurance Number and birth date for your employees, set how often you will pay them, and set up payroll items (which you use to assign rates of pay, income taxes, and other deductions and additions to pay cheques for employees).
- **What's Next:** Describes some common tasks in QuickBooks that you may want to complete after you have finished the Interview.

> **Some questions ask you to make a decision that is not easily reversed.**
>
> When this is the case, you'll see a warning symbol:

Should I track customers and jobs?

What does QuickBooks mean by a customer?

In QuickBooks, a customer can be any of the following:

■ A person or company that buys products from your retail business

■ A company that buys products from your wholesale business

■ A client of your consultant business or law firm

■ A patient of your medical or dental practice

■ A homeowner who buys your home repair or remodeling services

■ A condominium owner who pays fees to your condo association

■ A renter who pays rent to your real-estate management firm

Some businesses don't need to keep track of the names of customers. An example is a retail store or service business that always receives payment with the sale or service.

However, here are some situations in which you would want to track customer names:

■ Customers receive your goods or services and then pay you later.

■ Customers are supposed to pay a regular monthly fee, and you want to track who has paid and who hasn't.

■ You want to track income (and perhaps expenses as well) by customer.

If you're using QuickBooks for an organization that receives money but doesn't really sell anything, you likely don't need to set up customers. For example, a nonprofit or religious organization with members making contributions or paying dues can track the deposits without making the members customers. Specialized membership software can keep track of membership details such as pledges, contribution history, and names of family members.

Recently, Intuit Canada released a version of QuickBooks for this type of business. QuickBooks Premier Association and Nonprofit Edition is designed to help you get the most out of your programs in achieving your organization's goals.

For more information about this and other business-specific QuickBooks Editions, see

What does QuickBooks mean by a job?

In QuickBooks, a job is a project done for a particular customer. You must always associate a job with a customer. Use jobs if you do (or expect to do) more than one job for the same customer. For example, Jan does freelance writing for a large company that supplies a separate purchase order for each job. Hank's plumbing business has to keep track of the separate jobs it does for a general contractor.

On the other hand, if your company never does more than one job per customer, or you do not want to track individual jobs, you don't have to enter job names. For example, Doug's printing company refers to each customer order as a "job." However, even though Doug gets repeat business from customers, all he cares about is whether the customer has paid, so he doesn't need to set up jobs for his customers.

Besides using projects for jobs, you can be creative. For example:

- If you manage several apartment buildings, set up the building addresses as customers and the individual apartments as jobs.
- If you invoice against purchase orders, set up each purchase order number as a job.
- If you have a practice or organization that sends one statement to a family to cover individual members of the family, set up the family members as jobs.
- If you have multiple estimates per customer, search the help index for "estimates, by job".
- QuickBooks reports about jobs apply to customers as well. You don't have to set up jobs in order to use these reports. For example, the profit and loss by job report actually applies to both customers and jobs. If you have customers but not jobs, you will still see information about your customers.

Changing the opening balance for a customer or job

When you first set up a customer or job, you have a chance to enter the opening (unpaid) balance for the customer or job as of a specific date. The date should be your QuickBooks start date (that is, the date when you enter opening balances for all accounts, customers, and vendors).

When you enter the customer's opening balance (in the EasyStep Interview or New Customer window), QuickBooks creates an invoice for the amount and date you specify. This invoice is probably the first transaction in the customer register. (There should not be any opening balance transaction if the customer had no unpaid balance as of the start date.)

You can change the customer's opening balance invoice by finding it in the customer's register and then editing it.

If you failed to enter an opening balance but want to create one now, enter an invoice dated on or before your start date. To summarize the amount owed as of your start date, enter on the invoice an item set up as a nontaxable other charge, and assign the account Uncategorized Income.

To learn about...	Search the Help index for...
Displaying a customer's register	customers, registers for
Editing a transaction in a register	registers, editing entries
Entering an invoice	invoices, creating
Setting up an other charge type of item	other charge items

Why you probably need to set up items

Items for what you sell

If your business provides a service—writing, haircutting, consulting, legal advice, house painting, or any other service—you may charge by the hour and list the number of hours and your rate on your sales forms. Or, you may simply charge a flat rate for the service.

If your business sells products or parts, you probably list them on sales forms that you give your customers.

In QuickBooks, both kinds of businesses—service and product—can benefit by setting up items to track the services they provide or the products they sell to customers.

Note: In QuickBooks, "sales" is a broad term. It refers to any business action that generates income in exchange for services or products, even if you don't think of what you do as selling. For example, a psychologist with patients, a graphic designer with clients, and a roofing contractor with customers all would set up items in QuickBooks for what they sell.

Benefits of setting up items

Here are some specific benefits of setting up items:

- You can use sales forms in QuickBooks to track the details of how your business earns its income. Estimates and all sales forms—invoices, sales receipts, credit memos— require items. So do QuickBooks statement charges, which print on statements.

  (If you're a professional, you may not think of your statements as sales forms, but they are.)

- You can fill out sales forms or enter statement charges quickly. QuickBooks automatically enters the description and rate or price you entered in the item's setup window. When you enter a quantity, QuickBooks calculates the amount.

- When you record a sale (remember, it can be for a service), QuickBooks automatically tracks the income in the appropriate income account. You can fill out a sales form (or enter a statement charge), keep track of your sales, and keep track of income—all in one step.

- You can create reports that show total units of each service or product sold as well as dollar amount totals.

If you're still not sure you need items

Here are some examples of businesses or organizations that use items:

- Rebecca is the bookkeeper for a country club where members sign for meals, drinks, and fees and receive a statement at the end of the month. Rebecca uses items in QuickBooks for each of these. She uses the items to enter statement charges for each member and create monthly statements.

- Mario is a dentist. He has items set up for the various services he provides to his patients: cleaning, x-rays, filling cavities, and so on.

In contrast, some businesses or organizations probably don't need items. Here are some examples:

- John is keeping the books for his church. The church has members who pledge and contribute money, but the church doesn't sell anything or charge for specific services, so John doesn't need to create any sales forms.

- Marina does facials in her home evenings and weekends. Her clients pay at the time of their visit. Marina simply wants to track the income received. She doesn't care to track in QuickBooks how many facials she gives or to whom.

- Rick is a commissioned sales representative. He takes orders for a manufacturer that then invoices the customers directly. Rick tracks the orders in a spreadsheet, not QuickBooks, because the sales are income for the manufacturer, not Rick. When Rick receives a commission cheque, he enters it in QuickBooks as a deposit.

Items for services or products you purchase

Once you've decided to set up items for the services or products you sell, you might want to use items for the services and products you purchase.

If you purchase services or products for a specific customer or job, QuickBooks Pro and better allow you to set up items that you can use for both purchases and sales. See "Items for reimbursable costs (QuickBooks Pro and better)" on page 38.

On the other hand, if you don't have QuickBooks Pro or better and you don't track inventory, you should not use the same items for both purchases and sales. Instead, use items for entering sales only.

If you purchase property such as buildings, vehicles, computers, or heavy machinery that will contribute to the operating capacity of your company for several years, QuickBooks Pro and better enable you to set up items that can help you track their *depreciation*. You need to track the depreciation of such fixed assets both for tax purposes and to get an accurate accounting of the worth of your business. Your accountant can give you more information about using fixed asset items to record purchases and subsequent sales of fixed assets.

Deciding how items should affect accounts

When you set up most items, you must specify which account it should affect when you use the item on a sale or purchase. Then, when you record the sale or purchase, each item on it affects the appropriate account.

In other words, while you are recording the items on a sale or purchase, QuickBooks is adjusting all the right accounts behind the scenes.

Which are the right accounts? If you sell an item (service, non-inventory, and other charges), you normally associate an income account with it. If you purchase the same item, QuickBooks Pro and better provide a way to associate a second account, usually an expense account, to be used on purchases. See "Items for reimbursable costs (QuickBooks Pro and better)" on page 38.

To learn about...	Search the Help index for...
accounts for tracking inventory	inventory, accounts

If you purchase a fixed asset, you normally associate a fixed asset account with it. When you sell a fixed asset, you normally associate a fixed asset account with the asset.

Before you set up your items, you have to decide how much detail from your sales and purchases needs to show up in reports about your accounts. (The profit and loss statement, for example, is a report on your income and expense accounts.)

You can see details of your sales (such as number of units and dollar amount of each item sold) on the QuickBooks sales reports. You don't need to have the same level of detail on your profit and loss statement. For example:

- Cynthia has a single income account for all sales income. She doesn't want to see any further breakdown on her profit and loss statement, and she doesn't need it for her tax returns.

- Derek, on the other hand, wants to split up income from services and income from materials he buys for a job and then puts on the customer's invoice. Thus, he uses one income account for all his service items and a second income account for all his non-inventory part items (for his materials). Like Cynthia, he has far more items than income accounts.

How many different items do you need?

Every business is different, but knowing how QuickBooks works can help you decide how specific your items should be.

First, once you use an item in a transaction, you can never delete the item unless you delete the transaction or condense your file to remove old transactions and old items. Fixed asset items are not condensed. Thus, if you sell unique items or a rapidly changing assortment of items, you probably want to use more general items. If the prices vary, you can enter prices on the sales form.

For example, Tomas has a men's clothing store. Because his inventory of styles changes so much, he doesn't use QuickBooks to track inventory. To track his sales, he has more general items such as Suit, Sports Jacket, Dress Shirt.

On the other hand, if you have two standard services or products that are similar except for their rate or price, you can save time recording sales by having a separate item for each. Then QuickBooks can fill in the correct rate or price on the sales form.

For example, Mali employs three stylists in her beauty salon. When she cuts a client's hair, she charges more than the rate for a haircut by one of the employees. So she has two separate items for haircuts.

You can change the rate or price of any item at any time. You don't have to create a new item in order to raise your prices.

In QuickBooks Pro and better, you can create price levels to increase or decrease inventory, noninventory, and service item prices. Use them on sales forms to automatically adjust the price of an item. Price levels can be created for any customer with whom you have a special relationship.

Finally, if there are items you purchase but never sell but that are **not** fixed assets (supplies for your office, for example), you probably shouldn't bother to put them on your Item lists. They will lengthen your list, and you'll find it harder to pick out the items that you do sell. However, if you plan on using QuickBooks purchase orders, you'll need to set up the items you purchase, even though they are only for your office use.

Setting up items

This section is about adding items to QuickBooks. You can add items at any time—as part of setting up QuickBooks or whenever you think of an item you need to use.

Remember, items are for the services or items you buy and sell. You also may need special calculating items that calculate subtotals and discounts, and that apply specific sales tax rates.

The EasyStep Interview helps you set up a few items, so you may already have some items. Fixed asset items are not set up in the EasyStep Interview.

Where to find information about your items

When you set up an item, you enter information you can use over and over again without retyping, such as the following:

- Name or code
- Description
- Price per unit or rate per hour, if applicable
- For items you sell, the income account to assign income from the sale; for items you purchase, the expense account for purchases of the item

QuickBooks stores information about your items on the Item list.

On the Item list, items are in order of item type.

Within the same item type, they are usually in alphabetical (or numerical) order, but you can change this order.

Subitems are indented under the parent item.

Use the menu buttons to add, edit, sort, or perform other activities on items.

Name	Description	Type	Account	On Hand	Price
◆ Subs	Subcontracted ser	Service	Construction:Su		0.00
◆ Carpet	Install carpeting	Service	Construction:Su		0.00
◆ Drywall	Install drywall	Service	Construction:Su		0.00
◆ Electrical	Electrical work	Service	Construction:Su		0.00
◆ Painting	Painting	Service	Construction:Su		0.00
◆ Plumbing	Plumbing	Service	Construction:Su		0.00
◆ Roofing	Roofing	Service	Construction:Su		0.00
◆ Cabinets	Cabinets	Inventory Part	Construction:M	0	0.00
◆ Cabinet Pulls	Cabinet Pulls	Inventory Part	Construction:M	418	0.00
◆ Light Pine	Light pine kitchen.	Inventory Part	Construction:M	0	0.00
◆ Hardware		Inventory Part	Construction:M	0	0.00
◆ Doorknobs Std	Standard Doorkno	Inventory Part	Construction:M	4	30.00
◆ Lk Doorknobs	Locking interior d..	Inventory Part	Construction:M	6	38.00
◆ Wood Door	Doors	Inventory Part	Construction:M	0	0.00
◆ Exterior	Exterior wood door	Inventory Part	Construction:M	6	120.00
◆ Interior	Interior wood door	Inventory Part	Construction:M	14	72.00

Item ▼   Activities ▼   Reports ▼   ☐ Show All

Information about fixed assets is available in the Fixed Asset Item List. The Fixed Asset Item List is only available in QuickBooks Pro and better.

This list shows the fixed asset items you've set up to track your fixed assets. You can use this list to track all transactions having to do with your fixed assets, including any repairs or improvements, damage—anything that can affect their value and amount of depreciation.

Name	FAM Number	Purchase Date	Description	Account	Cost
◦1999 utility truck	4	01/09/2000	1999 utility truck	Trucks	15,250.00
◦2000 pickup	5	02/14/2000	2000 pickup & shell	Trucks	18,602.91
◦2007 delivery van		10/15/2007	2007 delivery van	Trucks	44,500.00
◦Chairs	8	02/01/2005	Conference room chairs (10)	Furniture	475.00
◦Conference table	9	05/01/2005	Conference table	Furniture	3,500.00
◦Desks	13	06/01/2007	Desks (7)	Furniture	2,100.00
◦Desktop computer	6	05/01/2001	Desktop computer (1)	Computers	2,000.00
◦Desktop computers	11	05/01/2007	Desktop computers (2)	Computers	5,000.00
◦Desktop computers-sales dept.	10	05/01/2007	Desktop computers (5)	Computers	13,000.00
◦Laser printer	7	06/01/2001	Laser printer	Computers	2,001.00
◦Metal filing cabinets	3	10/29/1998	Metal filing cabinets (12)	Furniture	1,250.00
◦Office building	1	09/22/1998	Office building	Buildings	325,000.00
◦Office land	2	09/22/1998	Office land	Land	90,000.00
◦Server	12	05/01/2007	Server	Computers	6,500.00

Item ▼   Activities ▼   Reports ▼   ☐ Show All

To learn about...	Search the Help index for...
Price levels (Pro and better only)	price levels
Displaying the Item or Fixed Asset Item list	items, list of
Sorting the Item list (and other lists)	sorting, list entries
Moving items (and other list entries)	lists, reorganizing entries

Types of QuickBooks items

In addition to items for services or products, QuickBooks has several other types of items. This section explains what each type of QuickBooks item is designed to do.

Tip: Use one of the Part item types for any product, not just a part of another product. If you decide to use QuickBooks inventory to track your products, set up inventory parts for them. Otherwise, set up non-inventory parts for your products.

Item type	Use for...	Usual effect on accounts	Comments
Service	Services you charge for or services you purchase Examples: professional fees, labour	On sale: Increases income. On purchase: Increases expenses.	In QuickBooks Pro and better, you can set up a service item so that it can affect either income or expenses, depending on where you use it. Price levels can be used on service items
Inventory Part	Products you purchase, track as inventory, then resell Examples: Electrical outlets, T-shirts	On sale: Increases income, increases cost of goods sold, and decreases inventory assets. On purchase: Increases inventory assets.	Available only if the inventory feature is turned on. Search the help index for inventory, turning on. Price levels can be used with inventory parts. Search the help index for price levels. You can set up different units of measure for inventory-part items. For more information on units of measure, see "Setting up your items with different units of measure" on page 32.
Inventory Assembly	Assembled products you purchase or create and build, track as inventory, then resell Examples: Gift baskets, Soaker hose starter kits	On sale: Increases income, increases cost of goods sold, and decreases inventory assets. On purchase: increases inventory assets.	QuickBooks Pro or better is required to create inventory assemblies. Available only if the inventory feature is turned on. Appropriate for "light" assembled items; QuickBooks does not track inventory through the manufacturing process. Price levels can be used with inventory assemblies. You can set up different units of measure for inventory-assembly parts. For more information on units of measure, see "Setting up your items with different units of measure" on page 32.
Non-inventory Part	Products you sell but don't purchase; items you purchase and resell but do not track as inventory; items you enter on purchase orders Examples: Custom-made slipcovers	On sale: Increases income. On purchase: Increases expenses.	In QuickBooks Pro and better, you can set up a non-inventory part item so that it can affect either income or expenses, depending on where you use it. Price levels can be used with non-inventory parts.
Fixed Asset	Property that will contribute to the operating capacity of your company for several years Examples: Vehicles, Computers, Heavy machinery	On sale: Decreases assets. On purchase: Increases assets.	In QuickBooks Pro and better, you can create fixed asset items; in QuickBooks Basic you can view fixed asset items in the Item list and edit or delete transactions in which they're found, but you can't create them.

(continued	Use for...	Usual effect on accounts	Comments
Other Charge	Other charges on a sale or a purchase Examples: Shipping charge, delivery charge, finance charge	On sale: Increases income. On purchase: Increases expenses.	In QuickBooks Pro and better, you can set up an other charge item so that it can affect either income or expenses, depending on where you use it. Can be either a percentage or a flat amount.
Subtotal	Calculating and printing a subtotal on sales forms	Subtotal items have no effect on accounts.	On sales forms, if you want to apply a discount or add a percentage charge to several items at once, subtotal first.
Group	Fast entry of a group of individual items already on the list Example: A group of services and food items provided by a caterer.	Each item in the group affects the same account it affects when used by itself.	Available for either sales or purchases.
Discount	Calculating an amount to be subtracted from a total or subtotal Example: A 10% discount given to nonprofit organizations.	Either decreases income or increases expenses (depending on item setup).	Available for sales forms only; not available for statement charges or purchase forms.
Payment	On invoices: Payment received at the time of invoicing, so that amount owed on invoice is reduced On sales receipts summaries: To show totals for each type of payment (cash, cheques, credit card charges)	Increases the balance of either a specific chequing account or the account for undeposited funds (depending on item setup).	Available for sales forms only; not available for statement charges or purchase forms.

Items that calculate

The table of items includes some items used to perform a calculation on one or more lines above it on a sales form.

For example, if you need to subtotal on sales forms, then you need a subtotal item. A subtotal item adds the amounts of the items above it on the sales form and enters the subtotal on the form.

Finally, there are some items that can be set up either as percentages or with flat amounts, depending on what you need. For example, Carol adds a 10 % service charge to her invoices. She has set up an other charge item with a rate of 10 %. She uses a subtotal item before the service charge, so that the 10 % will be based on the subtotal amount.

Steve gives a 15 % discount to certain customers. He has set up a discount item with a rate of 15 %. He must use a subtotal item, because the discount is based on the entire amount.

Subitems vs. group and inventory assembly items

Just as you can set up an account with related subaccounts under it on your chart of accounts, you can have an item with related subitems. For example, Cherril keeps the books for her symphony association's gift shop, which sells T-shirts and other items. She has an item called T-shirts and subitems called Adult and Child, each with its own price.

Subitems enable you to put similar items together on your Item list, so you can locate them easily on the drop-down list in any Item field. Each subitem can have its own rate or price and its own description. Each subitem can even have its own account, although you would probably assign the same account to all subitems of the same parent item.

In this example, Hardware is a parent item with two subitems under it.

Name	Description	Type	Account	On Hand	Price
◆ Hardware		Inventory Part	Construction:Materia	0	0.00
◆ Doorknobs Std	Standard Doorknol	Inventory Part	Construction:Materia	4	30.00
◆ Lk Doorknobs	Locking interior d...	Inventory Part	Construction:Materia	6	38.00
◆ Wood Door	Doors	Inventory Part	Construction:Materia	0	0.00
◆ Exterior	Exterior wood door	Inventory Part	Construction:Materia	11	120.00
◆ Interior	Interior wood door	Inventory Part	Construction:Materia	14	72.00

On sales forms, you use subitems the same way you use other items. On reports based on items, QuickBooks subtotals each group of subitems.

Group and inventory assembly items have a completely different purpose from subitems. Group and assembly items allow you to enter a group of items—that is, several different items—at once on a sale or purchase. Group items are appropriate for combining several types of items, such as catering services and food items, on one line in a sales receipt. For an example of entering a group of items, see page 43. Assembly items, available only in QuickBooks Pro or better, are appropriate for indicating products you combine and sell as a unit, such as a gift basket containing one wicker basket and three jars of homemade jam.

You can't group fixed assets or make them subitems of other items.

Setting up your items with different units of measure

In QuickBooks Pro and QuickBooks Premier, you can set up different units of measure for inventory and inventory-assembly type items. You would set up items with different units of measure if you purchased in one unit (eg., a case), but sold that item using another unit (eg., can). For example, you can buy soda pop in cases with 12 cans to a case, and sell them by the can. Then, when you sell one can, QuickBooks understands this transaction to mean 1/12 of your inventory.

Turning on the units of measure preference

The units of measure preference cannot be turned off once it has been enabled. You should only consider activating this preference if you buy, stock or sell in different units.

Before you can set up different units of measure for items, the units of measure preference must be turned on.

1 From the Edit menu, choose **Preferences**.

2 From the scroll box on the left, select **Purchases & Vendors**.

3 On the Company Preferences tab, select **Inventory and purchase orders are active**, and then select **Units of Measure are active**. (Inventory must be turned on in order to activate units of measure.)

What happens when units of measure is turned on?

With the units of measure preference turned on, you'll see the following changes in QuickBooks.

- A Units of Measure button is added to the Inventory Part and Inventory Assembly type items window. This button opens the Define Units of Measure window where you can set up different units of measure for these items.

- A field is added to the Service and Non-inventory Part items window where you can assign a descriptive label that represents the unit of measure used when dealing with the item. Note that this in only a label that is used as a descriptor on various forms. You cannot define different units of measure for Service items.

- A Unit column is added to all forms. This new column displays the item's unit of measure associated with the type of transaction. For example, the selling unit is used on sales forms such as invoices and sales orders, and the purchasing unit on purchase forms such as bills and purchase orders.

- A Unit column is also displayed on some windows such as "Adjust Quantity/Value on Hand" and "Change Item Prices".

- A Unit column is added to display an item's units of measure on reports to do with the item list; and purchases, sales and inventory transactions.

Setting up different units of measure

With the units of measure preference turned on, you can keep track of how you purchase, stock and sell your items. You can define different units of measure for Inventory Part and Inventory Assembly items. The association between an item's units of measure cannot be changed once a transaction involving the item is recorded. Therefore, you must first set up an item's units of measure before entering a quantity on hand.

1 From the **Lists** menu, choose **Item List**.

2 From the Item menu button, choose **New**.

3 From the **Type** field of the New Item window, choose **Inventory Part** or **Inventory Assembly**, and then click the **Units of Measure** button. The Define Units of Measure window appears.

> **For items that are already in your inventory, you must set up the units of measure on the Define Units of Measure window *before* you enter a Quantity on Hand on the New Item Window.**
>
> Once you enter a quantity on hand for a new item, you cannot change its units of measure.

Type the unit of measure you use to stock the item.

Clear this box and type the unit you use when selling the item.

Enter the number of selling units that make up a stocking unit, or vice versa.

If the purchasing unit is the same as the stocking unit, keep this box checked. If the purchasing unit is different, clear the box, and set up the purchasing unit the same way the selling unit was set up.

Define Units of Measure for unnamed item

Inventory Unit
I stock this item in   case

Sales Unit
☐ Same as Inventory
I sell this item by   can
Association to Inventory   12 can per case

Purchasing Unit
☑ Same as Inventory
I purchase this item by   case
Association to Inventory   1 case per case

* Once a transaction has been created using this item, units of measure cannot be changed

OK   Cancel   Help

4 Click **OK**, and continue setting up the item.

Adding items with units of measure to forms

Once units of measure are set up for an item, the item's appropriate unit of measure is then displayed on business forms. Sales forms show the selling units, and purchasing forms show purchasing units. On forms, you cannot switch to a different unit of measure.

Bills

When entering a bill, an item's purchasing unit is shown. If we were to cite the example shown above, you'd see that the purchasing unit for Soda Pop is a case. QuickBooks understands this to mean 12 cans as defined by the item's selling units of measure.

Invoices

When that same item is added to an invoice, however, the unit displayed is the selling unit.

Tip: You can enter fractional or decimal values on forms. For example, if you purchased only half a case, you could enter .5 or 1/2 on your bill.

Assigning a label to Service & Non-inventory Part items

A descriptive label can be added to Service and Non-inventory Part items (with units of measure turned on) to help identify the unit of measure or rate that is used for these items. Different units of measure cannot be tracked for these item types. These labels act only as a title, and when created, are displayed on business forms and reports.

Reporting in different units of measure

By default, some reports display an item's unit of measure. The unit that is displayed depends on the report being created. For example, a "Purchase by Item Summary" report displays the purchasing units of measure, whereas the "Sales by Item Summary" report displays the selling units. You can change the reports to display in the units you want through the Modify Report window.

If you want to see the purchasing unit on this report, click Modify Report.

In the Modify Report window, select Purchasing Unit to show the item's purchasing unit of measure.

Because this is a sales report, by default, the selling unit is shown.

QuickBooks converts the quantity (which in selling units is one can) to .08333 of a case.

The report changes to show the items in their purchasing units.

Adding items to your Item or Fixed Asset Item list

As the table starting on page 30 shows, QuickBooks has several different item types. Here is some general information about what to enter for most types of items when adding a new item to your Item or Fixed Asset Item (in QuickBooks Pro and better only) list.

Information to enter	How QuickBooks uses this information
Type of item	After you choose the item type, QuickBooks requests only the information it requires for that particular item type. (Note: You cannot create fixed asset items from the Item list. Use the Fixed Asset Item list to do so.) After you set up an item, depending on the type, you may not be able to change it to a different type.
Item name or code	Displays this name or number on reports of items and in the drop-down list in the **Item** field (for example, on sales forms).
Item description (optional on all but fixed assets)	Prefills the entire description in the **Description** field of sales or purchase forms. Displays the beginning of the description in the drop-down list in the **Item** field. You can set up some types of items to have separate descriptions for sales and for purchases.
Rate or price (optional)	Prefills the rate or price in the **Rate** or **Price** fields of sales or purchase forms. Some types of items can have a rate that is a percentage. You can set up some types of items to have separate rates or prices for sales and for purchases.
Account or accounts	Profit and loss statements report on the income or expense account associated with items used in transactions. You can set up some types of items to have separate accounts for sales and for purchases. Some types of items (for example, payment items) require a balance sheet account instead of an income or expense account. Inventory items require three separate accounts.
Default Tax code	QuickBooks applies GST/PST to the item based upon the rate(s) defined in the Tax Code list. You can override this sales tax code on the sales form.
Subitem status	If this field appears, you can make an item a subitem of an existing item. QuickBooks displays subitems of the same item together.
Custom fields (optional)	You can set up custom fields that fill your company's needs (for example, size or unit of measure). You can also customize sales and purchase forms to display a column for a custom field. Then QuickBooks prefills the column with the custom field information for the item.

To learn about...	Search the Help index for...
Adding a new item for one of the following:	
■ A service	■ items, services
■ An assembled product that you purchase or build yourself	■ items, inventory assembly
■ A product or part that is not held in inventory	■ items, non-inventory parts
■ A fixed asset	■ items, fixed assets
■ A miscellaneous charge	■ items, miscellaneous charges
Adding a new item for a product or part held in inventory	items, inventory

To learn about...	Search the Help index for...
Adding a new item that puts a group of several items on a sales or purchase form	items, grouped together
Adding a new item that calculates a subtotal	items, subtotal types
Adding a new item that calculates a discount on a sales form	items, discount types
Adding a new item that records a customer payment or deposit received at the time of sale	items, payment types
Adding a new item that calculates the total sales tax for a combination of sales tax rates	items, subitems
Creating subitems of another item	items, subitems
Creating custom fields for items	items, custom fields on
Turning sales tax on	sales tax, setting up

Items for reimbursable costs (QuickBooks Pro and better)

Perhaps your business purchases services or products for specific customers or jobs, then invoices the customer for the items (with or without markup). For example, Frank is a general contractor who uses subcontractors and invoices for their costs at a higher rate than what they charge him. Tina is an interior designer who buys furniture at wholesale and sells it to the client at retail.

In QuickBooks Pro or better only, service items, non-inventory parts, and other charge items each have a checkbox that allows you to pass through their costs at a markup and track costs and revenues in separate accounts.

Then you can track both the expenses and the income for these items for a particular job. (For example, the checkbox for a non-inventory part is "This item is purchased for and sold to a specific customer:job.")

Note: If you don't have QuickBooks Pro or better, use expense accounts, not items, for reimbursable costs.

To learn about...	Search the Help index for...
using expense accounts for reimbursable costs	reimbursable expenses, assigning to a customer or job

There are several advantages to using items for reimbursable costs in QuickBooks Pro or QuickBooks Premier editions:

- It is easy to associate the cost of an item with an expense account and the income with a separate income account when you set up the item.
- You can track the number of units or hours purchased or sold.
- You can use items on estimates and purchase orders.
- If you write a purchase order for an item, you can create a bill from the purchase order and assign a job. Then you can invoice the customer for the item.
- When you enter a bill, cheque, or credit card charge, QuickBooks Pro or better fills in the description of the item and the unit cost after you choose the item from the drop-down list on the Items tab.
- When you invoice the customer for the cost of the item, QuickBooks Pro or better fills in the sales description of the item and the sales price.
- You can create reports that compare costs to revenues for each item.

To learn about...	Search the Help index for...
invoicing for reimbursable time and costs	reimbursable expenses, assigning to a customer or job

Services performed by subcontractors or owners

If you charge for services performed by outside subcontractors or you pay owners (or partners) for time worked, set up a service item for each type of service. Be sure to select the checkbox "**This service is performed by a subcontractor, owner, or partner.**" Then you can designate separate income and expense (or equity) accounts, and separate descriptions for sales and purchases.

You can enter different hourly rates for your cost and the sales price to your customer. If you write cheques based on time tracked or enter the item on a purchase order, purchase, or estimate, QuickBooks fills in the rate from the **Cost** field. If you enter the item on a sales form, QuickBooks fills in the rate from the **Sales Price** field. However, if the subcontracted service is usually billed as a flat fee, and the fee varies, leave the **Cost** and **Sales Price** fields 0.00 when you set up the item.

If you pay owners (or partners) and vendors for the same service, you need separate service items because the accounts for the costs must be different.

To learn about...	Search the Help index for...
separate service items	service items, creating items for services you sell or buy

Products and materials purchased for a job

If you invoice for actual costs of products and materials purchased for a specific customer or job, set up a non-inventory part item for each type of product or service. Be sure to select the checkbox for "**This item is purchased for and sold to a specific customer:job**." Then you can designate separate income and expense accounts, and separate descriptions for sales and purchases.

You can enter different rates for your cost and the sales price to your customer. However, if the cost of the product or material varies, leave the **Cost** and **Sales Price** fields 0.00 when you set up the non-inventory part item.

Tip: To further aid in tracking the item, you can also specify the customer and job on the purchase order. When you receive the item, this information prefills on the item receipt or bill. Use the open purchase orders by job report to find out which items are still on order for your customers.

Miscellaneous charges you pass on

If you invoice for miscellaneous charges incurred on a job, you can set up an other charge item for each type of miscellaneous charge. For example, Frank has an other charge item called Equipment Rental. Be sure to select the checkbox for "This is a reimbursable charge." Then you can designate separate income and expense accounts, and separate descriptions for sales and purchases.

As with products and materials, you can enter different cost and sales prices or leave the fields 0.00 when you set up the other charge item.

Working with items

After you have set up items, use them to enter estimates, sales, purchase orders, sales orders, actual purchases, and disposition of fixed assets. Remember, QuickBooks uses the term *sales* broadly; it can mean the performance of services or the assessment of fees as well as the sale of products.

You can enter all item types listed in the table on page 30 on any sales form. You can enter all but payment items on estimates and sales orders. However, you can't enter the following item types on purchase orders or purchases (on the Items tab of bills, cheques, and credit card charges):

- Other charge items set up as a percentage
- Discount items
- Payment items

To learn about...	Search the Help index for...
Recording discounts from vendors	discounts, from vendors
Entering payments to vendors	vendors, paying (then Paying bills)

Using items, saving time

When you fill out a sales form, you list each service, product, or fixed asset you're selling on its own line of the invoice or sales receipt, along with the amount the customer owes for that item. Similarly, when you write a purchase order or receive a bill, each service, product, or fixed asset is listed on its own line.

Because information about individual items is listed on separate lines, the items are called "line items". In QuickBooks, you enter line items by choosing from the drop-down list in the Item field of a sales or purchase form. You can also type in the Item field and let QuickBooks fill in the rest of the item's name.

Enter an item in the Item field by typing or by choosing from the drop-down list.

Each item on the Item list can contain all the information you need to fill in one line. You can always change the information, such as the description and rate, as you're filling in a form.

When you enter a quantity, QuickBooks automatically calculates the amount for you.

When you enter items, QuickBooks keeps track of how much of each item you sell and to whom.

Each item that you sell is associated with an income account.

This association allows QuickBooks to provide useful sales and income reports.

The Item column lists the item name you entered when you created the item.

QuickBooks multiplies the Quantity by the Rate to calculate the Amount.

Item	Qty	Description	Rate	Amount	Tax
Coolman Canoe	1	Coolman 15' Canoe	499.99	499.99	S
Fishing:Dawaie...	2	Dawaiee Reel AA 456 Spinning Reel	99.99	199.98	S
Fishing:Fishing ...	2	Sportsman Fishing Jacket	89.99	179.98	S
Fishing:Tackle Box	1	Black PCB Tackle Box	16.99	16.99	S
Fishing:Zebra R...	2	Zebra 6' Spincast Rod Part #654	44.95	89.90	S

Customer Message: Thank you for your business.

GST 69.08
PST 78.95
Total 1,134.87

You'll have separate items not only for each service rendered and each product sold, but also for discounts, markups, sales taxes, and subtotals. If the customer makes a partial payment at the time of the sale, you can add an item for the payment.

Using items to subtotal on sales forms

The subtotal item adds up the amounts of the items above it, up to the last subtotal.

You'll need a subtotal item if you ever want to apply a percentage discount or surcharge to several items. Because QuickBooks calculates percentages on the line above, you'll need to subtotal the items before entering the percentage line item.

If you use two subtotals in a row, the last subtotal will add up all the previous subtotals on the form.

The first subtotal line shows a total for all materials.

The second subtotal shows a total for all labour.

The second subtotal also makes the third subtotal include all amounts on the invoice, so a percentage markup can apply to the total sale.

ITEM	DESCRIPTION	QTY	RATE	AMOUNT
Cabinets	Maple kitchen cabinets		7,895.00	7,895.00T
Cabhrdware	Brass cabinet and drawer pulls		204.98	204.98T
Subtotal	Materials subtotal			8,099.98
Labour	Cabinet installation	19	40.00	760.00
Labour	Cabinet delivery	3	25.00	75.00
Subtotal	Labour subtotal			835.00
Subtotal				8,934.98
Markup	Profit and overhead		22.0%	1,965.70

Customer Message: Please call with any questions.

Tax GST (7.0%) 668.25
TOTAL 11,568.93

The third subtotal line adds up the two previous subtotals, so that a markup can be applied to the entire sale.

Entering a group of items

The group item allows you to enter several items all at once on a sales form, estimate, purchase order, cheque, or bill. If you often sell the same group of items together, using a group item saves you the trouble of entering the same set of line items again and again.

When you use a group item, you can enter a quantity for the group that affects the quantity and amount of each item in the group. You can also edit the individual quantity of each item in the group, and edit descriptions and rates.

Using a group item to hide details on a sales form

The more detailed you are in tracking items, the more information you can get from reports. The QuickBooks group item allows you to be very detailed in tracking the items you sell without showing all that detail to your customers. When you set up a group item, you specify whether to print each item or just the group item. (Of course, if you use a group item on a purchase order, you must show the detail to the vendor so the vendor will know what you want.)

For example, Frank has a construction company that sends invoices for full jobs, such as complete remodels. If he used one general service item called "Remodel", a sales report would show his income from remodels.

If you use very general items, like this one, your reports won't be as useful as if you used detailed items grouped together.

However, Frank uses more detailed items, so he can learn more from his sales reports. Frank breaks down the remodel cost and uses items such as "Lumber", "Hardware", "Markup", "Carpentry Hours", and "Labourer Hours".

He groups these items under one item called "Remodel". Even though he chooses not to print the items in the group on the invoice for his customers to see, he still has those details on his sales reports.

QuickBooks shows you the items in the group onscreen, whether you choose to print them or not.

Applying a discount to one or more items

To apply a discount, you have to enter a discount item. If the discount item's rate is a percentage, the item reduces the amount due by a percentage of the line above it.

To take a percentage off several items at once, you must first subtotal the items. On the other hand, if you want to discount one particular item you've sold and not the entire sale, add a discount item directly beneath the one discounted item.

The first line shows a total for all materials.

The second subtotal shows a total for all labour.

The second subtotal also makes the third subtotal include the amounts on the invoice, so a percentage markup can apply to the total sale.

Item	Qty	Description	Rate	Amount	Tax
Fixtures: Tub, Jet		Jetted bathtub, Canadian Classic	1,365.00	1,365.00	S
Fixtures: Washbasin		Oval Cdn Classic washbasin, marble	364.00	364.00	S
Subtotal		Materials subtotal		1729.00	
Labour: Constructio	16.5	Labour (Framing)	40.00	660.00	E
Labour: Constructio	8	Electrical, Plumbing	75.00	600.00	E
Subtotal		Labour subtotal		1,260.00	
Subtotal		Materials & Labour subtotal	30.0%	2,989.00	
Markup		Profit & Overhead		896.70	S

Customer Message	Thank you for your business.		GST	183.80
			PST	210.06
			Total	4,279.56

The third subtotal line adds up the two previous subtotals, so that a markup can be applied to the entire sale.

If you give discounts of different percentages, you can either set up a separate discount item for each percentage or edit the amount right on the sales form.

> **Don't use a discount item for discounts that you give for early payment.**
>
> Enter discounts for early payment through the Receive Payments window. Search the help index for receiving "payments, about".

Showing partial payments received at the time of sale

If you receive a partial payment toward the amount of an invoice at the time you create the invoice, you'll need to enter a payment item.

The payment item tells QuickBooks to subtract the amount of the payment from the total invoice amount. To record the payment on the invoice, enter a payment item for the amount you've received after you've entered all the items sold.

Use a payment item when you receive a partial payment at or before the time you create the

Item	Qty	Description	Rate	Amount	Tax
Coolman Canoe		Coolman 15' Canoe	499.99	499.99	S
Down Payment		50% down payment. Remainder due on delivery.	-50.0%	-250.00	

Customer Message	Thank you for your business.		GST	35.00
			PST	40.00
			Total	324.99

QuickBooks subtracts a payment item amount from the invoice total.

You can set up a payment item so that it automatically deposits the payment directly to a chequing or other account. Alternatively, you can set it up so that QuickBooks automatically puts the payment amount into your Undeposited Funds account so you can deposit it with other funds.

To learn about...	Search the Help index for...
Receiving and depositing payments	receiving payments, Receiving payments toward a statement

If you need to track the payment method (cheque, cash, credit card charge), you can have different payment items for different methods of payment.

Using a payment item is not the only way to record a payment. For some types of payment, you should use a different method:

Type of payment	How to record in QuickBooks
Partial payment received at time of sale	Enter payment item on invoice.
Full payment received at time of sale	Use sales receipt, not invoice. No payment item is necessary, because Quick-Books assumes sale is fully paid.
Summary of payments, by method, for daily sales summary	Use sales receipt to summarize the daily sales. Enter a different payment item for the summary of each payment method.
Payment from customer to pay outstanding invoice or statement	Enter payment in Receive Payments window. Indicate which invoices or statement charges have been paid by the payment.
Advance payment from customer before work is done or sale is made.	Use *one* of the following options: ■ Enter payment in Receive Payments window. ■ Enter payment item on a credit memo. ■ Record a retainer. See the QuickBooks and Your Industry help for law firms, or Look in the Help Index for retainers.

Avoid entering double payments.

If you receive payment before the sale and record a deposit before you record the invoice, do not also enter a payment item on the invoice or you will record a double payment.

Changing prices or rates

You can change the prices or rates of many items at one time through the Change Item Prices window. In this window, you can tell QuickBooks to raise (or lower) prices or rates by a specified amount or percentage. You can change prices or rates for items individually, or have QuickBooks calculate new prices or rates on several or all items of the same type at once.

If you want to automatically apply an increase or decrease to inventory, non-inventory, and service items, you can use price levels. Price levels allow you to automatically adjust, up or down, the amount charged to customers with whom you have a special relationship. When you apply a price level to an item, QuickBooks calculates the rate to reflect the increase or decrease.

To learn about...	Search the Help index for...
Changing prices or rates of items	items, prices
Price levels	price levels

Editing item information

After you've created an item, you can edit information about it at any time, subject to certain restrictions.

Changing item type

You can change a non-inventory part or other charge item to a service, non-inventory part, inventory part, or other charge item. However, you cannot change the item type of any other type of item.

Hiding and redisplaying items on lists

You can hide an item on the Item or Fixed Asset Item list without deleting it by making the item inactive. For example, you may have an inventory item on your Item list that you have not stocked in the last six months, but which you may want to stock in the future.

When you make an item inactive, QuickBooks keeps the information associated with that item, but hides the item on the Item list and removes it from any drop-down lists that use items. You do not need to change or delete any transaction that uses the item. If you start to use the item again, you can make it active at any time.

You can display all your items, including the inactive ones, on the Item list by selecting Show All. (Inactive items still appear on reports, but never display on drop-down lists.)

Deleting items

You can delete an item only if it is not used in any transaction or group item. To locate all transactions that use a given item, create a QuickReport for the item for all dates.

If you condense your QuickBooks data through a specified date (to reduce the file size and remove detail), you can also remove items that are not used after that date. Fixed asset items are not condensed.

To learn about...	Search the Help index for...
Changing item types	items, changing type of
Changing information about an item	items, editing information
Hiding and showing items on the Item list and drop-down lists in Item fields	items, hiding and showing
Making hidden items visible on the Item list as well as on drop-down lists	lists, hiding and showing
Deleting items	items, deleting

Final steps to complete your setup

Fine-tune your accounts

QuickBooks sets up a chart of accounts for you during the Interview. Before you begin entering transactions, make sure your chart of accounts is complete and that it accurately represents how your business works.

Change account names and edit, delete, or add accounts to make your chart of accounts reflect your company's financial activity, if you have to.

Tip: You can adjust the opening balances of the accounts in your Chart of Accounts, too. For more information, see "Adjusting opening balances for balance sheet accounts" on page 51.

It's important to decide on an account structure that meets your needs now.

Although you can edit your chart of accounts later if you need to, it's much easier to make changes before you start entering transactions.

You can fine-tune your chart of accounts at any time by doing the following:

- Add new accounts or subaccounts.

  You can add subaccounts to balance sheet accounts (for example, fixed asset accounts) as well as to income and expense accounts.

- Turn on and use account numbers.

  QuickBooks has an option for specifying account numbers in addition to names. If the account is one that QuickBooks added for you, it already has a number but you can change it.

- Change the name or number of an existing account.

- Enter or edit an opening balance for a balance sheet account if the original opening balance is incorrect.

- Arrange accounts of the same type in alphabetical order (or numerical order if account numbers are turned on).

- Rearrange the order of accounts within the same account type.

- Make one existing account the subaccount of another (or, conversely, move a subaccount to a higher level).

You can drag accounts to a new position on the chart of accounts. When your accounts are not in alphabetical or numerical order, and you add a new account, QuickBooks places the new account above the other accounts of the same type.

To learn about...	Search the Help index for...
Adding new accounts or subaccounts	accounts (managing), adding
Turning on account numbers	accounts (managing), numbering
Changing account names or numbers	accounts (managing), editing
Changing or entering an opening balance for a balance sheet account	■ opening balances, changing for existing accounts ■ opening balances, entering for existing accounts
Arranging accounts (and other lists) in alphabetical or numerical order	lists, sorting entries
Reorganizing accounts within the same account type; also, reorganizing other lists that allow subentries (for example, customer:Job list)	lists, reorganizing entries
Remove accounts from your chart of accounts	accounts, deleting

Using account numbers:

To better maintain your chart of accounts, develop and follow consistent account naming and numbering conventions. For example, some accountants like you to add a numbering scheme to your accounts:

- 1000-1999 - Assets
- 2000-2999 - Liabilities
- 3000-3999 - Equity
- 4000-4999 - Income
- 5000-5999 - Expenses
- 6000-6999 - Other income and expenses

Adding numbers can help you identify the type of accounts, thereby speeding up your account selection on various forms.

To learn about...	Search the Help index for...
Changing your chart of accounts	■ accounts, adding ■ accounts, editing ■ accounts, deleting

Enter your company's historical transactions

If you've decided on a start date that is before today's date, you'll need to enter past transactions to have complete financial records from your start date forward. Then your QuickBooks records will be as complete as if you had started using the program on your start date.

Enter historical transactions in this order:

1 Invoices you've sent out since your start date

2 Purchase orders you've issued since your start date that have not been received in full

3 Cash or cheques you've received since your start date

4 Bills you've received since your start date

5 Bills you've paid since your start date

6 Deposits you've made to any of your accounts since your start date

7 Any other cheques you've written (for things other than bills) since your start date

> **The order you enter historical transactions is important.**
>
> For example, QuickBooks won't know how to credit a customer payment unless you've previously recorded the invoice to that customer.

Enter transactions in your bank account last, because your accounts payable and accounts receivable affect your bank account. By the time you enter all of your historical transactions, your cheque register will be mostly up-to-date.

To learn about...	Search the Help index for...
Entering historical information	historical transactions

Entering current transactions with historical ones

You don't have to enter all your historical transactions before you start using QuickBooks for your current ones. Enter current transactions as they occur so you don't get behind. Then catch up with historical transactions when you can. Remember, though, that your account balances will be off until you've entered all the past transactions.

If current and historical transactions are related, enter the earlier one first. For example, if you receive a payment today for an invoice you have not yet entered, enter the invoice first, then use QuickBooks to record the payment. That way, QuickBooks links your transactions correctly to each other.

Entering historical payroll information

If you are going to use QuickBooks payroll, enter historical payroll information so QuickBooks has complete year-to-date records of wages and salaries you've paid. QuickBooks needs this information to compute accurate tax information and payroll reports. See "Setting up payroll: an overview" on page 175 for more information.

To learn about...	Search the Help index for...
Entering historical payroll information	payroll setup, year-to-date amounts

Entering bank account information

If you entered all your historical transactions, your chequing account or savings account register already contains entries reflecting bills you've paid, cheques you've written for other purposes, and deposits you've received. But there are other transactions that you must enter to make your account registers complete:

- Cheques or other payments you created before your start date but weren't cashed until after your start date (for example, cheques written a few months ago but not cashed until recently).
- Deposits you made before your start date, but which didn't appear on statements until after your start date.
- Cheques or other payments you made after your start date that were not for bills or accounts payable (credit card payments, for example).
- Deposits made after your start date that were not customer payments.
- Bank charges, fees, or interest paid to your account.

To learn about...	Search the Help index for...
Entering information in account registers	registers, entering transactions in

Complete your customer, vendor, and item information

After you enter information about customer and vendor open balances, you can enter more information about them, such as addresses, phone numbers, and credit limits—though it's not necessary to enter this information for all customers and vendors at once.

Note: If you use QuickBooks Pro or better and Symantec ACT! or Microsoft Outlook, you can synchronize information about customers and vendors, such as addresses and phone numbers, from your contact manager so that you don't have to re-enter it. To learn about synchronizing contact information, search the Help index for "contact management, synchronizing".

Items are the goods, services, and other things you buy and sell. QuickBooks starts a list of items when you go through the Interview, but you'll want to add to this list and refine the information you've already entered.

To learn about...	Search the Help index for...
Adding a new customer	customers, adding
Adding a new vendor	vendors, adding
Item types and uses	items, about

Adjusting opening balances for balance sheet accounts

After creating your company in the Interview, you may need to enter additional opening balances or make adjustments to the account balances you've entered.

To adjust an opening balance for an account:

1 From the Lists menu, choose Chart of Accounts.

2 Double-click the account that should have an opening balance.

3 Click anywhere in the blank entry at the end of the register.

4 Change today's date to your QuickBooks start date.

5 Leave the Number and Payee fields blank.

6 Enter the opening balance amount.

- For bank accounts, enter the amount in the Deposit column.

- For asset, liability or equity accounts, enter the amount in the Increase column.

- For credit card accounts, enter the amount in the Charge column.

7 In the Account field, choose Opening Bal Equity from the drop-down list.

Note: If you have not entered an opening balance for any of your accounts, you will have to create an Opening Bal Equity account.

8 Click Record.

These accounts may also need adjusting:

■ If you collect GST or PST, record the amount you owe as of your start date.

If you have entered your historical invoices and purchases, do not include the amount you owe since your start date (as the GST and PST you collected is included on them).

Instead, check whether you owe more than the invoices cover, and if so, adjust your GST or PST liability accordingly. Select GST/PST Activities from the Vendors menu, then GST or PST Adjustment. For more information, see "Gathering income tax information" on page 127.

To learn about...	Search the Help index for...
Recording the GST or PST you owed as of your start date	GST, historical data PST, historical data
Adjusting your GST or PST liability	GST, adjusting PST, adjusting

■ Adjust the Uncategorized Income and Uncategorized Expenses accounts (if you're using accrual-basis accounting).

When you enter unpaid opening balances for customers, the income is assigned to an account called Uncategorized Income. Similarly, when you enter unpaid balances for vendors, QuickBooks assigns the expenses to the Uncategorized Expenses account.

- **If you keep your books on a cash basis** (you record income when you receive payment), QuickBooks does not show these two accounts on your profit and loss statement until a customer makes a payment, which is the expected behavior. You do not need to make any adjustments.

- **If you keep your books on an accrual basis** (you record the transaction when you make a sale or incur an expense), QuickBooks does show these two accounts on your profit and loss statement as of your start date. Your accountant may want you to make an adjustment so that the income from all invoices and the expenses from all bills before the start date are also tracked on an accrual basis, regardless of whether payment has occurred. Ask your accountant if this applies to you.

To learn about...	Search the Help index for...
Adjusting for Uncategorized Income and Uncategorized Expenses	■ Uncategorized Expense account ■ Uncategorized Income account

■ Adjust for current income and expenses if your start date is not at the beginning of your fiscal year.

If you set up your company in QuickBooks with a midyear start date and you know what your income and expenses are from the beginning of your fiscal year to your start date, enter adjustments for them. Then, the profit & loss statement in QuickBooks will be accurate from the beginning of the fiscal year to any date after your start date. To get this information, have your accountant create a year-to-date profit & loss statement (also called an income statement) for your current fiscal year to your start date.

- Distribute earnings and equity before your start date.

  After you have entered all of your opening balances and made other adjustments, you may want to distribute the amount in your Opening Bal Equity account to other equity accounts if you want to identify retained earnings or the equity of several owners.

Setting up accounts to track equity details

Your company's equity comes from two sources:

- Money invested in your company (capital investments)
- Profits of your company

Of course, the owner can also take money out of the company. Such withdrawals, called owner's draws, reduce the company equity.

QuickBooks sets up two equity accounts automatically:

- Opening Bal Equity

  For every balance sheet account you set up with an opening balance, QuickBooks records the amount of the opening balance in the Opening Bal Equity account. (Asset account opening balances increase the equity; liability account opening balances decrease the equity.)

- Retained Earnings

  If you have data for more than one fiscal year, the QuickBooks balance sheet has a balance for the Retained Earnings account equal to the net profit from prior fiscal years. The balance for the Retained Earnings account does not display on the chart of accounts.

Some people like to track owner investments, owner's draws, and retained earnings prior to the QuickBooks start date by putting them in separate equity accounts. If you decide to add additional equity accounts, QuickBooks still adds the Retained Earnings and Net Income lines on your balance sheet.

Equity accounts for sole proprietorships

Because all equity of a sole proprietorship company belongs to one person, tracking equity can be very simple.

As of your QuickBooks start date, all equity is in the Opening Bal Equity account. You have several options:

- Keep the equity in this account and perhaps rename the account to something such as *Owner's Equity*.

- Transfer all the equity out of Opening Bal Equity into Retained Earnings.

  This action is appropriate for companies that have built up assets as a result of earnings prior to the QuickBooks start date. From now on, you can take owner's draws out of the Retained Earnings account.

- Set up additional accounts (or subaccounts) to track owner's investments, owner's draws, and earnings before your QuickBooks start date.

Tip: When setting up a new account for owner's draws, enter a negative opening balance to show the total draws prior to the QuickBooks start date. The negative opening balance indicates that the draws have reduced the company's equity. (Or, enter a zero opening balance and simply record draws from now on.)

Things to think about after you're finished

Create reports to check your setup

After you've finished setting up your company in QuickBooks and making any adjustments, create reports to check that QuickBooks has the right numbers.

In both QuickBooks and your former accounting system, create a profit and loss statement and a balance sheet. Each report should cover the beginning of your fiscal year through to your QuickBooks start date. For example, if your fiscal year began on July 1 and your start date was September 1, create reports that cover July 1 to September 1.

Both reports should show the same balances for your accounts.

Maintain your previous accounting system

If your business existed before you began to use QuickBooks, make sure you keep your previous accounting system complete in case the Canada Revenue Agency requires information from your previous years of business.

You should keep any software and the hardware your former accounting system requires — or have printouts of all the information and accounting reports.

Set up other company files, if needed

If you use QuickBooks with more than one company, and therefore have more than one company file, you should keep them all in the same directory.

If you update QuickBooks, download tax tables, receive tax alerts, and so forth, you may have to download multiple copies of the new information if the company files are in different directories.

Connect QuickBooks to the Internet

What you need

Your PC must be connected to the Internet through an Internet Service Provider (ISP). Your work PC may be connected through a local area network (LAN). If you can read e-mail or browse the Web, you are connected to the Internet.

Why connect QuickBooks to the Internet?

You don't need Internet access to use QuickBooks, but the ability to "go online" can easily double the power and flexibility of your software. It allows you to take advantage of Internet-only features in QuickBooks.

Consider these additional possibilities:

- Explore other opportunities with QuickBooks' connected services
  From the Company menu, select Business Services Navigator.

- Receive QuickBooks updates
  Download and install QuickBooks software updates as they become available.

- Download tax table information
  If you've signed up for the QuickBooks Payroll , you can download the latest tax tables.

If you are a new user

After you install QuickBooks, you are prompted to activate QuickBooks, and if you choose to do so online, QuickBooks helps you set up your Internet connection. It's a good idea to activate as soon as you can so that you can begin using all of the QuickBooks online features.

Note: If you did not activate your copy of QuickBooks immediately after installation, you can do so at any time by choosing **Activate QuickBooks** from the File menu. (If you do not see Activate QuickBooks under the File menu, then QuickBooks is already activated.)

If you are an upgrader

After you install QuickBooks, you're prompted to activate QuickBooks. It's a good idea to activate as soon as you can so that you can begin using all of the QuickBooks online features.

If you owned a previous version of QuickBooks, your new software uses the same Internet settings as your previous version. If you have changed your Internet Service Provider between then and now, or switched from using a modem to using a direct connection (for example, cable or DSL), you can change your settings manually.

To set up an Internet connection:

1 From the **Help** menu, choose **Internet Connection Setup**.

If you have not used QuickBooks on your computer before, then the first time you go online (for example, to activate your software), QuickBooks automatically launches the Internet Connection Setup wizard.

2 Follow the onscreen instructions. Click **Next** to move through the screens. If you need help at any time, click Help.

3 Click **Done**.

Changing an Internet connection

If you already have a connection to the Internet, you can modify the connection settings. You can also set up other ways QuickBooks can connect to the Internet. Doing so gives you an alternate way to connect to the Internet if your regular connection is down for some reason.

To change your Internet connection:

1 From the QuickBooks **Help** menu, choose **Internet Connection Setup**. The Internet Connection Setup displays.

2 Select **Use my computer's Internet connection settings to establish a connection when this application accesses the Internet**.

3 Click **Next**.

4 In the Connection Setting window, click **Advanced Connection Settings**. The Internet Properties dialogue box appears.

5 To create a new dial-up networking connection, click **Add**.

Follow the onscreen instructions; click **Next** to move through the screens.

Each Internet connection profile you create, is listed on the first screen of the Internet Connection Setup.

If QuickBooks doesn't detect your Internet connection (for example, you're using certain versions of AOL or CompuServe), try the following:

- Close QuickBooks, then connect to your Internet Service Provider (ISP).
- When you have successfully connected to the Internet, reopen QuickBooks.
- Go to the Internet Connection Setup, and on the "How do you want to connect to the Internet? screen, select **Use my computer's Internet connection settings to establish a connection when this application accesses the Internet**.

Once you have told QuickBooks that you have a direct connection, you should be able to access QuickBooks' Internet features by connecting to your ISP before opening QuickBooks.

Update QuickBooks to the latest release

From time to time, Intuit provides updates to QuickBooks that are available for downloading from the Internet. These updates might be:

- A maintenance release, which Intuit creates when a problem is discovered and fixed after QuickBooks is delivered to customers.
- A new feature or service.
- Timely information that is relevant to your business.

Tip: If you don't have a company file, but want to update QuickBooks, open one of the sample company files included with QuickBooks, then update the software as you normally would.

If you signed up for the QuickBooks Payroll , QuickBooks checks for new tax tables whenever you check for other updates to your software.

Getting updates from the Internet

In QuickBooks, the Update QuickBooks window gives you a convenient way to download updates from the Intuit server to your computer. To download an update, you need to have set up QuickBooks to work with an Internet connection (see "Connect QuickBooks to the Internet" on page 55).

There are several ways to update your version of QuickBooks through the Internet:

- **Automatic Update:** This option prompts you when a new release is available for your version of QuickBooks. If you choose to update when prompted, QuickBooks downloads the necessary files to your computer via the Internet in the background, with little impact on your computer's performance.
- **Manual Download:** With this method, you decide when to download an update via the Internet to your computer. You can use this method at any time—even if your computer is set up to download updates automatically.
- **From www.quickbooks.ca/:** Visit our Web site to download the latest release.
- **Multiuser Update:** When updating multiple users, the new update is downloaded via the Internet to a local server for each user to then download to their computer.

Automatic updates

By default, QuickBooks is set to receive updates automatically. QuickBooks periodically checks the Intuit server for new updates, and downloads the information gradually at times when your open Internet connection is not being used by another process or application.

Some of the advantages of this method include the following:

- You can download updates without interrupting a QuickBooks session or other tasks you perform with your computer.
- You can download updates whether or not QuickBooks is running (as long as your computer is connected to the Internet).
- You can disconnect from the Internet at any time. When you reconnect to the Internet, QuickBooks resumes downloading at the point it was previously halted.

To turn off Automatic Update:

1 On the **File** menu, select **Update QuickBooks**.

2 Click **Options**.

3 Click **Off** for the Automatic Update option and click **Save**.

4 Close the Update QuickBooks window.

Manual updates

If you choose to manually update QuickBooks, you should check for updates about once a month. With this method, QuickBooks only begins the downloading process once you click Get Updates in the Update QuickBooks window.

Download times for updates vary depending on the speed of your Internet connection, the size of the update file(s), and the amount of traffic on the Internet. After QuickBooks downloads an update, the program installs the necessary files to the correct directories or folders on your computer.

To perform a manual update:

1 From the **File** menu, choose **Update QuickBooks**.

2 Click **Update**.

3 Select the updates you want to download by clicking the checkbox next to the update name. (A check mark means the update is selected.)

4 Click **Get Updates**.

Note: Manual updates can also be performed when the Automatic Update option is turned on.

Once the download process is complete, QuickBooks displays the date and time of the download in the Last Checked column. In the File Received column, QuickBooks displays the status of the download. Click the text in the Files Received column for additional details about the download.

Updates from www.quickbooks.ca/

Visit the QuickBooks web site at http://www.quickbooks.ca// to download updates. At the site, under **Quick Find**, click **Product Update**, then see the **QuickBooks Product Updates** section. There you'll find a list updates for the various versions.

Before installing the update from www.quickbooks.ca/:

1 Write down your QuickBooks license key in case you need it later.

■ To find it, select **About QuickBooks** from the **Help** menu.

2 Back up your company file(s).

To update from www.quickbooks.ca/:

1 From the Product Updates page, click the update link for the version you are using.

The File Download window opens.

By default, the "Save this program to disk" option is selected. This option saves a copy of the update to your computer for you to later install.

2 Click **OK**. The Save As window appears.

3 Navigate to a folder to save the update file to or keep the default.

4 Click **Save**.

5 When the download is complete, the WinZip Self-Extractor opens. (If it does not start automatically, double-click the file you downloaded.) Extract the files to a temporary folder where you can find them again easily.

6 Shut down all open programs, including QuickBooks and any virus protection software you may have. Some virus protection programs can interfere with the installation.

7 Using Window Explorer, open the folder you specified in Step 5.

8 Double-click the **Setup.exe** file and follow the instructions on your screen.

Sharing updates among multiple users

If you use QuickBooks Pro or better in multi-user mode, you need to install maintenance releases on **each computer** that has QuickBooks installed on it.

You can either connect to the Internet from each computer that has QuickBooks installed on it, or else download the update to one computer on your network and share it (for example, if one or more users doesn't have Internet access).

QuickBooks sets up a shared location to which updates are downloaded. Then, if any user in a multi-user environment downloads and installs an update, QuickBooks detects it and prompts each of the users—as they open the program—to install the new version.

To share updates, you need to be sure that all your users can access the location on your networks where the updates are downloaded:

■ All of the QuickBooks computers must be properly networked.

■ Each computer must be configured to share files across the network.

Finally, all QuickBooks users on your network must complete the following steps:

To change the download location:

1 Open the shared company file.

2 From the **File** menu, choose **Update QuickBooks**.

3 Click **Options**.

4 In the Options windows, click **ON** for the Share Download option, then click **Save**.

Updates from a CD-ROM

If you don't have Internet access, you can have an update mailed to you on a CD-ROM (fees may apply). For more information, contact Customer Service (see page 252).

When you receive the CD, install the update as you would install any other software.

Before installing from a CD...

These instructions may change from time to time. When this is the case, you'll receive up-to-date install instructions with the Update package.

1 Write down your QuickBooks license key in case you need it later.

- To find it, select **About QuickBooks** from the **Help** menu.

2 Back up your company file(s).

To install your QuickBooks update:

1 Shut down all open programs, including QuickBooks and any virus protection software you may have. Some virus protection programs can interfere with the installation.

2 Insert the CD-ROM in your computer's CD-ROM drive.

3 Open Windows Explorer and select the correct CD-ROM drive.

4 Open the folder containing the installer for your version of QuickBooks.

5 Double-click **Setup.exe** and follow the instructions on your screen.

6 Review the **Readme.txt** file on your CD-ROM. It contains important information about how your software is affected by this update, and what you should do next.

Set number, currency, time, and date formats in QuickBooks

Your settings in the Regional Options of Microsoft Windows affect how QuickBooks displays numbers, currency, time, and dates.

To check your Windows Regional Options settings:

1 From the Windows Start button, select **Control Panel**.

2 Choose **Regional Options** or **Regional Settings**, depending on the version of Windows you're using.

Importing and exporting data

How to bring your data into QuickBooks

Thank you for moving to QuickBooks! Now you need to convert your data from your former accounting software. You may also want to make some adjustments to your company file to take full advantage of QuickBooks features. In this chapter, you'll find information about moving information to QuickBooks.

Converting data from Quicken

This section explains how to convert your Quicken data to QuickBooks data and some of the differences between the two programs. After you finish converting, you'll want to make some adjustments to your new QuickBooks company to take advantage of the QuickBooks features that Quicken does not offer.

> ⚠️ **Before you convert to QuickBooks, back up your Quicken data file.**
>
> If you plan to continue using Quicken with this data (for example, if you have both business and personal data in your Quicken file), make a copy of the Quicken file **before** you make changes. For instructions on backing up a Quicken file, see the documentation that came with your software.
>
> QuickBooks data files are called company files and they are not compatible with and cannot be converted back to Quicken data files.

Note: Do not uninstall Quicken before installing QuickBooks and converting to it.

Preparing your Quicken data for conversion

To make the transition to QuickBooks as smooth as possible, you may need to make some changes to your:

- Quicken Account list
- Memorized Transaction list
- Online banking accounts
- Names of customers on accounts receivable transactions

Convert only the accounts you want to use in QuickBooks

Before you convert to QuickBooks, delete all accounts in Quicken that you know you won't want in QuickBooks. (In QuickBooks, you can't delete accounts that have transactions, but you can in Quicken. So it's easier to delete the accounts you know you won't want before you move to QuickBooks.)

Note: All transfers to and from the deleted accounts will be converted as transactions to your opening balance equity account to ensure that your accounts balance.

You might want to delete accounts from your Quicken file in these situations:

- You have personal accounts as well as business accounts in your Quicken file.
- You have investment accounts in your Quicken file.

   If you do not delete your investment accounts, they will be converted to QuickBooks Other Current Asset accounts (because QuickBooks doesn't track investments like Quicken does). You can either:

- Keep the QuickBooks Other Current Asset accounts as a way to include the value of your investments in your QuickBooks balance sheet. In this case, you should continue tracking your investments in Quicken and update the balance of your QuickBooks Other Current Asset accounts periodically.

- Or, delete the investment accounts from your Quicken file (so they are not brought into QuickBooks at all) and continue to track the investments in Quicken. (The investments still appear in the copy you made of your Quicken data.)

Review your memorized and your scheduled transactions

If you have overdue scheduled transactions in your Quicken file, record them before converting.

For example, print any cheques you have pending.

If the QuickFill option for memorizing all transactions is turned off in Quicken, QuickBooks converts both your memorized transactions and your scheduled transactions.

On the other hand, if the option is turned on, QuickBooks converts only scheduled transactions and your transaction groups. It does not convert stand-alone memorized transactions.

So, if you have memorized transactions in Quicken that you'd rather not retype in QuickBooks, you need to do one of two things:

- Turn off the QuickFill option for memorizing all transactions in Quicken. If your list of memorized transactions is very long, you may want to delete the ones you won't need in QuickBooks, or

- Put these transactions into a transaction group in Quicken. QuickBooks always converts transaction groups. After the conversion is complete, you can remove the memorized transactions from the group and use them as you did in Quicken.

For information about transaction groups in Quicken, look in your Quicken documentation.

Note: Memorized transactions from Quicken accounts payable will not work properly in QuickBooks accounts payable. You should delete these before you convert your data.

To learn about...	Search the Help index for...
Transactions group in QuickBooks	memorized transactions, grouping together

Make customer names consistent

When you convert to QuickBooks, the names in your accounts receivable register become customers, and transactions become invoices and payments. If you accidentally used different names for the same customer in Quicken, QuickBooks can't link the customer's invoices and payments correctly.

For example, if you have a customer listed as Dan Miller, D. Miller, and Daniel Miller, you should edit these names before you convert so that the customer goes by only one name.

If you use online banking

You can bank online with participating financial institutions through QuickBooks just as you can in Quicken. However, not all institutions that work with Quicken also work with QuickBooks. Contact your financial institution before converting to confirm that it supports QuickBooks. If it does not, an online account in Quicken will not remain an online account after the conversion to QuickBooks.

Tip: To see the current list of financial institutions that support online account access in QuickBooks, choose **Set Up Online** from the **Banking** menu in QuickBooks, then choose **Online Financial Institutions List**.

Your financial institution…	Comments	What to do
Supports online account access in both Quicken and QuickBooks		You will need to re-enable your online accounts in Quick-Books after conversion. See "Re-enable your online banking accounts" on page 67.
Supports online account access in Quicken, but not in QuickBooks	You are not able to use online account access in QuickBooks for this account. You could continue to use online account access in Quicken.	Select between the two choices described in "If your financial institution does not work online with QuickBooks" on page 68.

Converting your Quicken file to QuickBooks

When QuickBooks converts a Quicken data file, it doesn't change it in any way. Also, QuickBooks does not create any sort of link between your Quicken data and your new QuickBooks company. Instead, QuickBooks creates a completely new set of files for you to use.

■ If you've been using Quicken for Windows 5.0 or earlier, Quicken for DOS, or Quicken for Macintosh, call Technical Support for instructions (see page 253).

Quicken XG, 2003, 2002, 2001, 2000, 98, and 6.0 for Windows

QuickBooks can directly convert data from these products.

1 If your Quicken file is protected with a password, start Quicken, and then remove the password. If you're not sure how, check the documentation that came with your Quicken software for instructions.

2 Exit from Quicken if it is running.

3 Install QuickBooks. Instructions on installing QuickBooks are included in the "Installing & Learning to Use QuickBooks Guide".

4 Open QuickBooks by double-clicking the QuickBooks icon on your desktop.

5 From the **File** menu, select **Import**, then **Convert from Quicken**. The Important Documentation window appears.

6 Click View Help for information about converting from Quicken.

7 Close the help window, then click **OK**.

8 Choose the Quicken file you want to convert, then click **Open**.

9 Follow the instructions on your screen to convert your file.

Fine-tuning your data after converting to QuickBooks

After you convert your data from Quicken, you may need to make some additional adjustments to it before you start using QuickBooks.

Edit your Other Names list

At the end of the Quicken conversion (unless you use Quicken Deluxe), you are asked to choose which account you used for Accounts Receivable (A/R).

As the conversion finishes, QuickBooks gives you a list of names to which you made payments but which you have not used in your accounts receivable account. This list may contain not only the names of customers, vendors, and employees, but also descriptions such as "Deposit," "Transfer," and "Interest."

You should change the names on the list to the correct type. (If you don't change them now, they remain on your Other Names list so you can change them later, but you'll have to do it one name at a time.)

If you want to use QuickBooks account payable, be sure to move your Quicken payees (other than employees) from the Other Names list to the Vendor list. For more information, see "Changing to QuickBooks accounts payable" on page 69.

> **⚠ Once you change the type for a name, you cannot undo it.**
>
> You can move names from the Other Names list to the Vendor, Customer:Job, or Employee lists. However, once moved, you cannot move a name again. If you're not sure whether to change a name now, it's best to leave it as is.

To change types for names:

■ In the Change Name Types window, click the corresponding column for each name you want to move. When all the names are marked correctly, click **OK**.
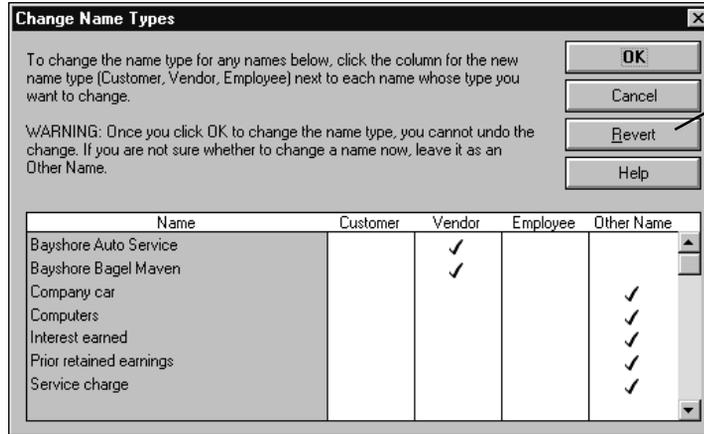
To restore all the check marks to the Other Name column, click Revert.

If you have different versions of one name

If you have slightly different versions of the same name (for example, T. Stewart, Tracey Stewart, and Tracey L. Stewart), QuickBooks puts each version of the name in the Other Names list.

In QuickBooks, you can't delete any name used in a transaction. However, you can merge the names to shorten the Other Names list.

To learn about...	Search the Help index for...
Changing the name type to a customer, vendor, or employee	other names, list of
Merging similar names	merging, list entries

Fill in your company information

From the **Company** menu, choose **Company Info,** and fill in your company information. If you want QuickBooks to track tax information for you, you must also select the tax form you file from the drop-down menu.

Turn on the QuickBooks features you plan to use

In QuickBooks, from the **Edit** menu, choose **Preferences**. Now you can customize QuickBooks for your needs.

- If you collect sales taxes from customers (such as GST, HST, PST, or QST), turn on the GST/PST tracking preferences. For more information about tracking GST or PST, see "Gathering income tax information" on page 127.

- If you track inventory or write purchase orders, turn on the preferences for inventory and purchase orders.

- If you deal internationally, turn on the preference for multicurrency. For more information about multicurrency, see "Doing business internationally" on page 157.

- If you plan to use QuickBooks to pay your employees, you must sign up for the QuickBooks Payroll . To learn more about payroll, see "Setting up payroll: an overview" on page 175.

To learn about...	Search the Help index for...
Settings	preferences

Re-enable your online banking accounts

If you use online banking, you'll need to re-enable your online accounts after you import them into QuickBooks.

To re-enable your online accounts:

1 From the **Lists** menu in QuickBooks, choose **Chart of Accounts**.

2 Select your online account. Then click the Account menu button at the bottom of the window and choose **Edit**.

3 In the Edit Account window, click the **Account Details** tab.

If the account has no Account Details tab in the Edit Account window, it is not online in QuickBooks. An account that was online in Quicken will not be online in QuickBooks if the financial institution does not work online with QuickBooks.

- Select **Online Account Access**, then click **OK**.

To learn about...	Search the Help index for...
Enabling accounts for online banking	online banking, enabling accounts

If your financial institution does not work online with QuickBooks

If your financial institution does not work online with QuickBooks, your online accounts are converted to standard (not online) accounts.

■ Notify the financial institution that you will no longer be using its online services.

■ Alternatively, you could open an account with a financial institution that does work online with QuickBooks.

Adjust your Opening Bal Equity account

QuickBooks automatically creates an Opening Bal Equity account for you. When you create a new account and enter its opening balance, QuickBooks enters that amount in the Opening Bal Equity account, so that your accounts balance. You can leave the Opening Bal Equity total alone, or you can distribute amounts from it to other equity accounts.

To learn about...	Search the Help index for...
Distributing equity from before your start date	Opening Bal Equity account
Moving the amount in the Opening Bal Equity account to other equity accounts	equity, transferring from Opening Bal Equity

How QuickBooks converts accounts receivable transactions

If you answered "Yes" to converting your Quicken asset accounts to QuickBooks A/R accounts, QuickBooks converted the transactions as follows:

This item in your Quicken A/R account...	...is converted to this in QuickBooks:
Each transaction that increases your A/R balance	An invoice to a customer
Each transaction that decreases your A/R balance and has only one split line	A payment from a customer
Each transaction that decreases your A/R balance and has more than one split line	A credit memo to a customer
Each payee	A customer on your QuickBooks Customer:Job list
Each category	Both an item on your Item list and an income account on your Chart of Accounts

QuickBooks applies payments in Quicken to a customer's oldest outstanding invoice first.

The conversion saves you the time of typing in all your accounts receivable transactions, but you'll probably want to make some changes to the converted data. For example, if the category you used in most A/R transactions was "Sales income," you'll want to change the name of the converted invoice item from "Sales income" to the product or service you actually sell, such as "Consulting hours." The income account; however, may be just fine as "Sales income."

You don't have to make these changes now. QuickBooks makes it easy to make changes at any time.

Changing to QuickBooks accounts payable

You may have had an Accounts Payable (A/P) account in Quicken. QuickBooks converts the transactions in this account into historical transactions in your journal, which indicate what you owe and to whom. The transactions do not appear in your QuickBooks A/P account.

- In this case, track payments of outstanding bills only the same way you did in Quicken. However, enter any new bills with the Enter Bills window (QuickBooks creates a new A/P account for you the first time you enter a bill).

If you didn't use an accounts payable account, the documentation explains how to set Quicken up for cash-basis accounts payable and for accrual-basis accounts payable. For a cash-basis system, Quicken recommends using a Bank account and simply postdating cheques. For an accrual-basis system, Quicken recommends using an Other Liability account.

The transition to QuickBooks accounts payable is the same for either system.

- If you used postdated cheques to track your bills, treat cheques you've already entered the same way you did in Quicken.

- If you had an Other Liability account in Quicken for accounts payable, it is now an Other Current Liability account in QuickBooks.

No matter which method you were using in Quicken, from now on, use the Enter Bills window to track your bills. The Enter Bills window tracks your bills in the Accounts Payable account. To create this account, you can either:

- Use the Other Current Liability account only for currently outstanding bills and let QuickBooks create a new Accounts Payable account for you the first time you use the Enter Bills window.

- Or, you can move the transactions in your Other Current Liability account to an Accounts Payable account (see below).

To move your Other Current Liability transactions to the Accounts Payable account:

1 In Quicken, create a report that gives you the total balance you owe each of your vendors. Make sure the date range is set to **Include all dates**, then print the report for reference.

2 Start QuickBooks.

3 From the **Banking** menu, choose **Make General Journal Entries**.

4 On the first line:

- In the Account field, choose **Accounts Payable** from the drop-down list.
- In the Name field, choose the vendor's name.
- In the Credit field, type the open balance (you'll need to do this for each vendor).

5 On the second line:

- In the Account field, choose the **Other Current Liability** account from the drop-down list.
- In the Debit field, type the same amount that you entered in the Credit field of the first line.

6 Click **Save & New**.

Changing your payees to QuickBooks vendors

If you haven't already, you need to move your Quicken payees from the Other Names list to the Vendor list. See "Edit your Other Names list" on page 65.

If a Quicken payee had a balance that you converted to QuickBooks, use Write Cheques until the balance of your old Quicken A/P account equals zero (you've paid off all your bills for that vendor). Enter any new bills into QuickBooks accounts payable.

You also need to delete and re-enter any memorized transactions that QuickBooks converted for you from Quicken accounts payable, as they will not work properly in QuickBooks accounts payable.

To learn about...	Search the Help index for...
Deleting memorized transactions	memorized transactions, deleting
QuickBooks accounts payable	accounts payable

Comparing QuickBooks and Quicken

Once you understand the few terminology and feature differences between the programs, QuickBooks will feel very familiar.

Terminology differences

Quicken uses terms familiar to anyone who has used a cheque book. QuickBooks uses a few terms that are standard in business bookkeeping and that reflect the increased power and convenience of QuickBooks for business.

This table lists the most important differences in terms. It does not list the many completely new QuickBooks features and terms.

Quicken term	QuickBooks term	Definition
Account	Balance sheet account	A grouping of records related to one kind of asset, liability, or equity. These accounts appear on a balance sheet.
Category	Income or expense account	A grouping of transactions related to one kind of income or expense. These accounts appear on a profit and loss statement (income statement).
Category and Transfer List plus Account List	Chart of Accounts	The QuickBooks Chart of Accounts is like the Quicken Account list (balance sheet accounts) plus the Quicken Category list (income and expense accounts).

Feature differences

The following table lists features that exist in both Quicken and QuickBooks, but that work differently in QuickBooks than in Quicken.

Feature	Quicken	QuickBooks
Entering transactions	Enters most transactions in registers.	Enters most transactions in forms (cheque window, invoice window, and so on).
Write Cheques	Displays a cheque that looks like a paper cheque.	Displays a business cheque with voucher area (so the "split" is part of the cheque form).

Feature	Quicken	QuickBooks
Classes	Uses a slash (/) to separate a category from a class in transactions.	Enters classes in separate fields. No need for a slash (/) as a separator. In QuickBooks, projects or jobs can be linked to customers as part of the Customer:Job list, so you can use classes for different kinds of classification.
Transfers	Uses brackets [ ] to indicate a transfer to another balance sheet account.	No need to use brackets. QuickBooks handles transfers like any other transaction.
Passwords	One password for entering and viewing data.	Customizable password and permission access for each person in your company.
Subaccounts	Categories can have subcategories, but accounts cannot have subaccounts.	Most accounts, even balance sheet accounts, can have subaccounts.
Payroll accounts (if you set up your accounts as described in the Quicken manual)	A separate liability account for each tax withheld and for every other payroll liability.	You can continue using your old liability accounts. However, by using payroll items, you can put all your payroll liabilities into a single account.

New and renamed balance sheet accounts

QuickBooks and Quicken have similar kinds of balance sheet accounts, but QuickBooks adds some types and uses different names for others. When you convert a Quicken file, the program automatically creates QuickBooks accounts most like your Quicken accounts.

■ In some cases, you may not want to use the account that QuickBooks automatically creates. For example, Quicken sometimes uses liability accounts instead of equity accounts. In QuickBooks, you can make them equity accounts.

■ QuickBooks changes your Quicken categories and subcategories into income and expense accounts with subaccounts.

Quicken acct. type	Converted to QuickBooks acct. type
Chequing	Bank
Credit Card	Credit Card
Cash	Bank
Asset	Other Current Asset
Liability	Other Current Liability
Investment	Other Current Asset

When you convert from Quicken

After you have converted your Quicken data file to QuickBooks, you'll notice the following changes:

- The Invoice Items list is converted to the QuickBooks Items list.
- Each existing Invoice/Receivables account is converted to a QuickBooks Accounts Receivable account of the same name.
- Existing invoices are converted to QuickBooks invoices. However, they will appear in chronological order.
- Transactions linked to a customer remain linked.

> **About payments, credit memos, and refunds.**
>
> Converted Quicken payments are always applied to the customer's oldest outstanding invoice, so the payment links to invoices may be different after conversion.
>
> Credit memos and refund cheques, like payments, are also applied in chronological order based on invoice dates, so their links may also be different after conversion.

Should you continue using Quicken for some things?

QuickBooks does not change your original Quicken file in any way as it imports information from it, nor does it create any connection between it and your new QuickBooks company. You can continue to use your original file with Quicken.

Once you're using QuickBooks for your business, you'll probably want to continue using Quicken for your personal finance and investment accounts.

> **Do not use online banking for the same account in both programs.**
>
> If you track the same account in both Quicken and QuickBooks, you can only use online banking in one program. If you try to use online banking for the same account in two different programs, it will not work correctly.

Here are some personal-finance activities you can perform only with Quicken:

- Track investments

  Quicken includes investment tracking and reporting. Quicken updates the market values when you enter the latest share prices, and it reports on average annual total return, capital gains, and investment income.

- Amortize mortgage loans

  Each time you record a payment on a loan, Quicken updates the number of payments made and calculates the amount credited to principal and interest.

- Create reports for personal finances

  Quicken has many preset reports designed for personal use.

Converting data from MYOB

This section explains how to convert your MYOB data to QuickBooks data, set up your payroll, and goes over some of the differences between the two programs. After you have finished converting, some adjustments may need to be made to your new QuickBooks company to take advantage of the QuickBooks features that MYOB does not offer.

To convert MYOB data to QuickBooks:

1 Install QuickBooks. Instructions on installing QuickBooks are included in the "Installing & Learning to Use QuickBooks Guide".

Note: Before converting, verify and optimize your MYOB company file to ensure that there are no data integrity issues with your data. If there are data integrity issues, the need to be resolved before you can convert to QuickBooks.

2 Open QuickBooks. The Welcome to QuickBooks window appears.

3 Click the **Convert from** button, then select **MYOB**. The MYOB to QuickBooks Assistant appears.

4 Follow the onscreen instructions to convert the data in your MYOB file.

The assistant does not change anything in your original MYOB company file; it only reads the data from your MYOB file.

The conversion process may take some time depending on the size of your company file. When the assistant is done converting your data, the "Congratulations" window is displayed. At this time, you can view the log file to see the results of the conversion. Click the **Finish** button to close the assistant and start using QuickBooks.

What's Next after conversion

Note: If you want to set up your payroll in QuickBooks, refer to "Setting up your payroll in QuickBooks" on page 76. You'll also need to read Chapter 7, *Payroll and employees*, beginning on page 173.

When the conversion is done, a new QuickBooks company file is open containing your MYOB data and is ready for you to begin using. To help familiarize yourself with QuickBooks, here are some things that we suggest you do.

■ Read the remainder of this guide. You'll learn the concepts of QuickBooks and what you need to know about critical features such as collecting sales tax, working in different currencies, and setting up a payroll system.

■ Complete the step-by-step lessons-based Learning Guide. It comes with two exercise company files you can use to practice entering transactions.

■ Complete the QuickBooks tutorial. To open it, go to the Help menu and select **Quick-Books Coach**. This interactive tutorial lets you practice common tasks without affecting any data in your company file. You can complete it in 15 minutes. You may have to insert the QuickBooks Learning CD in your CD-ROM drive to access the tutorial.

- Look at the help for MYOB users. From the Help menu, select **Help for MYOB Users**. Here you can learn how to do, in QuickBooks, the same accounting tasks that you preformed through the MYOB Command Centres.

- Look at your Chart of Accounts (this is referred to as Accounts List in MYOB). From the Company navigator, click **Chart of Accounts**.

- If the "conversion date" you chose in the wizard is earlier than the day that the conversion was performed, the balances in the QuickBooks Chart of Accounts may be different than those balances from your MYOB Accounts List. This is because the account balances in your MYOB file may include transactions that were entered *after* the chosen "conversion date".

- Check your customers' and vendors' profiles. Customers and vendors are added to QuickBooks lists. Think of these lists as the Cards List in MYOB. To see your customer list, open the Customers navigator and click **Customers**. To see a list of your vendors, open the Vendors navigator and click **Vendors**.

- Check out the QuickBooks navigators. Navigators gather information from your data and display it in one location so you can manage your business more effectively. Navigators are to QuickBooks what Command Centres are to MYOB. The tasks that you accessed from Command Centres in MYOB, similarly, can be accessed from Quick-Books navigators.

The navigators are listed here. To open a navigator, click the name of the navigator in this list.

The QuickBooks Customers navigator, shown here, is similar to the Sales Command Centre in MYOB. The flow chart depicts activities related to dealing with customers.
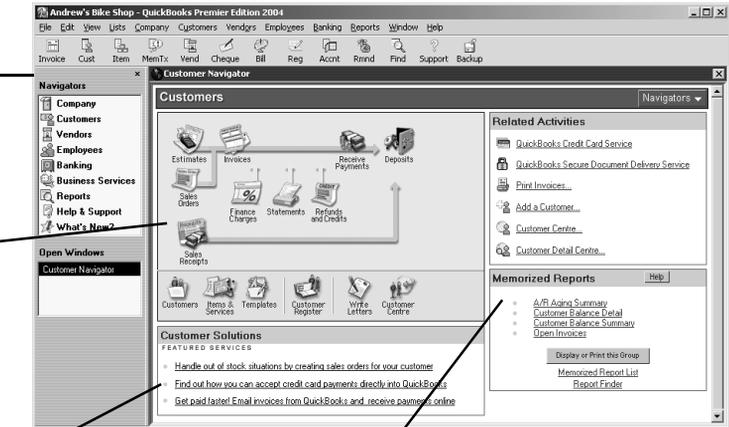
In this area, QuickBooks provides suggestions for working with your customers.

Here, you have easy access to reports related to customer activities. You can also customize this by adding reports that you've memorized.

Setting up your payroll in QuickBooks

Because of security reasons, accounting software restricts access to various components of your accounting data. Payroll data is one such component. As a result, QuickBooks can convert some of your payroll data, but not enough of it to continue dispersing payroll to your employees. Before you can pay your employees using QuickBooks, you need to complete the following steps to set up the payroll system to fit your needs, and transfer your payroll data (such as employees' year-to-date summaries) from MYOB so that your payroll tax information remains up to date.

These steps teach you how to quickly set up your employees in QuickBooks. For details on how to use QuickBooks payroll features, read Chapter 7, *Payroll and employees,* beginning on page 173 We recommend that you read this chapter in its entirety before you remit your first payroll cheque. You can open the manual from under the Help menu. You can also search the Help index, or click F1 on any window in QuickBooks for context-sensitive help.

1 **Gather payroll information that QuickBooks needs from your MYOB company file.**

When you convert your MYOB data to QuickBooks, the information displayed on each employee's Profile tab is copied into QuickBooks. General payroll information, such as the province in which your company operates, and your business number are also converted to QuickBooks.

Each employee in MYOB is added to the Employee List in QuickBooks.

Before you can start paying your employees; however, QuickBooks requires additional data about your payroll in order to keep your payroll tax information correct. You can get this data from the following MYOB reports. (Print these reports as you'll need them when you complete your employee set up in step 5.)

■ Employee Payroll List–report listing employee information, tax status, and pay basis

From the Index to Reports window, click the **Payroll** tab, select **Payroll List**, then click **Display**.

■ Payroll Register (Detail)–report listing the year-to-date amounts for each employee

From the Index to Reports window, click the **Payroll** tab, select **Register Detail**, then click **Customize**. In the Period field of the Report Customization window, select Year-to-date, ensure the date range is from the beginning of the payroll year to the date you started using QuickBooks, then click **Display**.

■ Employer Accrual Expense Balance (detail)–report totalling expenses, such as vacation pay, that the employer has yet to pay out to his or her employees

From the Index to Reports window, click the **Payroll** tab, and under Employer Accruals, select **Accrual Balance Detail**, then click **Customize**. In the Period field of the Report Customization window, select **Lifetime**, and click **Display**. The amount on this report shows the outstanding accrual balances for each employee.

2 Turn on the payroll feature.

Open the newly-converted QuickBooks company file (if it isn't already), and from the Edit menu, select **Preferences**. In the Preferences window, click **Payroll & Employees** from the scroll bar on the left, click the **Company Preferences** tab, then select **Full payroll features**. Click **OK**. All QuickBooks payroll features are now visible.

3 Compare QuickBooks' payroll items to MYOB payroll categories to ensure they fit with your payroll system.

MYOB payroll categories are similar to payroll items in QuickBooks. Payroll items are the building blocks of the QuickBooks payroll system. QuickBooks creates some standard payroll items in the Payroll Item list when you first turn on the payroll feature.

Compare these default payroll items in QuickBooks to your MYOB payroll categories. You may need to create new payroll items to match the way you paid your employees in MYOB. For example, if you paid your employees hourly, you need to create an hourly wage payroll item.

Note: For more information on how to do this, refer "Setting up your payroll items" on page 179.

4 Merge MYOB payroll withholdings and payroll expense accounts with QuickBooks default payroll accounts.

When the payroll feature in QuickBooks is turned on, two accounts are added to the Chart of Accounts: Payroll Expenses, and Payroll Liabilities. QuickBooks uses these payroll accounts to track payroll transactions. In order for the MYOB payroll liability (withholdings) and expense balances that were brought over during conversion to be tracked using the QuickBooks' payroll accounts, all the MYOB payroll liability (with-holdings) accounts must be merged with the QuickBooks "Payroll Liabilities" account, and all MYOB payroll expense accounts must be merged with the QuickBooks "Payroll Expenses" account. If you are not clear on what MYOB payroll liability and expense accounts that you need to merge, talk to your accountant.

To learn about...	Search the Help index for...
Merging accounts	merging, accounts

5 Complete your employee set up

You'll need the reports that you printed in Step 1 to help with the set up of your employees.

Set up employee defaults (optional)

On the employee defaults window, you can set up payroll information that most or all of your employees have in common, such as life or dental insurance benefits or union dues. These defaults will then show up on every new employee's payroll profile, thus removing the need to enter the same data over and over again for each employee.

To learn about...	Search the Help index for...
Setting employee defaults	employee defaults, creating

- Display the Employee List (from the Employees menu, select **Employee List**).
- On the Employee List window, click the **Employee** button and select **Employee Defaults**.
- On the Employee Defaults window, in the "Additions, deductions, and company contributions" box, enter additional adjustments you make to the gross or net pay that apply to most of your employees. Employee defaults for payroll taxes, accrual hours or vacation pay will not be applied to your existing MYOB employees that were brought over during the conversion. These properties must be set up when you customize each employee.

Enter employee year-to-date amounts

For each employee (both current and former) that you paid during the current payroll year, you must enter a summary of his or her earnings, income taxes, and other amounts from January 1 to your QuickBooks start date, otherwise your employee's T4 amounts will be incorrect. Year-to-date amounts for your MYOB employees are available from an employee's last payroll stub, or from the Payroll Register (detail) report that you printed in step 1.

Note: For more information on year-to-date amounts, refer to the section "Summarizing amounts for this year to date" on page 194.

- Open the Set Up YTD Amounts wizard (from the Employees menu, select **Set Up YTD Amounts**).
- Click the **Next** button. On the following two windows, enter the dates as appropriate. You should be entering the date that you converted to QuickBooks.
- When you get to the Employee summary information window, select the employee whose year-to-date summaries you want to add, and click **Enter Summary**. (If a message pops up asking if you want to set up sick hours accrued, click **Later**. You'll be setting this up when you customize each employee's profile.)

■ On the 2003 YTD Adjustment window, enter the employee's year-to-date amounts using the totals from each employee's last payroll stub, or the Payroll Register (detail) report (as shown in the example below) with the exception of accrued vacation pay (see the step below for instructions on vacation pay).

Each employee's year-to-date amounts are totalled on this MYOB report. Enter the totals you see on this report into QuickBooks. For details on how to generate this report, refer to step 1. Year-to-date amounts can also be retrieved from the last payroll stub that you printed for an employee.

The date range should be from the beginning of the payroll year to the date you converted to QuickBooks.

■ If you still owe vacation pay that an employee has accrued, you need to add this outstanding balance to the "VacPay-Accrued" payroll item. Look to the Employer

Accrual Expense Balance (detail) report that you printed in step 1 to determine how much accrued vacation pay that you still owe an employee,

Click OK when you're done entering year-to-date summaries for this employee.

This employee has $234 of accrued vacation pay still owing to her at the time of the conversion. An employee's outstanding accrued vacation pay must be added to the Set Up YTD Amounts wizard.

Do not use the accrued vacation pay amount shown in the Payroll Register (detail) report as this amount does not include any outstanding accrued vacation pay carried forward from previous payroll years.

- When you've entered year-to-date summaries for all your employees, click **Next**.
- On the Enter prior payments window, click **Create Payment**, and enter the total liability payments that you made in this payroll year for each liability item. There are many ways to retrieve the total liability payments you've made thus far from your accounting records.

In this example, we created a Tax Liabilities report covering the period of time when we remitted our tax liability payments to the government. You could also get this information from your PD7A forms. If you are not sure where to get the payroll liability payment amounts you've remitted so far, contact your accountant. Don't forget to include non-tax payroll liability payments, such as union dues.

When all the liability payments have been entered, click the **Accounts Affected** button, and select **Do not affect accounts**., click **OK**, then click **Done**.

This report represents the total amount of tax liability payments you've remitted to the government so far this payroll year (be sure to check these totals with your accounting records). These payments, in addition to other non-tax payroll liability payments, must be entered into QuickBooks.

■ On the last window, click **Finish**.

Customize payroll information for each employee.

■ Display the Employee List (from the **Employees** menu, select **Employee List**).

■ For each employee, double-click their name on the list to open the Edit Employee window. On the Address Info tab, enter their date of birth in the DOB field, their SIN., and other information as required. This information is available from the Employee Payroll List report in MYOB.

Employee Payroll List report from MYOB

■ On the Payroll Info tab, in the Earnings box, select how this employee is paid (salary or hourly for example) and then enter the annual rate if the employee is on a salary, or an hourly rate if paid on an hourly basis. In the Pay Period field, select how often you issue pay cheques to the employee. This information is available from the Employee Payroll List report.

Enter additional adjustments you make to the gross or net pay here, with the exception of tax adjustments. Such adjustments can include payments to a retirement plan, or union dues, company contributions for dental or life insurance to name a few. If you set up employee defaults, these adjustments may already be set.

■ To adjust the payroll tax information for this employee, click the **Payroll Taxes** button. Click **OK** when you're done.

■ To set up how your employee will accrue time for such things as sick days or time off in lieu of overtime, click Accrual Hours.

■ You do not need to add accrued vacation pay because you've already added vacation pay accruals in the Set Up YTD Amounts wizard.

QuickBooks now has all the information it needs to continue paying your employees through to the end of this payroll year. To ensure that you entered your payroll data accurately, refer to the checklist in the section "Making sure your payroll data is complete" on page 199.

Importing from / exporting to other software

Importing from other software

QuickBooks can import information directly from some bookkeeping packages. To start the import wizard, from the **File** menu, select **Import**, then the software you are importing from. For help, click the **Help** button in the wizard.

If you use QuickBooks Pro or better, with a few clicks, you can import your contacts from Microsoft Outlook or Symantec ACT! (see page 85).

For all other software, QuickBooks imports data in a format called IIF (Intuit Interchange Format), a special type of ASCII text file with headings to tell QuickBooks the type of information it contains. (This format is different from .QIF, used by Quicken.)

If you want to import data from other software programs, you need to create an IIF file from it or reformat data you already use to conform to IIF standards.

Note: Creating an IIF file from scratch or changing data from another accounting program into an IIF file is not recommended unless you have programming experience. However, you do not need to learn about the IIF format to export lists and import them back into QuickBooks (see below).

To learn about...	**Search the Help index for...**
Creating an IIF file	importing data

Transferring lists between QuickBooks companies

You can transfer a list (like the Customer:Job list) from one QuickBooks company to another by exporting it to an IIF file, then importing it into the new company.

Note: When you import a list into an existing QuickBooks company, QuickBooks replaces any duplicate entries with ones from the import file.

If you import customers or vendors from an IIF file, you'll need to edit each one to add information such as payment terms. Also, if you have unpaid balances for a customer or vendor, you must enter an invoice or bill that at least tells the total amount owed.

Exporting to other software

When you export a list from QuickBooks, it is automatically formatted as an IIF file. You can then import the IIF file into spreadsheets, word processors, database programs, or other QuickBooks companies. **You can't export transactions from** QuickBooks, but you can create a report based on transactions and print it to a file that another program can import.

Method	What it does	Advantages	Disadvantages
Print to disk	Makes a copy of a list or report in a format common to other software programs	You can import the file into a spreadsheet or word-processing program.	Only lists and reports can be printed to disk. QuickBooks cannot read files printed to disk.
Export	Puts lists into a file in IIF format, with one record per line and one column for each field	Share lists with other company files or databases, word processor, or spreadsheets. Add to the list, then import it back into QuickBooks.	QuickBooks can export only lists, not transactions or reports.

To learn about...	Search the Help index for...
Exporting lists to another QuickBooks company	exporting data

Transferring information to Microsoft Word, Excel, Outlook, or Symantec ACT!

If you use QuickBooks Pro or better, you can easily export data to Microsoft Word or Excel and synchronize your contacts with Microsoft Outlook or Symantec ACT!

■ If you use Microsoft Word as your word processor, you can use customer, vendor, employee, and other names in letters.

■ If you use Microsoft Excel, you can export your QuickBooks report data to Excel for further customization and filtering.

■ If you use Outlook or ACT!, you can synchronize your contact information with QuickBooks.

To learn about...	Search the Help index for...
Writing letters	letters
Exporting data to Excel	reports, exporting to Microsoft Excel
Synchronizing contact information	contact management, synchronizing with a contact manager

Give your accountant permission to access your QuickBooks file remotely
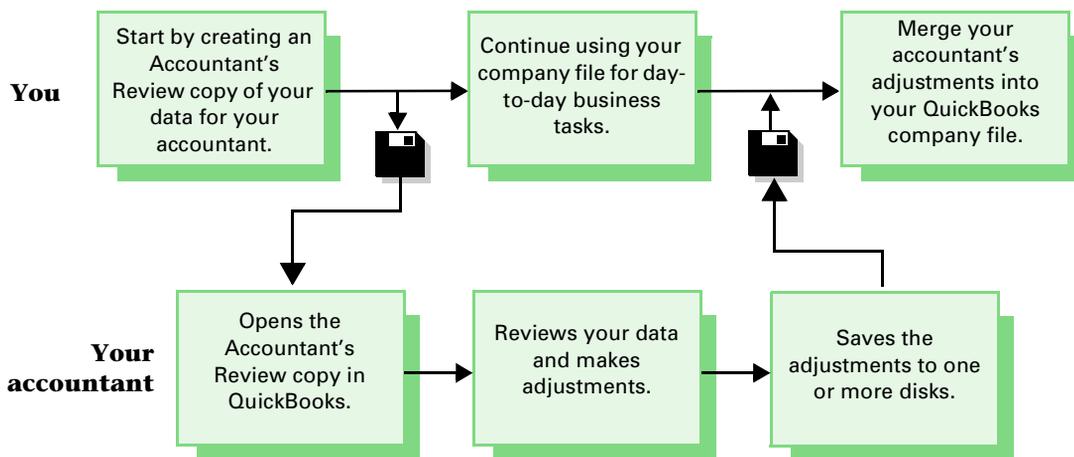
If your accountant has QuickBooks Premier: Accountant Edition, they can use the QuickBooks Remote Access to work with your file directly from their computer. This can save your accountant the time and expense of a visit to your site, and you don't have to worry about preparing a disk for your accountant.

To work this way, set up a time with your accountant to start the session. Your accountant gives you an Internet address and license key. When you go to the address and enter the number, your accountant can begin the remote access session.

During the session, your accountant controls QuickBooks on your computer. Every action your accountant takes is shown in real time on your screen. Your accountant has access only to your QuickBooks software and programs that integrate with it.

Exporting data for your accountant (Accountant's Review)

The Accountant's Review™ feature allows an accountant to make certain kinds of changes in a special copy of your company file. Meanwhile, you can continue to enter daily transactions in the original (master) company file. After the accountant has made the changes, you merge them into the master company file.

You

| Start by creating an Accountant's Review copy of your data for your accountant. | → | Continue using your company file for day-to-day business tasks. | → | Merge your accountant's adjustments into your QuickBooks company file. |

Your accountant

| Opens the Accountant's Review copy in QuickBooks. | → | Reviews your data and makes adjustments. | → | Saves the adjustments to one or more disks. |

Note: Changes cannot be made to foreign-currency accounts in an Accountant's Review file. Therefore, if your accountant needs to edit foreign accounts in your company file, give him or her a *copy* of your company file as opposed to the Accountant's Review copy. Note that while the accountant is editing a *copy* of your company file, you cannot make changes to the master file that you have.

?

To learn about...	Search the Help index for...
Setting up your accountant as a user with all privileges (if you have set up users)	permissions
Creating an Accountant's Review copy of your current company file	accountant's review copy
Merging the accountant's file into the master company file	accountant's review copy
Making the accountant's revised copy your master company file	restoring data
Cancelling an Accountant's Review copy	accountant's review copy

What can and can't be changed

The Accountant's Review feature may not be right for everyone. The accountant can make some kinds of changes but not others. The advantage of using the Accountant's Review feature is that you can continue to work normally with your master company file (that is, the regular company file from which you make the Accountant's Review copy). After the accountant has made changes, you can merge the changes into your master file.

Note: If you have set up users for your company (see "Working with multiple users" on page 122), your accountant will need the user name and password of the QuickBooks Administrator.

The table shows what an accountant can and can't do while using an Accountant's Review copy of your file, and any restrictions on you while this copy is out.

Your accountant can...	Your accountant cannot...	You cannot...
■ View all existing transactions and lists ■ Add new items to the Chart of Accounts, Item list, To Do Notes list, and Memorized Transaction list (general journal transactions only)	■ Enter transactions other than general journal transactions ■ Add new items to the Payroll Item list ■ Memorize transactions other than general journal transactions	■ Delete any items from lists ■ Reorganize lists (move items, make one item a subitem of another)

Your accountant can...	Your accountant cannot...	You cannot...
■ Create, edit, and print PD7A, T4, and Relevé 1 forms	■ Edit existing payroll items	
■ Edit existing account names and numbers	■ Edit or delete existing trans-actions, including pay cheques	
■ Edit account and tax information for existing items on the Item list	■ Reorganize lists (move items, make one item a subitem of another)	
■ Enter general journal transac-tions	■ Rename accounts or items	
■ Reconcile new trans-actions	■ Make items inactive	
■ Adjust inventory values or quantities	■ Edit names of existing items on Item list	
■ Create reports	■ Adjust payroll liabilities	
■ Change preferences temporarily	■ Enter or edit employee YTD payroll setup trans-actions	
■ Print T4A report	■ Export changes to prefer-ences	
	■ Memorize reports	
	■ Change a non-inventory part type to an inventory part type	
	■ Merge new inventory part items with previous, existing inventory part items	

?

To learn about...	Search the Help index for...
Setting up your accountant as a user with all privileges (if you have set up users)	permissions
Creating an Accountant's Review copy of your current company file	accountant's review copy
Merging the accountant's file into the master company file	accountant's review copy
Making the accountant's revised copy your master company file	restoring data
Cancelling an Accountant's Review copy	accountant's review copy

For accountants only:
working with an Accountant's Review copy

The Accountant's Review copy of a company file (which your client should create from his or her master company file) is a compressed, special type of company file. It has a **.QBX** extension instead of the usual .QBW or .QBB. When you start working with these files for the first time, QuickBooks decompresses them to a **.QBA** file.

You cannot make changes to foreign-currency accounts in an Accountant's Review copy of a company file. If your client has foreign-currency accounts that you need to make adjustments to, have your client send you a copy of their company file instead of the Accountant's Review copy. Note that the client cannot work on his or her company file while you are editing the copy that they gave you.

Note: If your client has set up users and passwords, you'll need to find out the user name and password assigned to you or the QuickBooks administrator.

Once you have opened an Accountant's Review copy, it remains the current QuickBooks company unless you open a different company or you close the company. If you try to record a change that is not allowed, QuickBooks tells you that it cannot record the change in an Accountant's Review copy.

> **If your computer's system date and time is earlier than the date and time that your client created the Accountant's Review copy, you will not be able to open that copy.**
>
> To correct the problem you'll need to determine which computer has the incorrect date and time, change the date and time, and try to reopen the copy. You may need to have your client cancel the first review copy and create another one for you.

When you export your work from an Accountant's Review copy, the changes to his or her company file are saved in a **.AIF** file. You should return this file to your client as soon as possible so it can be reintegrated with his or her .QBW file.

To learn about...	Search the Help index for...
Creating a file to give to your client	accountant's review copy

Chapter 3   Importing and exporting data

QuickBooks basics

What you need to know to work in QuickBooks

This chapter explains the basics of using QuickBooks, so you can get up and running quickly. Once you know how to get around in QuickBooks and where to go for more information, you'll learn about the options you have and how to use the features of QuickBooks that require additional setup, like backing up and restoring data, allowing different users to access your company file, and linking your company accounts to your income tax return.

Getting around in QuickBooks

QuickBooks gives you many ways to get to the information or feature you want.

About the Getting Started window

When you first open QuickBooks, the QuickBooks Getting Started window appears (usually it is underneath the Automatic Update window). The Getting Started window lists the steps you need to complete to finish setting up your new company file, tells you how to find the information you'll need while you're working, and gives you some useful tips on managing your business.

QuickBooks also provides information about resources for your business, product news, and how to get help, if you need it. Look under the **Help** menu for these options.

Navigating in the working area

QuickBooks makes it easy to access the feature or information you want. There are several ways to get around in most areas of QuickBooks — just choose the one that best fits your work style. Also, many parts of QuickBooks, such as the Icon bar, are customizable to fit the needs of your business.

Navigators are an easy way to work in one area of QuickBooks.

Each Navigator shows the tasks for one area of your business.

As you use QuickBooks, the Open Window list keeps a list of the areas you've worked in.

Get your questions answered with 1-2-3 Help.
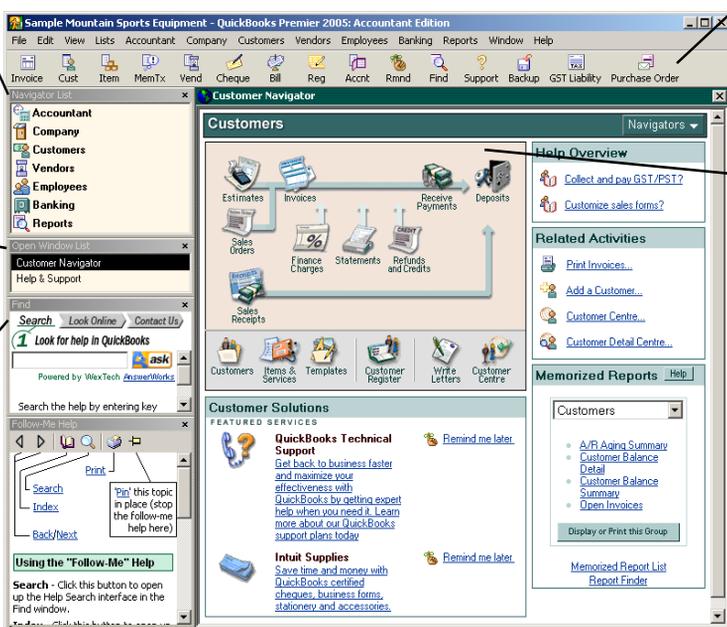
The customizable Icon bar gives you one-click access to the features you use most.

The Customer Navigator, shown here, contains customer-specific tasks like creating an invoice.

For more on the Navigators, see "Getting information about your company" on page 100.

The Follow-Me Help window displays help related to what you are doing in QuickBooks. For more on Help, see "Using the Help system in QuickBooks" on page 96.

Moving between windows

Tip: If you'd like to be able to see multiple windows open at the same time, from the View menu, select **Multiple Windows**.

QuickBooks maximizes your workspace by displaying one window at a time at its full size. Because QuickBooks keeps a list of the windows you have open, you can quickly switch between windows as you work.

To learn about...	Search the Help index for...
Customizing and using the Icon bar	Icon Bar
Displaying the navigators	navigators
Displaying and using the Open Window list	windows, list of open
Showing, hiding, or customizing items on the QuickBooks desktop	desktop

Using lists, forms, and registers

When you're working in QuickBooks, you'll spend most of your time using a form, a list, or a register. Since these are the basic elements to QuickBooks so take a few minutes to become familiar with them.

Using lists

Lists store information about customers, vendors, employees, items or services you sell, and so on. They save you time and help you enter information consistently and correctly.

You fill out most QuickBooks forms by selecting entries from a list. For example, when you're filling out an invoice form, you select a customer name from the Customer:Job list. QuickBooks then fills in the customer's name, address, payment terms, and other data.

To re-sort the list by name, click the column header. An "X" beside a name shows it's inactive.

Use the menu buttons at the bottom of lists for a variety of tasks: creating new entries,

This list includes each customer and job and their outstanding balances.

You can create notes on many lists.

To show the items marked "inactive," tick Show All. To hide these items, clear the checkbox.

editing existing ones, creating reports about items on the list, and using them in transactions.

Using forms

You record most of your daily business transactions on a QuickBooks form, which looks just like the paper forms you're used to. After you fill it in, QuickBooks does the accounting.

When you record a bill and then write a cheque (using the Pay Bills window) to pay for the business expense, QuickBooks enters transactions in your accounts payable register to show the expense you incurred and the payment you made.

It also records the cheque in your chequing account, keeping your records up to date and providing a running balance of what you owe at any time.

Using registers

Just as you use the paper register that comes with your cheques to record the transactions in your chequing account—cheques you've written, withdrawals you've made, and deposits—QuickBooks uses electronic registers to record the activity in its accounts. The register shows every transaction for that account, as well as the account balance.

Although you usually would use forms for entering and viewing transactions, you can also do so directly in registers. Here's an example of a register for an accounts receivable account.

The register shows information about invoices written to customers — the date of the invoice, the date it's due, the name of the customer, and the amount.

It also shows payments you've received against your invoices.

At the bottom-right of the register, you see a running balance, or ending balance as it is referred to in QuickBooks, of all your accounts receivable, so you always know how much you're owed.

For foreign accounts, registers show their transaction amounts in the currency denomination of the account.

QuickBooks Keyboard Shortcuts

General	Key
To start QuickBooks without a company file	CTRL+double-click
To suppress the desktop windows (at Open Company window)	ALT (while opening)
Display information about QuickBooks	F2
Cancel	ESC
Record (when black border is around OK, Next, or Prev button)	ø
Record (always)	CTRL + ↵

Dates	Key
Next day	+ (plus key)
Previous day	– (minus key)
Today	T
First day of the **W**eek	W
Last day of the wee**K**	K
First day of the **M**onth	M
Last day of the mont**H**	H
First day of the **Y**ear	Y
Last day of the yea**R**	R
Date calendar	ALT + down arrow

Editing	Key
Edit transaction selected in register	CTRL + E
Delete character to right of insertion point	DEL
Delete character to left of insertion point	BACKSPACE
Delete line from detail area	CTRL + Del
Insert line in detail area	CTRL + Ins
Cut selected characters	CTRL + X
Copy selected characters	CTRL + C
Paste cut or copied characters	CTRL + V
Increase cheque or other form number by one	+ (plus key)
Decrease cheque or other form number by one	– (minus key)
Undo changes made in a field	CTRL + Z

Help window	Key
Display Help in context	F1
Select next option or topic	TAB
Select previous option or topic	SHIFT + TAB
Display selected topic	ø
Close popup box	ESC
Close Help window	ESC

Activity	Key
Account list, display	CTRL + A
QuickFill and Recall (type first few letters of name and press Tab, name fills in)	*abc* TAB
Copy transaction in register	CTRL + O
Customer:Job list, display	CTRL + J
Delete cheque, invoice, transaction, or item from list	CTRL + D
Edit lists or registers	CTRL + E
Cheque, write	CTRL + W
Find transaction	CTRL + F
Go to register of transfer account	CTRL + G
Help in context, display	F1
History of A/R or A/P transaction	CTRL + H
Invoice, create	CTRL + I
List (for current field), display	CTRL + L
Memorize transaction or report	CTRL + M
Memorized transaction list, display	CTRL + T
New invoice, bill, cheque or list item	CTRL + N
Paste copied transaction in register	CTRL + V
Print	CTRL + P
QuickZoom on report	ø
QuickReport on transaction or list item	CTRL + Q
Register, display	CTRL + R
Show list	CTRL + S
Use list item	CTRL + U

Moving around a window	Key
Next field	Tab
Previous field	SHIFT + TAB
Report column to the right	Right arrow
Report column to the left	Left arrow
Beginning of current field	HOME
End of current field	END
Line below in detail area or on report	Down arrow
Line above in detail area or on report	Up arrow
Down one screen	PAGE DOWN
Up one screen	PAGE UP
Next word in field	CTRL + →
Previous word in field	CTRL + ←
Close active window	ESC or CTRL+F4
First item on list or prev. month in register	CTRL + PAGE UP
Last item on list or next month in register	CTRL + PAGE DOWN

Using the Help system in QuickBooks

QuickBooks provides a variety of ways for you to obtain useful information and answers to your questions. These include tutorials in the Learning Center, Follow-Me Help, and an exhaustive search engine (referred to as 1-2-3 Help) that searches not only the help, but our online knowledge base.

Sidebar Windows

Help main menu

Search the Help

How Do I? menus: Show-Me videos are listed here

Find: Use this window to get all your questions answered.

Follow-Me Help: This window tracks your moves, and displays help about what you are doing.

Show-Me videos and How Do I? links appear here as well.

Context-sensitive help

In QuickBooks 2006, we have added many ways in which you can access our context-sensitive help system.

Follow-Me Help

Follow-Me Help "follows" you as you work in QuickBooks and displays the topics that are related to what you are doing. If you have an Invoice form open, you will see help on how to create an invoice with "How Do I?" links listed underneath.

Index: opens the Index in the Find (1-2-3 Help) window.

Search: opens the search engine in the Find (1-2-3 Help) window.

Print: prints the help topic. Make sure the help you want printed is expanded (i.e., click ⊞ to expand the text before you print it).

Back/Next: moves backwards or forward through help topics that have already been displayed in this window.

Pin: anchors a help topic or stops the window from following your activities.

This tool is useful when you need to open several windows, but want the help to remain on one topic.

Topic content appears here.

The ⊞ (plus) icon means that there is help content hidden. When you click the plus icon, the help topic expands so you can read it.

The Follow-Me Help sidebar window is located, by default, at the bottom of the sidebar area on the left-hand side of the QuickBooks work space. You can move this help window anywhere you like by dragging it to the position you want. When you drag it back to the sidebar window area, the window automatically docks in the sidebar. You can also close the Follow-Me Help window altogether.

To close and open the Follow-Me Help window:

- To close the Follow-Me Help window, click the x in the upper right-hand corner of the window.
- To open the Follow-Me Help window, go to the **View** menu and select **Follow-Me Help**.
- To reset the sidebar area to the default layout, go to the **View** menu and select **Reset Sidebar Windows**.

How Do I? menus

Throughout QuickBooks, you'll find windows with a **How Do I?** drop-down menu in the upper-right corner. These menus provide quick access to information and instructions for the window you're working in. The help topic is usually displayed in the Follow-Me Help window. How Do I? menus also list any show-me videos that may be available for that window or activity.

F1 key

You can get explanations about features of most windows by pressing the **F1** key or the **Help** key on your keyboard. The help topic is displayed in the Follow-Me Help window.

Some windows also have a Help button. When you click a Help button, the help is usually displayed in a separate help window and not the Follow-Me Help window.

Getting your questions answered

Using the index

To find help on a particular subject, choose **Help Index** from the Help menu or click the book icon on the Follow-Me Help window. The Index appears in the Find window. Type the word that best describes what you need information on. If you can't find what you want from the Index, try using the 1-2-3 Help.

Searching for answers

In most windows, next to the How Do I? drop-down menu, there is a search feature where you can type your question and search the in-product help system.

You can also use the 1-2-3 Help to not only our help system, but to search the knowledge base located on our Web site. The knowledge base is a grouping of Frequently Asked Questions (FAQs) that come from our customers. It contains hundreds of tips and tricks.

Using 1-2-3 Help to answer your questions

With 1-2-3 Help, you can get all of your questions answered at the click of a button.

1.) **Search**: Click Search, type your question in the box, then click Ask. The search engine searches all the in-product help topics and displays the results underneath the box.

2.) **Look Online**: Click Look Online, type your question in the box, then click Search. The search engine searches all the FAQs on our Web site and displays the results in the QuickBooks workspace in a separate window.

3.) **Contact Us**: As a last resort, if you still haven't found the answer you're looking for, click Contact Us to display a list of contact numbers for Intuit Canada. Note that service charges may apply.

The 1-2-3 Help is located in the Find window. The Find window, by default, appears above the Follow-Me Help sidebar window. You can move this window anywhere you like by dragging it to the position you want. When you drag it back to the sidebar window area, the window automatically docks in the sidebar. You can also close the Find window altogether.

To close and open the Find window:

- To close the Find window, click the x in the upper right-hand corner of the window.
- To open the Find window, go to the **View** menu and select **Follow-Me Help**.
- To reset the sidebar area to the default layout, go to the **View** menu and select **Reset Sidebar Windows**.

Learning with the QuickBooks Learning Center

The fastest way to get started in QuickBooks is to learn with the QuickBooks Learning Center that include many tutorials on some common tasks in QuickBooks.

To start the QuickBooks Coach:

- From the **Help** menu, choose **Learning Center**.

Exploring QuickBooks with a sample company

Use the sample company that comes with QuickBooks to get familiar with the software: explore the features, enter test data, and run reports.

To view the sample company:

1 From the File menu, choose **Open Company**.

2 In the Open a Company window, choose **sample.qbw**.

Getting information about your company

Navigators are the best starting point to see how your company is doing at a glance. They gather information from your QuickBooks data and display it in one location so you can manage your business more effectively. There are six navigators: Company, Customers, Vendors, Employees, Banking, Reports.

The flowchart shows activities for dealing with one customer.

Click the icons for quick access.

In this area, QuickBooks provides you with suggestions for working with your customers.

Click these icons for quick access to features you use to manage all your customers.

Use this drop-down list for convenient access to reports you've added to the memorized reports list.

To learn about...	Search the Help index for...
Using the Company Centre	Company Centre
Using other QuickBooks centres	centres
Decision Tools	decision tools

Creating reports

QuickBooks provides a wide variety of preset reports and graphs designed to give you quick and easy access to your company's information. In addition, you can create your own customized reports that have a different look and layout as well as scope of information.

Finding the right report

With the Report Finder, you can quickly review and choose among the many preset reports that QuickBooks provides. To help you choose an appropriate report, the Report Finder displays a sample of each report, as well as a summary of what the report conveys about your business.
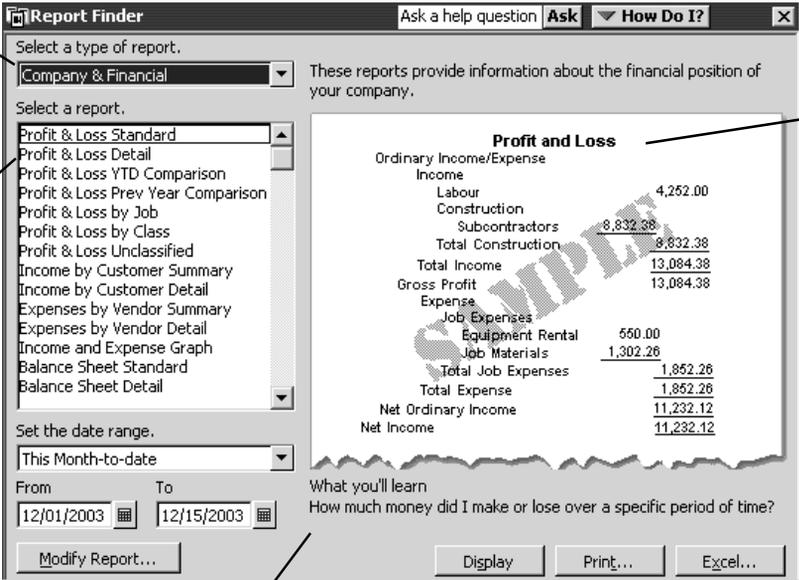
Choose a report category and view a general description of your choice.

The specific reports available in the category you selected are listed here.

View a thumbnail picture with sample data to get an idea of a report's content. You can customize a report before or after you generate it.

QuickBooks provides details about a report's content to help you decide whether the report is appropriate for your needs.

To learn about...	Search the Help index for...
Finding a report	reports, finding
Creating a report	reports, creating
Preset reports	report types, all

Customizing the look of a report

Most reports can be customized for unique presentation of your data. For example, you can do the following:

- Change the typeface (font) and how numbers display
- Add or remove columns and adjust their width
- Create or change subtotal groupings
- Change the sort order of transactions
- Change the units of measure for reports on your items, purchases, sales and inventory transactions (QuickBooks Pro and QuickBooks Premier only); refer to "Reporting in different units of measure" on page 36

Click Modify Report to customize a report for your needs.

If you are using QuickBooks Pro or better and Microsoft Office, you can export reports to a Microsoft Excel spreadsheet.

The Modify Report window is divided up in to tabs. Each tab covers different customization options for the report.

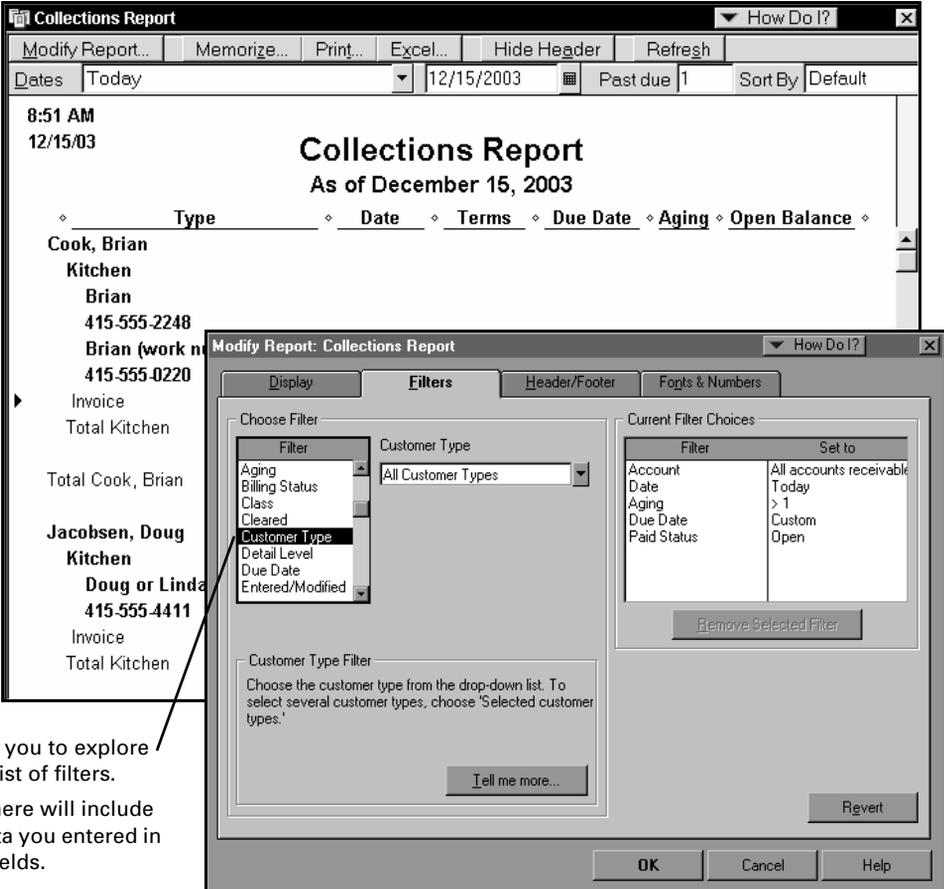For example, the Display tab allows you to choose the columns you want visible on the report that you are currently working on.

After you have customized a report, you can save the settings for future use. Saving report settings is called memorizing. The next time you run the report, QuickBooks recreates the format of the report, but uses your latest financial data.

When you memorize a report, QuickBooks adds it to the Memorized Report List. To display this list, from the Reports menu, choose **Memorized Reports**, then choose **Memorized Report List**.

Changing the scope of the information in a report

Creating your own version of an existing report can also include filtering, or changing the scope of the information that displays on a preset report.

We encourage you to explore the extensive list of filters.

Your options here will include filtering for data you entered in your custom fields.

To learn about...	Search the Help index for...
Changing date ranges	reports, dates in
Customizing a report	report customization
Adjusting, adding, or deleting columns on a report	report customization, columns
Tailoring the data in the report (filtering)	reports, changing the scope of
Changing headers and footers	report customization, headers

What does "Other" refer to on reports?

If you use subaccounts, subitems, or jobs, then sooner or later you will see the word "Other" on a report:

Profit and Loss
October through December 2003

	Oct - Dec '03
Expense	
Automobile	
Fuel	140.35
Repairs and Maintenance	114.75
Automobile - Other	18.45
Total Automobile	273.55

The $18.45 expense for Automobile-Other is for the Automobile main account and not for either of the subaccounts.

QuickBooks shows the word "Other" when you create a report for an account that has subaccounts (or items that have subitems, customers that have jobs, and so on) and there is a transaction associated with the main account. Generally, if you are using subaccounts (or subitems or jobs), you should associate transactions only with the subaccounts instead of the master account.

Tip: To remove the "Other" line or column on a report, double-click its dollar amount to see the transaction and adjust it. When QuickBooks displays a report listing one or more transactions, double-click each one in turn. In the transaction itself, replace the problem name with the correct subaccount, subitem, or job.

Understanding QuickBooks file types

QuickBooks uses several types of files. Here are some of the more common ones:

- **.QBW:** Your company file. This contains your company set-up, and all the information you enter (customers, vendors, transactions, etc.) for your company.
- **.QBB:** A compressed backup of your company file.
- **.QBX:** A compressed version of an Accountant's Review copy of your company file. See "Exporting data for your accountant (Accountant's Review)" on page 86.
- **.QBA:** An Accountant's Review copy of your company file that's not compressed (that is, what your accountant gets when he or she opens the .QBX file you provided).
- **.AIF:** A special file containing the changes your accountant made to your company's books in the .QBX file you provided. You merge the information from this file back into your regular company file (.QBW).

Customizing your forms

You can customize any sales or purchase form (template) and create any number of versions to suit your business needs.

Tip: If you plan to print your invoices or statements on preprinted forms from Intuit, you should make only minor adjustments to the Intuit templates. For example, adding a logo, adding your company name and address, or changing fonts still allows you to use preprinted forms and double-window envelopes you purchase from Intuit. You can't; however, add, change, delete, or move columns unless you have purchased custom designed forms.

For each form you customize, you decide which fields (including custom fields) and columns to include, what they are labelled, and where to place them.
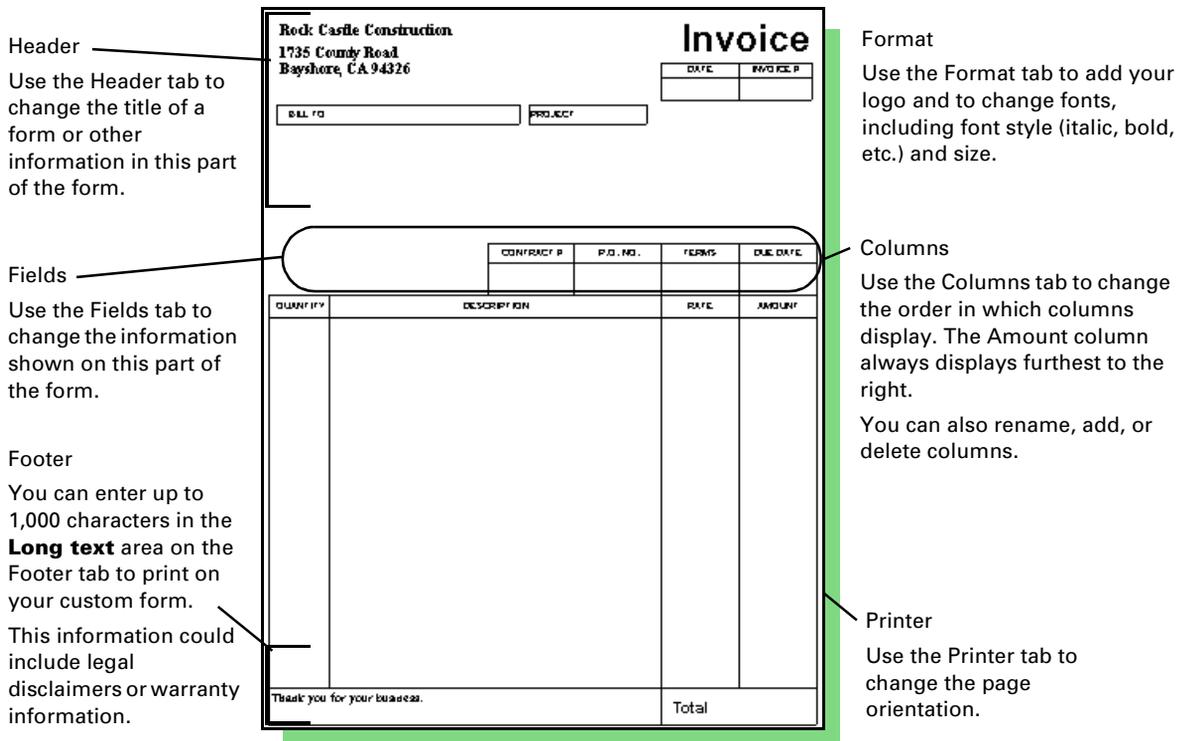
Once you've created your forms, you can save them to use whenever you want and modify them whenever you want. You can also purchase custom forms to match.

Note: To purchase custom forms, see "Ordering QuickBooks products and services" on page 251.

To customize a form (template):

1 With any sales or purchase form open (for example, an invoice or purchase order), click the **Customize** button located at the top of the form.

2 Select the template you want to customize and click **Edit**. The Customize window appears.

or...

If you want to customize an Intuit template, select the one you want to customize and click **New**. Don't forget to give your new template a name.

The following diagram shows the areas of the form that you can change using various tabs of the Customize window.

Header

Use the Header tab to change the title of a form or other information in this part of the form.

Fields

Use the Fields tab to change the information shown on this part of the form.

Footer

You can enter up to 1,000 characters in the **Long text** area on the Footer tab to print on your custom form.

This information could include legal disclaimers or warranty information.

Format

Use the Format tab to add your logo and to change fonts, including font style (italic, bold, etc.) and size.

Columns

Use the Columns tab to change the order in which columns display. The Amount column always displays furthest to the right.

You can also rename, add, or delete columns.

Printer

Use the Printer tab to change the page orientation.

To learn about...	Search the Help index for...
Creating custom business forms	customizing forms, about

Backing up your company data

Your data is valuable! No recovery technique can repair all possible file damage or protect against theft or natural disasters.

To guard against and minimize data loss, you should make regular backup copies of your QuickBooks company (or companies). In the event of data loss, you can restore your data from the backup.

When it comes to backing up your company file, you have several options. You can backup to

- your hard drive

- 3.5 floppy disks

- CD-R or CD-RW

- Zip disk

- tape

- a secure server on the Internet, if you subscribe to the QuickBooks Backup Service.

Note: QuickBooks Backup Service is an online backup through the Internet. It's fast and convenient, and stores a copy of your company file on secure, third-party server away from the physical location of your company.

The QuickBooks Backup command doesn't just copy your company file. Instead, it compresses the data into a compact backup file which only QuickBooks can open. You can give the backup file any name you want. QuickBooks automatically gives your backed file the extension .QBB.

Note: For a description of the various file types QuickBooks creates for your company file, see "Quick-Books Keyboard Shortcuts" on page 95.

It's a good idea to store at least one recent backup off-site. That way, in case of theft or natural disaster, you'll have a copy of your company data in a safe place.

> **You must be in single-user mode to backup your company file.**
>
> In single-user mode, only one person at a time can access and work with your company file. If you have QuickBooks Basic, you are always working in single-user mode and do not need to worry about switching.
>
> If other people are working with the company file, ask them either to close the file or exit QuickBooks. Then, from the File menu, choose Switch To Single-User Mode.

Recommended backup routine

If you use QuickBooks Pro or better in multi-user mode, you must switch to single-user mode to create a backup. For more information on single-user mode, see "Working with multiple users" on page 122.

■ Prepare several sets of backup media.

If you're using 3.5 floppy disks to backup, you may require multiple disks, depending on the size of your company file.

■ Label the backup media "QuickBooks Backup Monday," "QuickBooks Backup Tuesday," etc.

If you're using 3.5 floppy disks to backup and you require more than one disk, label the disks "Monday, Disk 1," "Monday, Disk 2," and so on.)

By having one set of backup disks for each business day, you likely won't lose more than one day's records if a disaster strikes.

■ Each day, back up onto that day's disks and keep them in your office.

■ At least once a week, make a second backup to keep off your premises.

Alternate between two sets of media for your weekly off-set backup. If a disaster strikes your office, you'll want a reliable record of your data to fall back on.

■ Periodically, replace your backup media with new media on your machine.

If you back up your company file to a floppy disk, you should be aware that there are risks involved in this type of data storage.

Not all floppy disks are created equally. Some disks can be re-used several times and retain their integrity for a long period of time. While others can be re-used only a few times and can become corrupt for no obvious reason. Because of the volatility of floppy disks, we least recommend this type of data storage.

■ At the end of the fiscal year, make an archive copy of your data to keep off your premises.

To learn about...	Search the Help index for...
Backing up your company data	backups

Backing up to a CD-R or CD-RW

> ⚠️ **Although Windows XP can write data directly to a CD-R or CD-RW, we strongly recommend that you use third-party CD writing software to back up your company file instead.**
>
> Because of a limitation in the CD writing program that comes with Windows XP, it may not allow QuickBooks to back up directly to a CD. Instead, it may display an error message such as "Unable to access the disk." Also, if Windows XP does allow Quick-Books to access the CD, Windows XP may not transfer your company file backup from the CD Writing Tasks area to your CD properly.
>
> Instead, you should first save the backup to your hard drive, then copy it to your CD with reliable third-party software.

To back up to a CD-R or CD-RW:

1 Insert the CD into your CD-R drive.

2 From the **File** menu, choose **Back Up** and ensure the **Back Up Company File** tab is selected.

3 Click **Browse**.

4 Navigate to a place on your hard drive that you can easily find again.

■ QuickBooks may warn you that you are backing your data up to your hard disk.

5 In the **File name** field, type a name for your backup.

Tip: We recommend that you give a new name for each backup, for example, the date of this backup. This prevents you from overwriting the previous backup should there be a problem during the backup process (for example, a power failure).

6 Click **Save**.

7 (Optional) Select the backup options you want:

■ **Verify data integrity:** Select to verify your data before backing up.

■ **Set Defaults:** Click to specify the defaults for backing up manually.

8 Click **OK**. QuickBooks creates a backup file of your company data.

9 Start your CD writing software and use it to copy the backup file from the location you saved it to your CD.

For those users who are very comfortable working around the limitation in Windows XP's built-in CD writing software, the help file includes information about setting up Windows XP so that you can back up your company files directly from QuickBooks to a CD.

To learn about...	Search the Help index for...
Setting up Windows XP so you can back up to CDs directly from Quick-Books	backups, CD using Windows XP

Backing up to a Zip drive

To backup to a Zip disk:

1 Insert the Zip disk into your Zip drive.

2 From the **File** menu, choose **Back Up** and make sure the **Back Up Company File** tab is selected.

3 Click **Browse**.

4 Navigate to your Zip drive.

5 In the **File name** field, type a name for your backup.

Tip: We recommend that you give a new name for each backup, for example, the date of this backup. This prevents you from overwriting the previous backup should there be a problem during the backup process (for example, a power failure).

6 Click **Save**.

7 (Optional) Select the backup options you want:

- **Verify data integrity:** Select to verify your data before backing up.
- **Set Defaults:** Click to specify the defaults for backing up manually.

8 Click **OK**. QuickBooks creates a backup file of your company data.

Backing up to a tape

To backup to a tape:

1 Insert the tape into your tape drive.

2 From the **File** menu, choose **Back Up** and make sure the **Back Up Company File** tab is selected.

3 Click **Browse**.

4 Navigate to your tape drive.

5 In the **File name** field, type a name for your backup.

Tip: We recommend that you give a new name for each backup, for example, the date of this backup. This prevents you from overwriting the previous backup should there be a problem during the backup process (for example, a power failure).

6 Click **Save**.

7 (Optional) Select the backup options you want:

- **Verify data integrity:** Select to verify your data before backing up.
- **Set Defaults:** Click to specify the defaults for backing up manually.

8 Click **OK**. QuickBooks creates a backup file of your company data.

Backing up to a 3.5 floppy disk

> **If you decide to backup your company file to a floppy disk, you should be aware that there are risks involved in this type of data storage.**
>
> Not all floppy disks are created equally. Some disks can be re-used several times and retain their integrity for a long period of time. While others can be re-used only a few times and can become corrupt for no obvious reason. Because of the volatility of floppy disks, we least recommend this type of data storage.

Formatting your floppy disk

Formatting removes any old data that may be on the disk and prepares the disk to receive new data. Even if the disk is labelled as preformatted, it's a good idea to fully format a new disk before using it. Sometimes new disks can be stripped of their formatting during shipping.

For your convenience, QuickBooks can format disks during the backup process.

Tip: We recommend you keep multiple backups on different sets of disks and that you periodically replace the disks with new disks.

To backup to a 3.5 floppy disk:

1 Insert a disk into your floppy disk drive.

2 From the **File** menu, choose **Back Up** and ensure the Back Up Company File tab is selected.

3 Click **Browse**.

4 Navigate to your floppy disk drive.

5 In the **File name** field, type a name for your backup.

Tip: We recommend that you give a new name for each backup. For example, the date of this backup. This prevents you from overwriting the previous backup should there be a problem during the backup process (for example, a power failure).

6 (Optional) Select the backup options you want:
- **Verify data integrity:** Select to verify your data before backing up.
- **Set Defaults:** Click to specify the defaults for backing up manually.

7 Select **Format each floppy disk during backup**.

8 Click **OK**. QuickBooks prepares to format the floppy disk. The format dialog box appears.

9 Click **Start**. A warning appears that all the data on the floppy disk first be erased.

10 Click **OK**. The floppy disk is formatted.

11 When formatting is complete, click **OK**, then click **Close** to close the Format dialog box. QuickBooks begins to backup your company file to the floppy disk(s).

Note: If you need more than one disk, QuickBooks asks you to insert an additional disk as each disk fills up. Label the disks so that you'll know which one was first, which was second, and so on. This will help you if you ever need to restore the data from the disks.

If you selected to format before backing up the disk, QuickBooks formats sequential disks as you place them into the drive.

Testing your backup

Due to the volatility of floppy disks, we recommend that your test the data that you've stored on your floppy disk.

You'll use the Restore feature to test your backup. This procedure uncompresses your backup file and creates a new company file using the data from the backup.

> **Unfortunately, testing the backup data doesn't ensure the integrity of your floppy disk.**
>
> There is still a risk of your backed up data becoming corrupt. Corruption can occur due to age, environmental changes, over-use, or for reasons beyond your control.

To test the data you've backed up:

1 Insert the 3.5" floppy disk that contains your backup file, or if you're restoring from multiple disks, insert the first disk.

2 From the **File** menu, choose **Restore**.

3 In the **Get Company Backup From** section, select Disk; then click **Browse** to navigate to the file on your floppy disk drive and click **Open**.

4 In the **Restore Company Backup To** section, click **Browse** and navigate to a folder where you can store the restored file temporarily. Don't save the restored file in the same folder where you normally store your company file. For example, navigate to the Windows temp folder.

5 In the **File name** field, type a name for the restored file. For example, test.

6 Click **Save**.

7 Click **Restore**.

If you're restoring from multiple disks, QuickBooks prompts you to insert the sequential disks as QuickBooks extracts the compressed data.

8 QuickBooks lets you know if the restore was successful. Click **OK**. QuickBooks opens your restored company file.

> **The next time you open QuickBooks, ensure that you're opening your main company file and not your this restored file.**
>
> By default, QuickBooks remembers the last file you worked on.

Using the QuickBooks Backup Service

The QuickBooks Backup Service is a scheduled backup service. You don't have to do anything once you've set everything up. Although, if you do want to do a backup manually, you still can by simply launching the QuickBooks Backup Service software.

Before you can use the QuickBooks Backup Service, you'll need to sign up for it. An Internet connection is required to use the QuickBooks Backup Service.

To sign up for the QuickBooks Backup Service:

1 From the **File** menu, choose **Back Up** and ensure the Back Up Company File tab is selected.

2 Select **Online**, then click **Tell me more**. The QuickBooks Backup Service overview opens.

3 Click **Get Started Now**. The QuickBooks Backup Service Web site opens.

4 In Service Level Options table, click **Download Now** for the level of service you want:

- **QuickBooks File Backup:** Select to protect up to 100 MB of data, including your QuickBooks files, with this low cost backup solution. Your QuickBooks files will automatically be selected for backup. Additional individual files can be selected manually.

- **Premium Data Backup:** Select to protect all of the company files on your PC, up to 4 GB.

- **Premium Plus System Backup:** Select to protect all files and software applications on your PC and automatically heal your PC from virus attacks, corrupted applications or files, up to 10 GB.

You're prompted to open the installation file.

5 Click **Open**, then click **Install**. The installation begins.

6 Follow the prompts as they appear. Once you've signed up, you're prompted to start the backup process.

When the back up is done, you'll receive a report about the back up and if there were problems. The QuickBooks Backup Service also displays your next scheduled back up.

To perform a backup manually, click the 🌸 icon on your desktop to launch the QuickBooks Backup Service software.

Searching for your backup file

If for some reason you can't locate your backup file (.QBB), you can use the Windows' search feature to help you find it.

To search for the backup file:

1 From the Windows Start button, select **Search**, then choose **For Files or Folders**.

2 In the Search Results window, type ***.QBB** in the "Search for files named" field.

The asterisk symbol acts as a substitute for zero or more characters.

3 Choose a drive or folder in the "Look in" field.

4 Click **Search Now**.

Restoring your backup file

If you need to restore your company file from a backup, use the Restore command. Because QuickBooks backup files are compressed, simply copying the backup file to your QuickBooks directory won't give you access to your data.

> **Because your backup copy is in a compressed file format, you must use the Restore command to bring the data back into QuickBooks. Do not use the Copy command from Windows Explorer or the DOS prompt.**
>
> If your hard disk has malfunctioned, you first need to reinstall QuickBooks on the repaired or new hard disk. For instructions, see the "Installing & Learning to Use Quick-Books Guide" that came with your software.

Note: If QuickBooks locates a company file with a name that is the same as the one you're restoring, QuickBooks asks you whether you want to replace the existing file.

If you answer "No," QuickBooks returns you to the Restore window. You must then give a different name to the restored file, and when the process is finished, you will have two different versions of your company data.

If you are restoring your company file because your computer or hard drive malfunctioned, we recommend that after the hardware repairs are done, you reinstall QuickBooks and any updates, before you proceed.

To learn about...	Search the Help index for...
Restoring your company data	restoring from a backup

Condensing your company file

If your company file has grown very large, you can reduce its size by condensing the older transactions that you no longer need much detail about.

For example, you might want to condense the transactions your company completed two years ago or more, especially if your company file has grown quite large (more than 75 MB). Condensing large company files can sometimes improve the performance of QuickBooks.

When you condense data, you can specify an ending date for the period of time you want to condense. Transactions dated *after* your selected ending date are not affected. For example, if your ending date is 12/31/03, all transactions dated 01/01/04 and later remain intact in your company file.

When you condense your company file based on transactions as of a specific date, QuickBooks deletes only closed transactions. Open transactions are retained. Therefore, to condense the most possible transactions, try to complete any unpaid bills or uncleared transactions you have before starting. It is best to choose an end date that is six months or more in the past.

If you select Remove ALL transactions, all transactions regardless of their dates are removed.

If you report financial information to the Québec Minister of Revenue (MRQ), you must keep the archive file the Condense function creates in case you need to refer to it during an audit.

Doing so helps you comply with legislation from the MRQ. The legislation states that your accounting software cannot allow you to modify or delete data without keeping a record of the original data.

If you use payroll

If you use QuickBooks to pay your employees, QuickBooks will not condense payroll data for the current payroll year or the previous one.

For example, if you choose to condense your company file in March, 2004, QuickBooks would not condense payroll data from 2004 or 2003. It would condense payroll transactions from the date you started using QuickBooks through to December 31, 2002.

You must keep the archive file the Condense function creates in case you need to refer to your payroll transactions during an audit.

The Canada Revenue Agency (CRA) requires that you keep your payroll transactions for seven years. Since an archive file contains your payroll transactions for a given period, you must keep it.

Also, you should make sure you have printed records of your most important payroll transactions before you condense your data and create an archive.

Examples of transactions that would be deleted

■ If an invoice has been paid in full, QuickBooks deletes the details and includes the amount in a summary transaction showing income accounts. Neither the customer name nor the items sold are retained. However, if an invoice is not printed, unpaid, partially paid, or marked as pending, QuickBooks leaves the invoice in your file so you can apply payments to the invoice.

■ If you have QuickBooks Pro or better, condensing deletes only those estimates that are dated on or before the ending date and that have a job status of Closed. If an estimate has any other job status (Pending, Awarded, In Progress, Not Awarded, or None), QuickBooks retains the estimate regardless of its date.

■ Only if you choose the option in the Condense preferences: if you have paid a bill for a reimbursable expense, QuickBooks deletes the bill regardless of whether you have invoiced the customer for the expense.

Examples of transactions that would be retained

The following table gives examples of the situations that cause QuickBooks to retain transactions dated on or before your specified ending date.

When you follow the steps in the Archive & Condense Data wizard, you'll have an opportunity to remove old transactions and unused items to further reduce the size of your company file. However, QuickBooks always retains transactions that meet the following criteria.

When QuickBooks retains a transaction with earlier date	Example of retained transaction
The transaction is linked to another transaction that has an opening balance.	An undeposited customer payment that you applied to an invoice. Even though the invoice is paid, QuickBooks retains the invoice because it has a link to an open transaction (the undeposited payment).
The transaction is linked to a transaction after the condense date.	

Summary transactions

The summary transactions that QuickBooks creates appear in the registers of your balance sheet accounts (Bank, Accounts Receivable, Accounts Payable, and so on).

Each balance sheet account has one GENJRNL summary transaction for each month in which QuickBooks deleted transactions. The transaction amount is the total of the transactions that QuickBooks deleted for the month.

For a given month, the register may also show other transactions that QuickBooks did not delete. These are transactions that could be affected by transactions you have yet to enter.

When opening a register, you can spot the summary transactions by looking for GENJRNL in the Type field.

To view a breakdown of amounts by account, select a GENJRNL transaction and click **Edit**. The General Journal Entry window shows the breakdown of amounts by account for all summarized transactions for this month.

Note: You cannot edit or delete a GENJRNL summary transaction.

How condensing data affects your reports

Account balances

After you condense your data, you can still create reports that summarize financial activity for the period of time you condensed. For example, if you condense last fiscal year's data, you can still create profit and loss reports that compare last year's results to this year's. This is because QuickBooks adds summary transactions to your company file to preserve monthly account balances.

Transaction detail

After you condense your data, you won't be able to create reports that show daily detail for the period of time you condensed. This is because QuickBooks has deleted the individual transactions that would have provided the detail. In addition, you won't be able to create reports that show balances for individual customers or vendors over that period of time.

As a result, the totals for sales revenue on GST/PST liability reports will be incorrect. As a precaution, QuickBooks creates a backup file in case you need access to the deleted transactions later.

Cash basis reports

After you condense your data, you won't get an accurate cash basis report for data that includes a condensed time period. This is because QuickBooks has deleted the individual transactions that would have provided the information about whether transactions were paid. As a result, the totals will be incorrect.

To learn about...	Search the Help index for...
Condensing QuickBooks company file	condensing data
Restrictions for condensing data if you're using the QuickBooks Payroll	condensing data

Reconciling bank and credit card accounts

You should plan to reconcile your bank (chequing, savings, and money market accounts) and credit card statements on a regular basis to make sure your records and the bank's agree.

Situation	What to do in QuickBooks
You haven't reconciled these accounts for a month or more.	Reconcile each month you skipped. Balance each month separately, starting with your earliest statement since you've been using Quick-Books, through your most recent statement.
You added earlier transactions in QuickBooks.	After you add earlier transactions, and you want to reconcile past months, you should reconcile month by month only if you've never used the QuickBooks reconcile feature. However, if you've already reconciled one or more months, you should reconcile forward only, that is, reconcile months after your start date. Use the previous months' data for reporting only. You need to mark all older transactions as cleared to reconcile future months.
You are reconciling for the first time.	Enter all uncleared transactions in your account. Update the Opening Balance transaction to reflect the amount actually in your account when you began using QuickBooks.
You cancel in the middle of reconciling.	QuickBooks keeps track of the items you've marked as cleared with an asterisk (*) in the cleared column of the account's register. This indicates that the items are still pending and reconciliation wasn't complete. When you start reconciling again, you'll need to re-enter your ending balance and your service charges and interest earned. You'll also need to check off additional payments and deposits.

When you reconcile, be sure to add any bank service charges, interest earned, and finance charges.

To learn about...	Search the Help index for...
Reconciling a bank account	reconciling, bank statements
Reconciling a credit card account	reconciling, credit card statements
Adjusting for differences	reconciling, adjusting for differences

Matching bank deposits and credit card deposits (QuickBooks Credit Card Service users)

As a QuickBooks Credit Card Service user, you can use QuickBooks to help match your customers' credit card payments with the lump sum deposit on your bank statement, as well as account for banking fees.

To do this, in the Receive Payments or Enter Sales Receipts window, select the "Group with other undeposited funds" option.

In the Make Deposits window, you can display credit card payments views grouped by credit card type, which lets you see the individual credit card transactions that make up each lump sum deposit.

Often, the bank deposit total is less than the payments you received from individual customers due to credit card transaction fees. QuickBooks calculates the difference for you automatically and lets you assign the transaction fee to an expense account.

Setting up online banking (account access and payment)

QuickBooks online banking encompasses account access. Before you can start using online banking, there a few things you'll need to do as described in the following table.

What to set up	Comments	Look in the Help Index for...
Internet access through an ISP if you haven't already set this up for another QuickBooks feature	Choose Internet Connection Setup from the Help menu.	Internet connections
If you don't already have an account (chequing, savings, money market, credit card) at a financial institution that provides online banking through QuickBooks, you'll need to open one.		online banking, financial institutions
Submit an application for online banking to your financial institution.	Application information can be accessed over the Internet or contact your institution directly. There may be a waiting period until you get confirmation.	online banking, setting up
Select an online service for setup, by completing the "apply Now" section of the Online Banking Setup interview	Enables you to submit an application for online banking at your financial institution.	online banking, setting up
When you receive your confirmation and a PIN/password from your financial institution, complete the "Enable Accounts" section of the Online Banking Setup interview.	Verify that the information sent to you by the financial institution is correct.	online banking, enabling a QuickBooks account

To start using online banking in QuickBooks:

1 From your bank's Web site, select the "Download to QuickBooks" option. (This option looks different for each bank.)

2 Choose **Create a new QuickBooks account**, and type the name of your account in the field provided, then select **Continue**.

Going online for the first time

You should use online banking within the first month of enrolling for online services. The first time you go online, we recommend that you download the most recent transactions that have cleared at your financial institution.

Financial institutions use WebConnect for online banking connections. WebConnect offers online integration through the financial institution's Web site (accessible from QuickBooks or any browser). With WebConnect, you can go directly to your bank's Web site for online banking services.

Reconciling online accounts

Reconciling your online accounts is a three-phase process.

1 To download your transactions, go to the Online Banking Centre, select your financial institution from the drop-down list, and Click "Go Online."

2 Match transactions.

View a QuickStatement for the account. The QuickStatement includes all transactions that have cleared your financial institution since the last time you downloaded, including deposits, cheques, transfers, and ABM withdrawals, as well as any transactions that were downloaded previously but not been matched.

When you click **Match**, QuickBooks automatically matches downloaded transactions to those in your account register. For the unmatched transactions, select one of the transactions from the downloaded statement, click **Add to Register**, and follow the onscreen prompts until the transaction appears in the register. Assign an account from the Account Drop Down list and click **Record** to enter the transaction in the register.

3 When you receive your bank statement for the account, use the Reconcile window.

Note: With QuickBooks, you can reconcile only to the paper statement you receive from your financial institution. With Quicken, you can reconcile to either the online or paper statement.

Working with multiple users

In all versions of QuickBooks, you can set up your company file so that different users have different access to features. You can set up as many users as you want. See "Users and passwords" on page 123.

In QuickBooks Pro or better, several people can work with your company file at the same time over a computer network. In QuickBooks Pro and QuickBooks Premier editions, five users can access your company file simultaneously.

Sharing company files with QuickBooks Pro or better

While QuickBooks Pro and QuickBooks Premier can network together to share one company file, QuickBooks Enterprise Solutions will only network with other copies of Quick-Books Enterprise Solutions to share a company file.

Using QuickBooks on a network is basically the same as using it on a single computer. When several users are allowed to work in the company file simultaneously, the file is in multi-user mode.

However, for some activities, only one person at a time can use the company file. The other users must log off, close the company file, or exit QuickBooks. Then the person who wants to perform the activity must switch the file to single-user mode. After finishing the activity, the person can switch back to multi-user mode, and the others can log back on or open the company file again.

Single-mode activities include:
■ File operations such as backing up, condensing, or exporting data
■ Some types of changes to lists
■ Adjusting inventory
■ Activities involving an Accountant's Review copy

There is also a third category of activities. Although all the networked QuickBooks users (with the correct permissions!) have access to these features, only one person at a time can use them. (For information about restricting access to features, see "Setting up the Administrator and users" on page 124).

Feature-locked activities include:

- Paying bills
- Running payroll
- Setting up new users or maintaining existing ones

Refreshing after entering data

If you are creating reports while others are working in the company file, you can use the Refresh button to make sure you have the most current information on your reports. The Refresh button updates your screen with the information that others have entered into QuickBooks since you started the report.

You can refresh lists or forms as you work by pressing **F5** on your keyboard or right-clicking the item and selecting **Refresh**.

To learn about...	Search the Help index for...
Switching between modes	multi-user mode
	single-user mode
Your refresh options	Refresh button

Users and passwords

The QuickBooks password feature provides a basic degree of protection for your data, but it is not a complete security system.

For example, it will not prevent someone using Windows Explorer from deleting your company file.

Some parts of your company's data are more sensitive than others. You can use passwords to make sure that each employee you have can only access those parts of QuickBooks you want him or her to use.

Areas you can protect include sales and accounts receivable, purchases and accounts payable, chequing and credit cards, inventory, time tracking, payroll, sensitive accounting activities, and sensitive financial reports.

In this way, you maintain the security of your business data even when several people access your company file simultaneously. Until you set up users (and passwords) in your QuickBooks company file, any person who accesses the file will have full access to all features of the program.

Setting up the Administrator and users

About the QuickBooks Administrator

When you create a QuickBooks company file, QuickBooks creates a user called "Admin". This user is the QuickBooks Administrator for the company file. You can set up a password for the Administrator. When you assign a password to the Administrator, QuickBooks prompts you to log on when you open the company file.

> **Do not forget the Administrator's password. Once you've decided on a password for the Administrator, write it down and store it in a safe place.**
>
> An Administrator's password, if forgotten, cannot be recovered. If you forget this password, you'll have to send your company file to Intuit (there may be a fee for this service).

The QuickBooks Administrator has unlimited access to the entire company file and is the only person who can add additional users and change access privileges. For each user he or she sets up, the Administrator designates:

■ A password. The password can contain up to 16 letters and numbers and is not case sensitive. The user can change the password later, but the Administrator will still be able to make changes to the user's access privileges and can assign the user a new password, if necessary.

■ Full access, selective access, or no access to each area of QuickBooks.

Setting up and customizing users

After you've set up the Administrator, you can add new users. Use the New User Setup Wizard to select the parts of QuickBooks you want the new user to use.

■ From the **Company** menu, choose **Set up Users**.

You can set up as many users as you want. However, only five users can access the company file simultaneously.

Note: In Windows 2000 and XP, using the Users and Passwords control panel, you can set up each employee with a log-in profile. Be sure that Windows XP users have at least Standard user rights and that Windows 2000 users have Power Users Group rights, or QuickBooks won't run properly.

When the Wizard finishes, a summary screen for all your users appears:
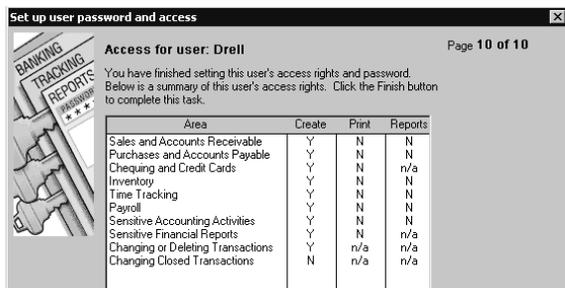
To learn about...	Search the Help index for...
The different access areas of QuickBooks	passwords, access areas
The role of the QuickBooks Administrator	admin
Setting up users with passwords and access	users, adding
Changing passwords	passwords, changing
Deleting passwords	passwords, deleting

Using permissions to close an accounting period

Unlike most other accounting systems, QuickBooks does not require you to "close the books" at the end of an accounting period. Closing books is often a complicated process that involves transferring information from one ledger to another and summarizing it. You can ask QuickBooks for reports at any time, not just at the end of a period.

However, you may want to restrict access to the transactions of prior accounting periods to be sure the transactions are not changed without your knowledge. By requiring permission to delete, add, or edit any transaction before a chosen date, you can discourage accidental or casual changes to "closed" periods, but still make corrections in them when necessary. For example, you may want to prevent your staff from making changes to old transactions after you've paid the GST or PST liabilities for them.

You can grant or deny access to older transactions when you set up a user. To deny users access to "closed" periods, do not grant them permission to Change or Delete Transactions recorded before the closing date.

> Should this user also have the ability to change or delete transactions that were recorded before the closing date?
>
> ○ Yes
>
> ● No
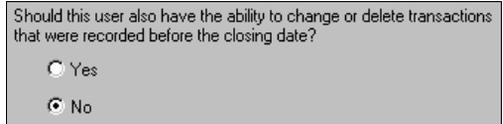
Then enter the closing date in the User List window (from the **Company** menu, select **Set Up Users**).

To learn about...	Search the Help index for...
Using permissions to "close" your books	closing periods

Recording who changed what in the Audit Trail

QuickBooks can record all changes made to transactions and the name of the user who made the changes. Then you can review the changes in the Audit Trail report.

To keep an ongoing record of changes to transactions, you must make sure the audit trail is turned on and keep it on. If the preference is turned off for a period of time, QuickBooks does not keep a record of changes, if any, to the transactions in that period.

The "Current Transaction" entry shows what the transaction is like now; the "Previous Transaction" shows what it was like before the change.

You can also see who made the change and when.

Choose the date range you want to see on the report.

⚠️ **If you report financial information to the Québec Minister of Revenue (MRQ), we strongly recommend that you turn on the Audit Trail feature permanently.**

Doing so helps you comply with legislation from the MRQ. The legislation states that your accounting software cannot allow you to modify or delete data without keeping a record of the original data.

To turn on the Audit Trail permanently, install QuickBooks according to the instructions in the "Installing & Learning to Use QuickBooks Guide". Then, when you start Quick-Books, click **Yes** when QuickBooks asks if you report any information to the MRQ.

If your computer is older or you make a lot of changes to existing transactions, QuickBooks may slow down slightly when the Audit Trail is on. Also, the size of your company file may increase more rapidly than it has in the past.

These changes occur because instead of writing over transactions you change, QuickBooks records both the original transaction and all changes to it. However, for most users, the performance of QuickBooks should not change.

To learn about...	Search the Help index for...
Using the audit trail feature	audit trail

Gathering income tax information

You are responsible for consulting a tax advisor or the Canada Revenue Agency about your tax circumstances.

Tax laws change often, and their application can vary based on the specific facts of your business. This information is not intended to be exhaustive.

How QuickBooks tracks tax information

As you set up your company in QuickBooks, you select which tax form your business uses:

■ The T1 General form, for individuals, unincorporated businesses, and partnerships; or

■ The T2 form, for incorporated businesses.

You can select a tax form either in the EasyStep Interview (as you set up your company) or in the Company Information window (from the Company menu, choose Company Information).

It's important to select the correct tax form for your business as you set it up in QuickBooks — changing it later can be very time consuming.

Later, you choose the type of industry your business falls into. When you do, QuickBooks sets up a suggested Chart of Accounts for your company and maps the accounts in it to the most appropriate lines of your tax form.

If you change your tax form (for example, from T1 to T2), all the mapping between your accounts and tax lines is lost.

You'll need to reassign the appropriate tax lines to your accounts. It's best to select the correct form as you set up your company.

QuickBooks uses CRA standards to map the accounts in your Chart of Accounts to the best tax line on your return. If you select the T2 tax form, QuickBooks uses the General Index of Financial Information (GIFI). GIFI is a "standardized" financial statement that allows the CRA to compare industries more easily. It simply classifies the accounts you use (and that you list on the financial statement you file along with your tax return each year — usually, a balance sheet, a statement of retained earnings, and an income statement).

You may have noticed that, as you choose an industry type for your business in the EasyStep Interview, QuickBooks lists "GIFI for Small Business Corp." as an option. If you choose it, your business' Chart of Accounts will contain most of the GIFI accounts that the CRA specifies, and you can delete the ones you don't need. However, no matter what type of industry you choose in the EasyStep Interview, QuickBooks uses GIFI to match the accounts for that industry to your T2 tax form.

As you create new accounts, you must manually map them to the correct tax line. Otherwise, your income tax data will not be correct. If you are unsure about what tax line you should map an account to, consult a tax professional or the CRA for advice.
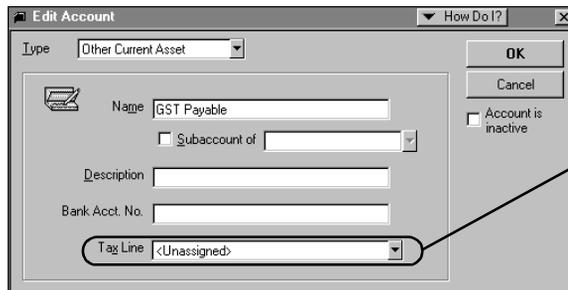
The choices that appear in the Tax Line menu as you edit an account depend on which tax form you select for your company.

As well as letting you export tax data to Intuit Canada's tax products, mapping your accounts properly lets you generate accurate tax reports, which keep you informed about your tax situation and help you prepare your income taxes.

After your accounts are mapped to the correct tax lines, QuickBooks tracks tax-related transactions as you enter them. At any time, you can create reports and financial statements that show your company's tax status and meet the requirements of the CRA.

To learn about...	Search the Help index for...
Setting up accounts to track tax-related income and expenses	income taxes, setting up for

What QuickBooks can track for you

QuickBooks can track information for various tax forms and schedules:

QuickBooks tracks	Output created
Income tax information, including information for the T1 General, T2 for Incorporated Businesses, Schedule 3, Schedule 4, T777, T2124, T2124C, T2032, T2042, T2121, Rental, and Medical Expenses. This list is not exhaustive. Your options will vary depending on your business.	A report detailing the amounts to be recorded on each line of the tax form you chose when you set up your company. Much of this information can also be imported into QuickTax® and ProFile™.

Setting up income tax tracking

Use this checklist to make sure income tax tracking is set up properly. You may have set up some parts of income tax tracking when you created your company, but not others.

Task	Comments	Search in the Help Index for...	✓
Check that the first month of your company's income tax year is set properly.	Likely, you or your accountant will have determined the best income tax year for your business before you set up your company in QuickBooks. If you are not sure what your tax year is, check last year's return. You can use either the calendar year or a fiscal year as your income tax year, but you must be consistent from year to year.	company, changing information about	❑
Check that the income tax form for your company is set properly: ■ Use the T1 for individuals, unincorporated businesses, and partnerships. ■ Use the T2 for incorporated businesses.	**Important:** If you change the tax form you use, all associations between accounts and tax lines are reset to <unassigned>. You'll need to reassign the appropriate tax line to each of your accounts.	■ company, changing the tax form you file ■ accounts, tax lines	❑
Choose a tax line for each account in your Chart of Accounts.	You may want to add or edit your accounts to more closely match your tax forms.	■ accounts, tax lines ■ accounts, adding to your chart of accounts	❑
Check your tax situation with income tax reports and transfer your tax data to QuickTax. For more information on this step, see "Reporting income tax information" (following).	Create an Income Tax Detail or Income Tax Summary report (see "Reporting income tax information" on page 129). Be sure that the "To" and "From" dates cover your last income tax year correctly. Follow the instructions that came with QuickTax to import data from QuickBooks. (Note that QuickTax imports data from the **last company file** you opened with QuickBooks.)	■ report finder ■ QuickTax	❑

Reporting income tax information

Once you've assigned tax lines to your accounts, QuickBooks tracks tax-related income and expenses automatically throughout the year. To check your business' tax situation at any time, use QuickBooks' income tax reports. These reports show your accounts, the tax lines you've associated with them, and the amount to be recorded on your tax form, and can be printed for later reference.

Use the Report Finder (under the Reports menu) to create income tax reports. In the Report Finder, select **Accountant and Taxes** from the drop-down menu, then choose the income tax report you want from the list. Remember that the "To" and "From" dates must cover your last income tax year correctly!

To make completing your income tax return even simpler, you can transfer your tax information from QuickBooks to one of Intuit Canada's tax products (see "Transferring tax information to Intuit tax products" on page 131).

Getting the numbers you need to file your income taxes

Whether you fill out your income tax forms by hand, pass your company's tax information on to your accountant, or transfer your tax data from QuickBooks to one of Intuit Canada's tax products, complete the following steps to make sure your numbers are correct.

■ Check the tax line assignments for your accounts. The accuracy of your tax reports depends on each tax-related account being assigned to the correct tax line (see "How QuickBooks tracks tax information" on page 127).

An easy way to check that all your accounts are assigned to the proper tax lines is to create an Income Tax Preparation report. It lists the accounts in your Chart of Accounts and which tax lines are assigned to them.

■ Check that the amounts in your Income Tax Summary report are correct.

One way to check is to compare your Income Tax Summary report to your Trial Balance (make sure they cover the same period of time!). Check that the account totals (Trial Balance) are the same as the matching tax line totals (Income Tax Summary report). If they're not, an account may not be mapped properly to a tax line. (Remember, too, that you may have more than one account mapped to a tax line. If so, the sum of the account totals should be the same as the tax line total.)

To learn about...	Search the Help index for...
Checking tax line assignments to ensure the accuracy of your income tax summary report	income taxes, filling out tax forms
Checking the amounts distributed to various accounts	income taxes, filling out tax forms

Income Tax Summary report

The Income Tax Summary report shows the amount associated with each tax line for the tax form you specified during setup.

Income Tax Detail report

The Income Tax Detail report shows the amount associated with each tax line for the tax form you specified during setup, and includes individual transactions.

Many businesses find this level of detail is the most convenient for filling out income tax forms.

Make sure the reporting preference is set to the accounting method you use for tax reporting: Accrual or Cash.

From the Edit menu, choose **Preferences**, then **Reports & Graphs**, and then click the **Company Preferences** tab.

Income Tax Preparation report

The Income Tax Preparation report shows the accounts in your Chart of Accounts and which tax lines are assigned to them.

Transferring tax information to Intuit tax products

If you use a current version of QuickTax or another Intuit tax product to prepare your tax return, you can transfer your tax data from QuickBooks directly into it in a few minutes.

Note: QuickBooks only exports information to Intuit tax products. For more information about these products, visit http://www.intuit.com/canada/ or http://www.quickenstore.ca/

Your Intuit Canada tax product will have instructions on transferring information from QuickBooks. It will import data from the last company file you opened with QuickBooks.

To learn about...	Search the Help index for...
Transferring tax information from QuickBooks to your tax software	■ QuickTax ■ ProFile

Solving printing problems

If you're having trouble printing, try checking these areas before you call technical support. You can also visit http://www.quickbooks.ca/ for information about specific printers.

When should I reinstall my printer driver?

If your printer has any of these problems, you may have to reinstall your printer driver in Microsoft® Windows or contact the printer's manufacturer for assistance:

- Your printer isn't printing at all, from any program.
- Your printer prints "garbage" from any program.
- Your printer won't feed paper correctly.

Nothing happens when you try to print

There are several things you can try:

- Make sure the printer is turned on and is online.
- Try printing from another application to verify that Windows can still communicate with the printer.
- Check for stalled printing jobs on your printer:
    a   From the Start menu, select **Settings**, then **Printers**.
    b   In the list, double-click the printer you're using.
    c   Select the stalled print job in the list.
    d   From the Document menu, select **Cancel**.

The form is clipped on the top, bottom, left, or right

Likely, you only need to adjust the form's margins and alignment. However, some printers can't print the entire width needed for the standard forms that come with QuickBooks. In this case, you'll need to customize the form in QuickBooks to have larger margins.

To adjust the margins for forms:

1   In QuickBooks, from the **File** menu, choose **Printer Setup**.

2   Choose the form you want from the Form Name drop-down list.

3   Click the **Margins** tab.

- If there is no Margin tab, you need to adjust the form's alignment instead. See "To adjust the alignment of forms:" on page 133.

4   Set the margin you want in the Left, Right, Top, and Bottom fields.

QuickBooks displays the margins in inches, but you can enter margin sizes in inches (in), millimetres (mm), centimetres (cm), points (pt), or picas (pi).

If you find that QuickBooks leaves larger margins than you entered, your printer may be unable to print outside a specific area. Most printers cannot print with margins smaller than .25 inches. Many require margins no smaller than .5 or .67 inches. Check your printer manual or contact the printer manufacturer if you have such a problem.

If you're using a continuous printer, you may have to slide the paper clamps over to get the printer to start at the position you want.

5 Click **OK** to save the changes.

To adjust the alignment of forms:

Coarse alignments:

This adjustment is only needed for continuous-feed (dot matrix) printers. Use it when the printing on your forms is off vertically by more than a line or two.

**1** Make sure your printer is turned on and is online, with blanks of the forms you want to print inserted to the printer's paper feeder.

2 From the **File** menu, choose **Printer Setup**.

3 Choose the form you want from the Form Name drop-down list.

4 Click **Align**. (If the Align button is not available, that form cannot be aligned.)

5 If a list of templates appears, select the one you want and click **OK**.

QuickBooks displays a window where you can choose coarse or fine adjustments.

6 Click **Coarse**.

7 Click **OK** to print a sample form.

8 Look at the pointer line that QuickBooks prints across the middle of the sample form. Determine the number that it points to. **Do not adjust your printer at this time.**

If the text does not line up properly on the form, determine the closest number to the pointer line, rounding up.

In this example, you'd enter 81.
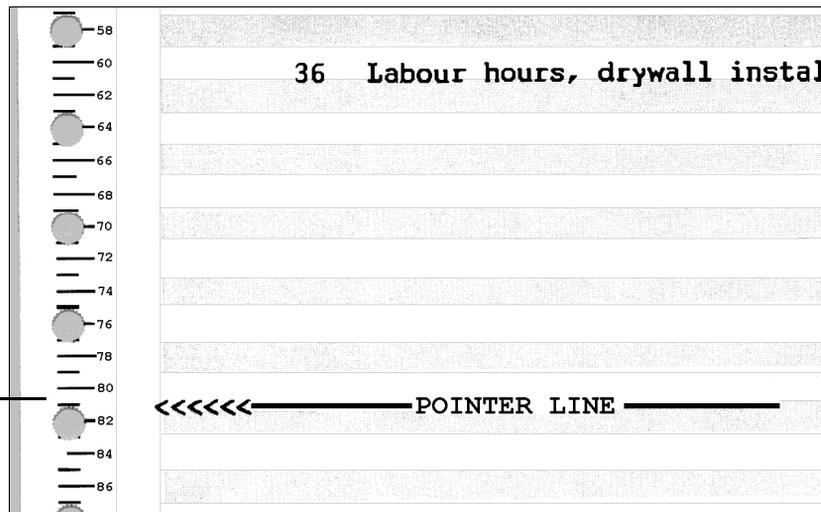
9 Type the number in the Pointer Line Position field in the window that appears, then click **OK**.
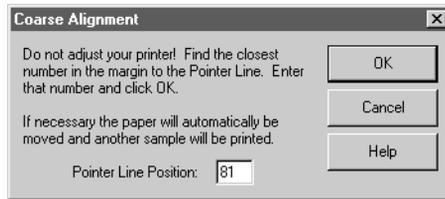
If necessary, QuickBooks advances the paper in the printer to correct the alignment, and then prints another sample.

10 Note the correct position of the form for future positioning.

Visually line up part of your printer, such as the sprocket cover or print head, with one of the position numbers along the edge of the form. Make a note of this spot, so you can use it in the future as an alignment cue to position your forms visually.

Even if your printer has an "autoload" or "park" feature (the printer puts the paper in the same place each time you load it), you need to manually line up your forms for coarse alignment using a visual cue. QuickBooks cannot remember placement relative to your printer's autoload point.

11 (Optional) In the Align window, click **Fine** to make further adjustments, then go on to Step 5 of the Fine-alignment process (below).

Fine-alignment adjustments:

This method of adjustment is available for all type of printers.

1 Make sure your printer is turned on and is online, with blanks of the forms you want to print inserted to the printer's paper feeder.

2 From the **File** menu, choose **Printer Setup**.

3 Choose the form you want from the Form Name drop-down list.

4 Click **Align**. (If the Align button is not available, that form cannot be aligned.)

5 If a list of templates appears, select the one you want and click **OK**.

6 If you are using a continuous-feed (dot-matrix) printer, QuickBooks displays a window where you can choose coarse or fine adjustments. Click **Fine**.

7 Click **Print Sample**.

QuickBooks prints the form with a small alignment grid (1/10 inch squares) on it.

8 Check the horizontal and vertical alignment of the text in the alignment grid.

9 Enter amounts in the Vertical and Horizontal fields to move the printed text to align it. (The alignment values are in hundredths of an inch. For example, 25 means 0.25 of an inch.)

■ For continuous-feed printers, if the printing is off to the left or right by a large amount, move the form over in the printer to correct the problem. Use the Fine Alignment window for changes of less than 0.25 inch only.

Fine Alignment

Click Print Sample to use the Alignment Grid.

Enter amount to move the text in 1/100 inch increments.

Vertical: 0

Horizontal: 0

Print Sample

OK

Cancel

Help
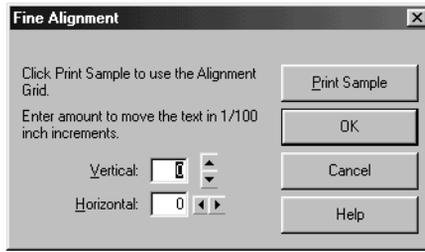
Problem	Solution
The text prints too high.	Decrease the number in the Vertical field. For example, if the text is printing 2 squares (that is, 0.2") too high, type **-20** in the Vertical field.
The text prints too low.	Increase the number in the Vertical field. For example, if the text is printing 1 1/2 squares (that is, 0.15") too low, type **15** in the Vertical field.
The text prints too far to the left.	Increase the number in the Horizontal field. For example, if the text is printing a 1/2 square (that is, 0.05") too far to the left, type **5** in the Horizontal field.
The text prints too far to the right.	Decrease the number in the Horizontal field. For example, if the text is printing 1 square (that is, 0.1") too far to the right, type **-10** in the Horizontal field.

10 Click **Print Sample** to see if the form is now aligned correctly.

11 When you are finished making adjustments, click **OK**.

QuickBooks saves the horizontal and vertical alignment adjustments.

12 Click **OK** in the Printer Setup window.

Dates and the bottoms of letters are clipped on forms

The font you're using may be too large. In the Printer Setup window, click **Font**. Try a font size of 10 points or less.

Changing fonts

1 From the **File** menu, choose **Printer Setup**.

2 Choose the form you want from the Form Name drop-down list.

Note: You can't change the fonts on some forms here. You can't change the fonts on some forms here. You can change the fonts on these forms by clicking the Customize button on the forms.

3 Click the **Fonts** tab and then the Font button.

4 Choose the font you want.

Not all options are available for all fonts.
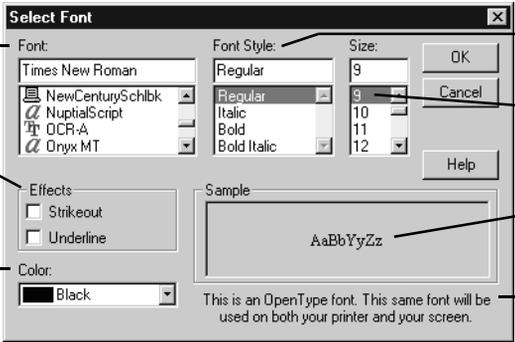
Choose the font.

Select one or both of these checkboxes to strikeout and underline text.

Choose a colour (not available for cheques). If you have a colour printer, you can print any other form in colour.

You can change to italic, bold, or a combination.

Choose a point size. Most people prefer a size between 9 and 12 points.

You can see what the font looks like here.

A description for the selected font type appears here.

5 Click **OK** in the Select Font window and the Printer Setup window to save the changes.

Printing is slow

There are several things you can try:

- Lower the print resolution for your laser printer: In the Settings tab of the QuickBooks Printer Setup window, click **Options**. Then click the **Graphics** tab and set a smaller number of dots per inch.
- If you're printing on blank paper or letterhead, do **not** choose to print lines around each field. In the Settings tab of the QuickBooks Printer Setup window, clear the **Print Lines** checkbox.
- Make more computer memory (RAM) available by closing down programs you don't need.
-

Tracking and paying sales taxes

How to collect and pay the right amount of GST and PST

There are several types of sales tax in Canada: the Goods and Services Tax (GST), the Harmonized Sales Tax (HST), and provincial sales taxes. The sales tax feature of QuickBooks handles all of these. It helps you determine how much sales tax to collect on the sales you make, how to record the sales tax you pay on business purchases, and how to pay what you owe when it is due.

> **You are responsible for consulting a tax advisor about the sales taxes that apply to your business.**
>
> For information about the GST and HST, contact the CRA. For information about your provincial sales taxes, contact your provincial Minister of Finance.

Sales tax information for upgraders

Changes in how sales tax due is calculated

QuickBooks has improved the way sales tax is reported. Previously, in order to prepare a sales tax return, you needed to generate a GST/PST Summary report. Now, QuickBooks automatically calculates the sales tax due (or refundable) and generates a tax return based on that amount. The sales tax amount is calculated based on the transactions you have entered into QuickBooks but which have not been included in a sales tax return yet: all these "unfiled" transactions from any period will now be automatically included in the current period's tax return.

Updating from earlier versions of QuickBooks

Because QuickBooks will now incorporate all "unfiled" sales tax transactions in the current period's tax return, if you have unfiled sales tax transactions in your company file and upgrade to QuickBooks 2006, you'll need to know the ending dates of your GST/HST return and/or your PST/QST return you last filed.

Not sure what the ending date is? If today were February 15, 2004 and the last return that was filed for GST/HST was for the period October 1, 2003 to December 31, 2003, then the ending date of your last filed GST/HST return would be December 31, 2003.

What happens to the "unfiled" transactions when I upgrade?

QuickBooks takes the ending date you enter and marks as filed all entries that were made on or before that date. That is, it assumes your sales tax accounting is correct as of your last GST return. Then, later on, when you need to file your sales tax return for the current period, open the Files Sales Tax window to see a summary of all entries to the sales tax accounts that haven't been filed yet -- including any that you may have "back-dated". This prevents any missed entries in your sales tax returns.

You can view the filing status of transactions by looking at their entries in the register of the sales tax account. Filed transactions are marked with an 'F'.

"Uncategorized" transactions eliminated

Previously, amounts could appear as "uncategorized" in GST/PST reports and in the File Sales Tax window. QuickBooks labelled transactions as uncategorized when forms or items were used in different ways from how they were intended to be used. For example, some users incorrectly use the Make Deposits window to enter a cash sale instead of using a sales receipt. This type of transaction entry would result in an uncategorized amount.

Now, QuickBooks automatically categorizes all transactions affecting your sales tax liability account. This means:

- you'll no longer have to manually categorize these types of transactions,
- when you generate GST/PST reports, your sales tax liability amount will now be accurate, and
- uncategorized amounts will no longer appear in the File Sales Tax window or in your GST/PST reports.

What happens to the uncategorized amounts when I upgrade?

If you previously had uncategorized amounts, these transactions will automatically be updated and categorized when you install QuickBooks 2006. QuickBooks takes the ending date you enter and marks all uncategorized amounts on or before that date as filed so they won't affect your sales tax liability. Uncategorized amounts after the ending date will be categorized as tax on sales or purchases so that they correctly affect your sales tax liability account. The next time you file a sales tax return, QuickBooks will include these newly-categorized transactions properly with all other unfiled transactions.

If you had uncategorized amounts in earlier versions of QuickBooks and didn't adjust your GST/PST returns for them, consult your accountant to see if you should file an adjustment now.

Why are the From and To fields missing from the GST & PST Liability reports?

We changed the model of the GST and PST Liability reports in QuickBooks 2004. In earlier versions of QuickBooks, the reporting period of these two reports was specified using a "From" and "To" field meaning that the reports typically represented one reporting period. Now, when you create these reports, they calculate your sales tax liabilities as of a particular date beginning from your QuickBooks start date.

If you insist on generating a GST or PST Liability report using the older model, you can modify the current report to meet your needs. When you have customized the report to your needs, memorize it so you can create it again quickly.

1 From the **Reports** menu, choose **Vendors & Payables**, then GST or PST Liability.

2 On the report, click the **Modify Report** button.

3 On the **Display** tab, in the **From** and **To** fields, specify the reporting period.

4 Click the **Filters** tab.

5 From the **Current Filter Choices** table, select the **Filed** filter, and click **Remove Selected Filter**.

6 Click **OK**.

Does your business need to be registered?

Although very small businesses are exempt, the Canada Revenue Agency (CRA) recommends that all businesses register to collect the Goods and Services Tax (GST) or, in provinces where the provincial sales tax has been combined with the GST, the Harmonized Sales Tax (HST).

Registered businesses track the GST or HST collected from customers on sales and paid on purchases for the business. Usually, you collect more sales tax than you pay out and must remit the difference to the CRA. (Occasionally, you may pay out more than you collect and claim a refund.)

Many provincial governments also require you to register to collect a provincial sales tax (PST or, in Québec, QST). In most provinces, for provincial sales taxes, you track only the amount you collect (instead of the amount you collect and the amount you pay) and remit that amount to the government.

In Québec; however, the QST works much the same way as the GST: businesses may be able to deduct the amount of QST paid on business-related purchases from the amount of QST collected from customers, then remit the difference.

Check with the CRA, your province's Ministry of Finance, or your accountant about how your business should handle federal and provincial sales taxes.

How QuickBooks calculates the GST and PST

QuickBooks uses your company address to determine what rates of GST and PST apply in your province and assigns these rates to default sales tax codes.

It then calculates the GST and PST separately for each item on sales or purchase forms according to the sales tax code you assign to it. QuickBooks displays the GST and PST totals in boxes at the bottom of the form, then adds these amounts to the total. The HST is calculated as one rate in the GST field.

Tax amounts are tracked in your GST Payable and PST Payable liability accounts. When you make a sale, QuickBooks records the GST on the transaction as an increase in your GST liability because you must remit the amount of tax to the government. When you make a purchase, the GST on the transaction is a decrease in your GST liability because you can claim the expense as an input tax credit.

Similarly, the PST on sales is recorded as an increase in your PST liability. However, whether you record the PST you pay on purchases as a decrease in your PST liability depends on whether your provincial government allows you to claim input tax credits for it.

At regular intervals, you must file GST and PST returns and create cheques to remit the amount you owe to the federal and provincial governments. As your business grows, you have to file GST/PST returns more often. Once a sales tax entry is included on a GST or PST return that you've filed, it is marked as reported. If you enter a transaction from a previous reporting period after you've already sent your return, it will automatically be included in the next return you send.

Setting up sales taxes

One of QuickBooks' very useful features is its ability to track the GST (or HST) and your province's sales tax, if it has one. After you turn on sales tax tracking, QuickBooks automatically applies the correct taxes to sales and purchases and records the tax in the appropriate accounts.

To turn on sales tax tracking

1 From the Edit menu, select **Preferences**.

2 Select **GST/PST** from the scroll box, then click the **Company Preferences** tab.

3 Set the preferences according to your business needs, then click **OK**.

If your province uses the Harmonized Sales Tax (HST), only track the GST. You do not need to track PST as well.

You can enter the business numbers that are assigned to you by the CRA and your provincial Minister of Finance here.

If you have customers with special tax status, check this box. You will then be able to assign a tax code to his or her customer profile. On sales forms, the tax code you assign to customers overrides the tax codes you assign to items.

This code is assigned to all new items by default.

Should I track my provincial sales tax separately?

When you buy an item for your business, in most provinces, you are either exempt from paying the PST on it if the item is to resell or else you cannot claim the PST you paid on it as an input tax credit (unlike the GST). That means that, for accounting purposes, you can consider the PST on an item you buy as part of its cost and not bother tracking it separately.

However, if you can claim back the PST you pay on items for your business (as in Québec) or want to record the amount of PST you pay for your own information, you can track the PST separately. In the first case, the PST you pay is assigned to your PST Payable account to reduce your PST liability to the government; in the second case, the PST you pay is assigned to a PST expense account for your information only.

To change your GST/PST reporting period:

1 Make sure you are working in the appropriate area: either the Goods and Services Tax Preferences or the Provincial Sales Tax Preferences.

2 Select either Monthly, Quarterly, or Annually next to "Reporting Period."

3 Select the ending date for each reporting period from the Ending drop-down list.

To change the accounting basis of your sales tax reporting:

In Canada, the accounting basis for GST and PST is accrual (not cash), by law. The Accrual or Cash setting in the Reports and Graphs section of the Preferences window does not affect how QuickBooks tracks GST and PST, it only affects how the reports display.

Entering sales tax liabilities as of your start date

If your business collected the GST or your provincial sales tax before you began using QuickBooks, you need to enter the amount you owe the government for each tax (that is, your sales tax liabilities) as of your QuickBooks start date.

1 From the Vendors menu, select **Sales Tax**, then choose **Adjust Sales Tax Due**. The Sales Tax Adjustment window appears.

2 In the date field, type your QuickBooks start date or click ▦ to select it from the Quick-Books calendar.

3 (Optional) You can keep track of this adjustment by entering a number in the Entry No. field.

4 Select the vendor (government agency) that you are adjusting for, from the Sales Tax Vendor list.

5 Select whether this is a tax transaction on items bought or items sold.

6 Enter the Adjustment Amount:

- If you owe sales tax, enter the amount as a negative number. Your Sales Tax Account (for example, GST Payable) will record the amount under the Increase column.

- If you're entitled to a refund, enter the amount as a positive number. Your Sales Tax Account (for example, GST Payable) will record the amount under the Decrease column.

7 Select **Opening Bal Equity** from the Adjustment Account drop-down list.

8 Click **OK**.

Changing the default tax codes

In rare cases, you may need to adjust the default sales taxes that QuickBooks sets up. For example, if your province charges an increased amount of sales tax on an item your business sells, you may want to set up a new sales tax code for the higher rate.

To create a new tax code:

1 From the Lists menu, choose **Tax Codes List**.

A check mark in this column means that the PST is calculated on the sale price after the GST has been added to it ("piggybacked on the GST").

If the column is clear, the PST is calculated on the sale price independently of the GST.

2 Click the **Tax Code** menu button, then choose **New**.

3 Fill in the information for your new tax code.

Enter a unique letter or number to identify this tax code and a description.

Enter the GST and PST percentages for this tax code.

If either the GST or PST does not apply to a new tax code you're setting up, select its Tax Exempt box.

Note that selecting this box is not the same as leaving the percentage at zero. (See "What the Zero Rated (Z) tax code is for" following.)

If the PST is to be calculated "on top of" the GST (that is, the GST is calculated on the sale, added to the total, and the PST is then calculated on this new total), select the Calculate Provincial Tax on GST (Piggyback) checkbox.

4 Click **OK**.

What the Zero Rated (Z) tax code is for

Under the GST, certain goods and services are taxed at a rate of 0% instead of the usual 7%. These items are called Zero Rated.

(To see whether the items you sell are Zero Rated, you should check with the CRA or your accountant. Some examples are basic groceries such as milk, bread, and vegetables; agricultural products such as grain, raw wool, and fish for human consumption; prescription drugs and medical devices; and items manufactured for export.)

Note: Zero Rated items are not tax exempt, and should not be assigned the Exempt tax code (E).

If you sell a Zero Rated item, you charge your customers 0% GST on it. This means that you do not collect any GST to remit to the government. However, because the item is taxable, you can claim input tax credits (the GST you paid on the materials you needed to produce the item) for it. When you file your GST return, you receive a refund based on these credits.

Assigning tax codes to items

To let QuickBooks know how to tax the items or services you sell and purchase for your business, assign each a tax code as you set it up in the Item List. Some items require both the GST and PST; others, just the GST or PST; and some are tax exempt. If you are unsure what taxes apply to the items you sell and buy or the services you provide, check with your accountant, the CRA, or the office of your provincial Minister of Finance.

Once you have assigned tax codes to items, QuickBooks applies the correct sales taxes to them on sales and purchase forms. You can override an item's tax code on a sales form, if you need to. Also, customer tax codes (see "Assigning tax codes to customers" on page 145) override item tax codes.

To assign tax codes to items:

1 From the Lists menu, choose Item List .

2 Select the item you want in the list, then choose Edit from the Item menu button.

3 If you buy the item for your business, select the correct tax code from the drop-down list next to "Purch Tax Code" in the Purchase Information area.

4 If you sell the item to customers, select the correct tax code from the drop-down list next to "Sales Tax Code" in the Sales Information area.

5 Click OK.

Tip: In the preferences window, you can choose a default tax code. This code will be assigned automatically to all new items you create. Choosing a default sales tax code does not affect the sales tax codes assigned to items already in your Item list.

To learn about...	Search the Help index for...
Assigning tax codes to items	items, assigning tax codes to

Assigning tax codes to customers

If you have regular customers who have special tax status (for example, who are exempt from paying the GST or PST), you can assign them customer tax codes that override item sales tax codes on all forms.

First, ensure the **Allow customer tax codes** is selected in the GST/PST preferences. Then you can add the tax code to the customers' profile in the Customer:Job list.

To learn about...	Search the Help index for...
Turning on the Customer Tax Codes	tax codes, turning on
Setting up customers	customers, adding new

Using tax codes on sales and purchases

Once you have assigned tax codes to the items you sell and buy and assigned customer tax codes to customers with special tax status, QuickBooks automatically applies the correct taxes as you fill in forms. The tax code appears to the right of the Amount column and the amount of tax above the total.

If you need to apply a different tax code to an item, you can change the item's tax code from the form. In the rare event that you need to adjust the amount of tax on a transaction manually, adjust the amount directly in the GST or PST box.

The tax code that is being applied to this item is shown in the TAX column. QuickBooks gets this tax code from the Item List where you assign a default tax code to items.

If you need to create a new tax code, you can do so from the Tax Codes List under the Lists menu.

These fields can be edited, so you can manually change the amount of tax that QuickBooks calculates for you.

Charging GST/PST to out-of-province customers

Generally, you should charge GST and PST to all your in-country customers, regardless of where they live. Customers who are exempt from the GST and PST can usually claim a refund directly from the CRA (formerly the CCRA) or your provincial Minister of Finance.

However, each province has different regulations regarding Provincial Sales Tax (PST). Depending on the number of business locations you may have across the country, Intuit recommends that you contact your provincial Minister of Finance for specific instructions on charging PST to out-of-province customers.

You do not have to charge GST if your company is registered for GST (you have a GST number) and you sell to a foreign company.

How sales taxes are affected by a discount added to an invoice

QuickBooks applies discounts before calculating the GST or PST. When you use a discount item on an invoice, you must decide if you want the discount to apply only to one item on the invoice or to all items on it.

- If the discount applies to only one item, use the discount item immediately after the item you want to discount.
- If the discount applies to more than one item, enter them on the invoice first, then use a subtotal item, then use the discount item.

Discount items should have tax codes: When you create a discount item, remember to assign it a tax code. Then, when you apply the discount to an item, match its tax code to the item's. QuickBooks will then recalculate the affected sales tax(es) correctly.

Percentages vs. dollar amounts: If you enter a specific dollar discount instead of a percentage, the sales tax might appear less than you expect because the discount gets spread proportionally over all the line items appearing above it. If you enter a percentage discount, it applies only to the line item directly above.

To learn about...	Search the Help index for...
Using a tax code on a form	tax codes, changing on forms

Finding and paying your sales tax liabilities

If you collect sales tax from customers, you also have to make periodic payments of it to the government. You can check what your sales tax liability is to the CRA and your provincial Ministry of Finance by creating GST and PST Liability reports.

Creating GST and PST Liability reports

These reports provide complete information about the sales tax your company has collected on sales, paid out on business-related purchases (where applicable), and owes to (or will be reimbursed from) the government for a particular period.

The CRA requires businesses to report the GST on an accrual basis, so the GST Liability Report isn't affected if you change your accounting basis to Cash in the Reports and Graphs preferences window.

You create GST and PST Liability reports the same way. Provinces that use the HST only need to create GST reports as their provincial sales tax is included in it.

- From the Reports menu, choose **Vendors & Payables**, then **GST Liability** or **PST Liability**. Make sure the date accurately reflect the end of the reporting period.

This report includes the following information for the Goods and Services Tax Return you file at regular intervals:

- Total sales and other revenue not including GST or PST (Line 101: Sales & Other Revenue).
- Total purchases, which is subtracted from Sales & Other Revenue to calculate your Net Sales.
- Total GST collected and collectible on sales (Line 103: GST Collected and Collectible).

   The Canada Revenue Agency considers invoices due on the date you issue them. So, for any given reporting period, unpaid invoices with GST must still be included in the GST "collected and collectible" for that period.

- Total input tax credits (Line 106: Input tax credits).

Recording reductions in PST (compensation or commission)

Some provinces give certain small businesses a reduction in the amount of provincial sales tax they are required to remit. In Ontario, this reduction is called compensation; in British Columbia, Saskatchewan, and Manitoba, it is known as commission.

You can track compensation or commission by entering it as you create a cheque to pay your PST liability.

1 Create a PST return as you normally would (see "Remitting your tax liability to the government" on page 148).

■ Do not adjust your PST return for the compensation or commission.

2 Create a cheque to pay your PST liability as you normally would.

■ At the end of the process, create and save the PST liability cheque, but do not print it yet.

3 From the Banking menu, select Use Register, then select your PST Payable account from the drop-down menu and click OK.

4 In the PST Payable register, locate the cheque you created in Step 2.

■ If you created the cheque with today's date, it is likely the last entry at the bottom of the register. Otherwise, you may have to search for the cheque.

5 Select the Expenses tab below the cheque.

6 Click the first line below the PST Payable entry and select the income account you use for PST compensation.

7 In the amount column, enter the amount of compensation for this return as a **negative number**.

■ For example, if you received compensation of $250, enter -250.

8 Click the Recalculate button and confirm that the cheque amount is now correct.

9 Save the cheque, then print it as you normally would.

Remitting your tax liability to the government

Use the File Sales Tax function to create cheques for the sales tax you've collected, which you can then print and send in to the CRA or your provincial Minister of Finance, along with your return.

You must file a return for each reporting period, even if you do not owe money or expect a refund. For reporting periods with no business transactions, file a nil return.

1 From the Vendors menu, choose **Sales Tax**, then **File Sales Tax**.

2 In the File Sales Tax window, QuickBooks shows the last day of the previous month in the "Show Sales tax through" field. Enter the date that the current sales tax period ends

3 Select which tax agencies (Vendors) to pay, by clicking in the Pay column.

Note: The Payment Account field shows your chequing account.

To draw the cheque on a different account, just select it from the drop-down menu.

4 If you want QuickBooks to print a cheque, select **To be printed**. If you are writing a cheque by hand, select **Assign cheque no**.

5 Click **Next**.

6 QuickBooks displays your tax return. You can make adjustments directly on the form, with the exception of lines 103 and 106. To adjust the amounts on these lines, click the **Adjust** button beside the line, then click **OK**.

7 Click **Next**. The tax return is displayed, after any adjustments, ready for printing.

8 Click **Print**.

QuickBooks creates and records the cheque to the Receiver General or Minister of Finance. You can now print the cheques, by choosing **Print Forms** from the File menu, then choosing **Cheques**. It also updates your Liability reports and Payable registers to show that you've made a payment.

Paying sales tax liabilities by installments

The government requires certain businesses to prepay sales tax in regular instalments. (Check with your accountant, the CRA (formerly the CCRA), or your provincial Minister of Finance to see what rules apply to you.)

You do not need to create a GST or PST return each time you create an instalment payment. Instead, record each instalment payment in an Other Current Liability account, then enter them on your sales tax return when you file it.

To create a sales tax instalment payment:

1 From the Banking menu, choose Write Cheques.

2 In the Bank Account field, choose the chequing account you use to pay this sales tax liability.

3 In the "Pay to the Order of" field, choose the vendor you pay this tax to (such as the Receiver General for the GST).

QuickBooks may warn you about creating a cheque for a sales tax vendor. Click OK.

4 Enter your account number with this tax vendor in the Memo field (such as your business number for the GST).

5 Select the Expenses tab below the cheque.

6 In the first blank line, select the Other Current Liability account you use to record instalments for this sales tax.

7 In the Net Amount column, enter the amount of this instalment payment.

8 Save the cheque, then print it as you normally would.

QuickBooks records the amount of this payment in the instalment account. However, the payment does not appear in your GST or PST Liability report. That's because sales tax reports calculate how much you owe based on the entries in your GST or PST Payable accounts and do not include subaccounts. To see your current balance owing, create a Balance Sheet Standard report (from the Reports menu, select Company & Financial, then Balance Sheet Standard).

To record instalments in a sales tax return:

At the end of the fiscal year, in your sales tax return, enter the total of the instalments you paid:

1 From the Lists menu, choose Vendor List.

2 Right-click the tax agency, then select QuickReport.

3 Set the "From" and "To" dates to your sales tax period (usually the past fiscal year), then click Refresh.

4 Add up the instalment payments you made during the sales tax period. (Tip: the Split column shows cheques to the vendor that were created using your sales tax instalment account.)

5 Open the File Sales Tax window and fill it in as you usually would, then click Next.

6 In the Instalments line of the return, enter the amount you noted in Step 4.

For example, if you made three instalment payments of $500 each towards your GST liability, your total should be $1500, which you enter in line 110 of your GST return.

7 Finish processing the return as you usually would.

If you receive a sales tax refund

You create and file a sales tax return the same way in QuickBooks regardless of whether you have to remit tax or you have a refund due. When you file your sales tax return, if you are receiving a refund, QuickBooks:

■ sets up the tax agency as a customer (if it isn't set up already) so that it appears on both your customer and vendor lists. Use the entry on the Vendor list to pay your sales tax liability and the one on your Customer list to deposit a sales tax refund. Note that the name on each list is slightly different (such as "Receiver General" on the Vendor list and "Receiver General - c" on the Customer list.)

■ creates an invoice for the amount of the refund using the pre-generated "Receiver General - Receivable" item. When you receive the refund, you should enter the amount as a payment received against this invoice.

To receive a sales tax refund (after filing a return):

1 From the Customer menu, select Receive Payments.

2 In the 'Received From' drop-down list, select the sales tax agency that gave the refund. For example, for a GST refund, select "Receiver General - c".

3 In the Amount field, enter the amount of the refund.

4 In the Applied To area, confirm that QuickBooks has selected (with a) the correct GST Refund invoice for this payment.

■ Note: the amount of the refund should exactly match an invoice in this window. If it does not, review your last sales tax return and contact the sales tax vendor.

5 Select the bank account to deposit the refund into or group it with other undeposited funds.

6 Click Save & Close.

Recording penalties or interest on late GST/PST payments

If you pay a sales tax liability late, the government may assess a penalty against you or charge late-payment interest on the amount you owe. You can record a penalty or late-payment interest by entering it on the cheque you use to pay your sales tax liability.

1 Create a sales tax return as you normally would (by selecting Sales Tax, then File Sales Tax from the Vendor menu).

■ Do not adjust your sales tax return for the penalty. At the end of the process, create and save the sales tax liability cheque, but do not print it yet.

2 From the Banking menu, select Use Register, then select the sales tax account from the drop-down menu and click OK.

3 In the sales tax payable register, locate the cheque you created in Step 1.

■ If you created the cheque with today's date, it is likely the last entry at the bottom of the register. Otherwise, you may have to search for the cheque.

4 Select the Expenses tab below the cheque.

5 Click the first blank line and select the expense account you use for the penalty.

6 In the amount column, enter the amount of the penalty or interest for this return.

7 Click the Recalculate button and confirm that the cheque amount is now correct.

8 Save the cheque, then print it as you normally would.

Adjusting your GST Payable or PST Payable account

From time to time, you may need to make adjustments to your GST Payable or PST Payable account, either increasing or decreasing the amount you must remit.

These adjustments may include writing off the GST amount of a bad debt. For example:

Taxable items on invoice	$200.00
GST due	14.00
PST due	18.00
Total	$232.00

GST reported in the 4/1/2004 - 6/30/2004 reporting period

PST reported in the 4/1/2004 - 6/30/2004 reporting period

No payment received on invoice in 2004

Write off bad debt in 2004

Claim a GST adjustment of 7/107 x $214 = $14

Claim a PST adjustment of 9/109 x $218 = $18

To adjust your GST Payable or PST Payable account:

1   From the Vendors menu, choose **Sales Tax**, then choose **Adjust Sales Tax Due**.

2   On the Vendors menu, select Sales Tax, then click Adjust Sales Tax Due.

3   Select the Sales Tax Vendor from the drop-down list (usually, the Receiver General for GST or the Minister of Finance for PST).

4   Select the Sales Tax Account from the drop-down list (usually GST Payable for GST or PST Payable for PST).

5   Select an appropriate adjustment account from the drop-down list. (It should be an expense account.)

6   Enter the adjustment. To make a negative adjustment, enter a negative amount.

7   Select the Tax on Purchase or Tax on Sales option. Selecting **Tax on purchase** will make an adjustment against sales tax paid on purchases. Selecting **Tax on sales** will make an adjustment against sales tax collected on sales.

   ■   The table below shows how the selections affect your sales tax balance:

	Positive Adjustment	**Negative Adjustment**
'Tax on purchase' option	Decreases what you owe	Increases what you owe
'Tax on sales' option	Increases what you owe	Decreases what you owe

8   Click OK.

Working with filed and unfiled transactions

By default, the GST and PST Liability reports show all transactions that are not marked as filed up to the date of the report. For example, if you create a GST Liability report for March 31st, it shows all transactions that are not marked as filed from the start date of your company up to and including March 31st.

Then, when you complete your GST return for March 31st, all transactions included with the return are marked as filed (F). Any transactions entered subsequent to March 31st -- even if they are back-dated -- will not be marked as filed and will show up in your GST and PST Liability reports.

Manually filing or unfiling transactions

You can change a transaction's status, if you need to. For example, you may need to manually change the status of transactions from filed to unfiled if there was a problem on a sales tax return you created but did not yet send to the CRA (formerly the CCRA). In this case, you could mark all transactions included on the return as unfiled, correct the problem, and create the return again.

Note that unfiling a transaction from a return without recreating the return will result in your sales tax reports not matching the actual balance owing in your sales tax payable account. Also, your sales tax payable account not balancing to zero properly when you file a sales tax return. **Because unfiling a transaction may mean adjusting the sales tax you owe, contact your accountant for guidance.**

To manually mark a transaction as filed or not filed:

1   Open the original transaction and note its date, reference number, and the amount of GST or PST on it.

2   From the Lists menu, choose Chart of Accounts.

3   Double-click the sales tax account to open its register.

- The default sales tax accounts in QuickBooks are GST Payable and PST Payable.

4   Locate the GST or PST entry in the register that matches the original transaction:

5   In the transaction, right-click the ✔column:

- If the transaction is unfiled, the column is empty. From the right-click menu, select File. QuickBooks will no longer use this transaction to calculate your sales tax liability -- it will no longer appear in the GST or PST Liability reports that show what you owe as of a certain date. Manually filed transactions are given a filing date of 01/01/1901.

- If the transaction is filed, it shows an F in the column. From the right-click menu, select Unfile. After you manually unfile a transaction, it appears with other unfiled transactions as part of your sales tax liability -- that is, it appears in GST and PST Liability reports that show what you owe as of a certain date. The transaction will marked as filed when you pay your sales tax liability as normal.

6   Click Record to save your changes.

Editing transactions marked as 'filed'

QuickBooks allows you to edit filed transactions. For example, you might need to change a filed transaction if it contains a mistake about what items were bought or sold, the customer or vendor name, the account that an amount was assigned to, or another issue not related to the dollar amounts in the transaction. **However, we strongly recommend that you do not change dollar amounts in a filed transaction without consulting an accountant.** Otherwise, the amount QuickBooks shows you owe in sales tax reports will not match the actual balance owing in your sales tax payable account. When you file a sales tax return, the sales tax payable account may not balance properly.

To avoid amounts in your tax payable account that don't appear on tax reports, leave the amounts in the original transaction as they are and create a second transaction for the difference. For example, suppose that three months ago, you accidentally entered $30 for widgets on a bill when you should have entered $20, and that you have since created a GST return for that period. Instead of changing the original transaction, enter a credit for the $10 difference (by selecting Enter Bills from the Vendor menu, then selecting the Credit option on the form).

Changes that do not involve dollar amounts in a transaction show up immediately in reports, customer or vendor registers, or the other area of QuickBooks you usually use to track this information.

If you do change a dollar amount in a filed transaction, QuickBooks shows the change like this:

- GST and PST Liability reports (Vendors & Payables section of the Reports menu): by default, these reports only show unfiled transactions, which determine how much sales tax you owe. The change does not appear in these reports because the transaction is still marked as filed (so the reports do not include it).

- Prior GST and PST returns: to ensure that your records agree with the CRA's (formerly the CCRA), sales tax returns do not change once they are filed. For this reason, they do not show changes to transactions.

- the Sales Tax Detail report (when viewing prior sales tax returns): this report shows the transactions that were marked as filed by a particular sales tax return. Since the transaction you changed is included in this report, the report will show the change to the transaction. That means this report will disagree with the sales tax return for the same period by the amount of the change.

- Registers for tax liability accounts: the register reflects all transactions, filed and unfiled, and all modifications to them. If you change an amount in a filed transaction, you are creating a difference between the transactions marked as filed and the payments (or refunds) you have made to the tax agency. This difference will not be picked up by the GST or PST Liability reports. For this reason, sales tax registers are a good place to help reconcile sales tax issues.

When you edit a filed transaction, it remains marked as filed.

Locking older transactions after paying your GST/PST liabilities

After you've paid your GST and PST liabilities for a given period, you won't want your employees to change any of the transactions that affected your payment. QuickBooks lets you restrict access to these older transactions to be sure they are not changed without your knowledge. By requiring permission to delete, add, or edit transactions before a chosen date, you can discourage changes to these "closed" accounting periods, but still make corrections when necessary.

To deny users access to "closed" periods, when you set up user names and passwords for your staff, do not grant them permission to Change or Delete Transactions recorded before your closing date. Then enter a closing date that is later than the date of your payment. For more information about setting up user names and passwords, see "Users and passwords" on page 123.

To lock older transactions after paying sales tax liabilities:

1 To set up or edit user names for your staff, from the Company menu, select **Set Up Users**.

2 Do one of the following:

  ■ Select an existing user name from the list, then click **Edit User**, or

  ■ Click **Add User** to create a new user name.

3 If you do not want this user to have access to your historical transactions, give him or her access only to "Selected areas of QuickBooks" when the wizard prompts you.

4 Work through the wizard until you reach the Changing or Deleting Transactions screen.

5 Select **No** to the question, "Should this user also have the ability to change or delete transactions that were recorded before the closing date?"

6 Work through the rest of the wizard for this user, then any other users in your user list or that you are adding.

7 At the bottom of the user list, click **Closing Date**.

  ■ If you closed the user list, from the Company menu, select **Set Up Users**.

8 Type the date up to which your books are closed, then click **OK**.

9 Click **Close** to close the user list.

To learn about...	Search the Help index for...
Using permissions to "close" your books	closing, books

How to manage foreign vendors, customers, and currencies

If you do business outside of Canada, you can set up QuickBooks Pro and QuickBooks Premier Editions to easily handle foreign-currency transactions. At the conclusion of this chapter, you'll know how to set up prices in foreign currencies for items you sell internationally, enter information for foreign customers and vendors, and deal with the exchange rates of the foreign currencies you use.

Multicurrency: an overview

In QuickBooks Pro or better, you can record transactions in currencies other than the Canadian dollar. With the multicurrency feature turned on, QuickBooks tracks foreign transactions and accounts for them correctly, regardless of the currency you use. For example, if you sell goods to the United States, you might enter some transactions in US dollars and others in Canadian dollars. Tracking these foreign-currency transactions is as easy as selecting the foreign customer or vendor from your customer:job list; QuickBooks takes care of everything else.

With multicurrency, you can also set up a fixed foreign price for items, or enter prices in your home currency and then have QuickBooks calculate the foreign price based on the current exchange rate. See "Set up foreign prices for items" on page 162 for more information on setting up foreign prices.

The home currency refers to the currency that is used in the country in which your business is located. QuickBooks selects the Canada Dollar as the home currency by default. In registers and forms, home-currency transactions are displayed in the home currency, whereas foreign transactions are displayed in their foreign currency. On most reports; however, foreign balances are converted into the home currency.

Note: Once multicurrency is turned on, you cannot turn it off. We recommend that you make a backup of your company's file before turning multicurrency on. For more information, see "Backing up your company data" on page 107.

A note about exchange rates

Exchange rates of currencies change daily, and these fluctuations can generate a gain or loss in your books. QuickBooks accounts for these gains and losses by tracking them in the Exchange Gain/Loss expense account which is created automatically when multicurrency is turned on (see "Exchange rates and how they affect your transactions" on page 165 for more information.)

Setting up multicurrency

If you deal in a currency other than the Canadian dollar, you need to turn on the multicurrency feature. This feature is turned off by default, as many businesses deal only with Canadians using Canadian dollars.

After multicurrency is turned on, you will need to assign a currency to each of the customers and vendors with whom you deal on an international basis. Customers and vendors that were created before you turned on the multicurrency feature are automatically assigned your home currency (by default, "Canada Dollars"). The home currency is used to determine the value of all other currencies, and its exchange value is fixed at 1. Once a home currency is selected and you have recorded a transaction, it cannot be changed, unless you delete the associated transactions and edit the associated customers.

Each foreign currency you deal in must have a matching Accounts Receivable or Accounts Payable account in the same currency. This allows you to track transactions specific to each currency that you set up in QuickBooks. You can also set up foreign-currency Bank and Credit Card accounts.

To setup multicurrency, you need to complete these tasks:

1 "Turn on the multicurrency" on page 159.

2 "Set up foreign accounts" on page 160.

3 "Create foreign customers and vendors" on page 161.

4 (Optional) "Set up foreign prices for items" on page 162.

1 Turn on the multicurrency

If you invoice, receive payments or pay bills in a currency other than the Canadian Dollar, you should turn on the multicurrency feature. You can do so in one of two ways: in the EasyStep Interview as you create a new company, or in the Preferences window.

Once multicurrency is turned on, you cannot turn it off. We recommend that you back up your company file before turning multicurrency on. That way, you can go back to the way your company was, if for some reason you don't want to use the multicurrency feature anymore.

To turn on multicurrency from the Preferences window:

1 From the **Edit** menu, choose **Preferences**.

2 From the scroll box on the left, select **Accounting**.

3 On the **Company Preferences** tab, select **Use multicurrency**.
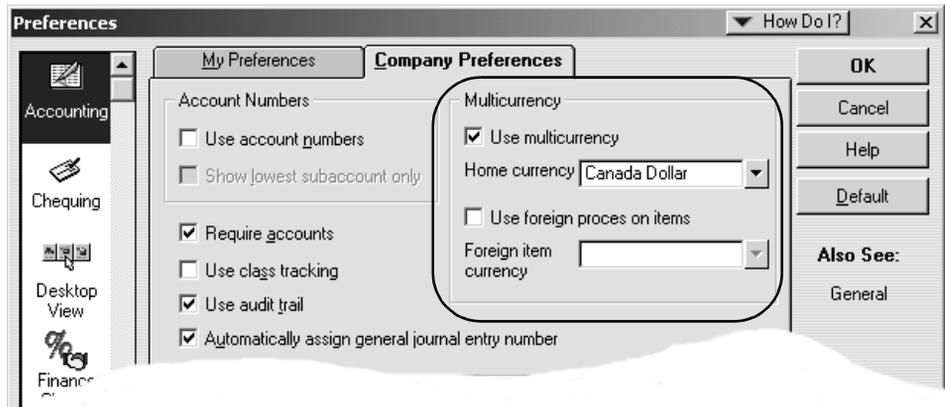
4 Click **OK**. Multicurrency is now turned on, and the home currency is set to "Canada Dollar".

You can now:

- Assign a foreign currency to a customer and vendor.
- Use a currency list which includes many common currencies and the latest exchange rates as of QuickBooks' release.
- Generate a report to calculate unrealized and realized gains and losses.
- Quickly convert foreign dollars to Canadian dollars or Canadian to foreign dollars with the Currency Calculator.
- Use the "Exchange Gain & Loss" expense account to track gains and losses due to fluctuations in exchange rates.
- Set a foreign price for items you sell frequently to foreign customers.
- Locate multicurrency transactions with two new filters in the "find" function.

2 Set up foreign accounts

You can choose a foreign currency for Bank, Credit Card, Accounts Receivable (A/R) and Accounts Payable-type (A/P) accounts.

You do not need to set up foreign Bank and Credit Card accounts to track foreign transactions. However, for each foreign currency you deal in, you must create an A/R account (if you have customers), an A/P account (if you have vendors), or both in that currency. For example, if you have customers in the USA and England, you'll need two additional A/R accounts: one in US Dollars and the other in UK Pounds. You cannot use the same A/R and A/P accounts you use for your Canadian-dollar transactions because the Canadian dollar and other currencies rarely trade as equals.

Note: Once a transaction is recorded in an account, the account's currency cannot be changed.

To set up a foreign account:

1 From the **Company** menu, select **Chart of Accounts**. The Chart of Accounts appears.
2 On the Chart of Accounts window, click the **Account** menu button, and choose **New**.
3 Create an A/R or A/P account for each currency in which you want to deal. See the online help for information on how to set up a new account.

When you select a currency, the Exchange field shows its exchange rate. If you want to update the exchange rate, do it from the Currency List. See "Using the currency list" on page 163 for more information.

To learn about...	Search the Help index for...
Setting up accounts	accounts

3 Create foreign customers and vendors

After you've set up foreign A/R and A/P accounts, you can set up the foreign customers or vendors who will be using these accounts. To do so, create the customer or vendor as you normally would and choose the correct currency from the drop-down list in his or her profile. Once a currency is assigned to a customer or vendor, all future transactions involving him or her are recorded in the currency you assigned, with the exception of bill and credit card payments (in this situation, the account you use to pay determines the currency of the transaction).

Existing customers or vendors (that is, ones you set up before turning on the multicurrency feature) are automatically assigned the Canadian-dollar currency. If you want to use a different currency for these individuals, you'll need to create new customer or vendor profiles in the correct currency.

Note: Once a transaction has been recorded for a foreign customer or vendor, you cannot change the currency assigned to him or her. You cannot assign a foreign currency to the Receiver General and Minister of Finance vendors.

To create a new foreign Customer, Vendor, or Other Name:

Open a new profile and fill it in as you normally would with the following exceptions noted on the graphic below.

1 (Optional) Enter an opening balance if applicable.

Once a transaction is recorded for a customer, you cannot enter an opening balance in this window.

2 Select the currency you want to associate with this profile. If the currency you want is not in the drop-down list, select <Add New> to create a new currency.

Also, if the exchange rate is out-of-date, update it.

Only one currency can be associated with a Customer, Vendor, or Other Name. If you deal with a customer or vendor in more than one currency, you'll need to create an additional customer or vendor profile for each currency in which you do business.

4 Set up foreign prices for items

By default, items in the Item List are priced in the Canada-dollar currency. What that means is when an item is used in a foreign transaction, the price of the item is calculated by multiplying the home-currency amount with the foreign currency's exchange rate. Because the price is converted based on an exchange rate, there is a possibility that the price of an item may go up or down if the exchange rate changes.

QuickBooks allows you to set up a fixed foreign price on items you sell frequently to one particular country. By doing this, the foreign price of the item will not change due to fluctuations in exchange rates. You can only select one other currency besides your home currency to assign to item prices.

To turn on foreign pricing:

1 From the Edit menu, choose **Preferences**.

2 From the scroll box on the left, select **Accounting**.

3 In the Company s tab, select **Use foreign prices on items**.

4 From the "Foreign item currency" drop-down list, select the currency you want to use as a fixed foreign price on items. If you deal with more than one foreign currency, choose the currency you deal in the most.

5 Click **OK**.
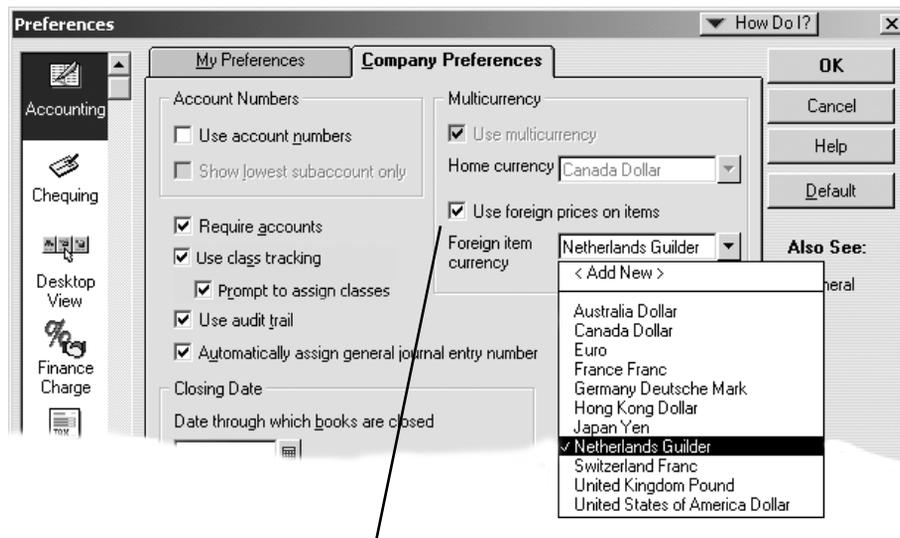
Once the foreign pricing is turned on...
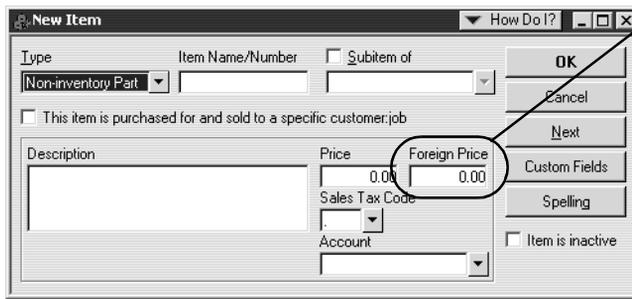
... you'll see an extra field in the New Item window where you can enter a fixed foreign price for an item.

QuickBooks uses an item's Foreign Price in transactions where the currency matches the currency that you chose in the foreign pricing.

Using the currency list

The Currency List is a list of all the currencies that are set up in QuickBooks. We've included a total of 44 currencies (including Canadian currency) in the Currency List. The list contains information about each currency such as its exchange rate, currency symbol, and hotkey.

When a foreign transaction is recorded, QuickBooks uses the exchange rate from the Currency List to convert the foreign amount into the home-currency amount. You should rarely need to make changes to the Currency List, except to add and delete currencies, and update exchange rates. You cannot delete your home currency.

To create a currency:

1 From the **Lists** menu, choose **Currency List**.

Hotkeys help you convert foreign amounts to your home currency quickly.

To use them, on any form, select the foreign amount you want to convert, then type that currency's hotkey. QuickBooks multiplies the foreign amount by its exchange rate, which gives you the amount in your home currency.

Inactive currencies are not shown in this list. There are more than 40 currencies defined in QuickBooks. To display all currencies, click the "Show All" checkbox.

2 At the bottom of the Currency List, click the **Currency** menu button and select **New**. The New Currency window appears.

Select this checkbox to make a currency inactive. This hides the currency from the list as opposed to deleting it entirely.

Minimizing the Currency List makes it easier to read from drop-down lists on forms.

3 On the New Currency window, fill in the currency options (at the very least, the Currency Name, Country Code, and Country fields must be filled in):

- **Currency Name:** the name of the currency.
- **Country:** the country in which the currency is used.
- **Currency Code:** the internationally-recognized code for the currency.
- **Currency Symbol:** the symbol (such as $) to represent this currency on forms.
- **Hotkey:** a unique letter or symbol to use by pressing the key to multiply an amount by the currency's exchange rate.
- **Exchange Rate:** the value of one unit of the foreign currency in your home currency. In order to keep your foreign transactions accurate, you should update the exchange rate on a regular basis.

Format options

- **Symbol Position:** select where you want the currency symbol placed. Your options include Leading (in front of the dollar value) or Trailing (behind the dollar value).
- **Decimal Separator:** enter the symbol you want to use on forms to represent the decimal placeholder. The default is a period (.).
- **Decimal Places:** select the number of decimal places you want to use on forms. You can select zero through 2.
- **Thousand Separator:** enter the symbol you want to use on forms to represent the thousand placeholder. The default is a comma (,).

4 Click **OK**. The new currency is added to the Currency List and is available on forms.

To learn about...	Search the Help index for...
Creating, editing, or deleting a currency	■ currencies, creating
	■ currencies, editing

Using the currency calculator

The currency calculator is a handy way to convert a dollar amount into a foreign currency or vice versa.

■ From the Company menu, choose **Currency Calculator**.
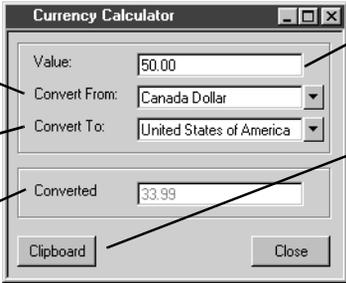
2 Select the currency of the dollar amount you want converted.

3 Select the currency you want the dollar amount converted to.

A read-only field that displays the result of the conversion.

Currency Calculator

Value:	50.00
Convert From:	Canada Dollar
Convert To:	United States of America

| Converted | 33.99 |

Clipboard   Close

1 Type the dollar value you want to convert.

4 Click here to copy the converted amount to the clipboard. Then, use the paste command (CTRL+V) to paste the amount into a field on a form.

Exchange rates and how they affect your transactions

The exchange rates provided in QuickBooks Pro or better were accurate at the time your software was released. However, because currencies fluctuate in value, you should update the exchange rates of your currencies often—every week or possibly more frequently, depending on the volatility of the currency. (The easiest way to update exchange rates is by using the Currency List. See "Using the currency list" on page 163 for more information.)

Tip: An exchange rate field also appears on some forms so that you can enter the latest exchange rate "on the fly", without having to go to the Currency List. You should (when reconciling your chequing accounts, for example) update the exchange rate used for cheques and deposits to reflect the actual rate that was used by your bank at the time the cheques were processed or your deposits accepted.

It is these changes in exchange rates that can affect the profits you make from foreign sales and your costs for foreign purchases. Basically, as a business owner, you want to track the potential effect of exchange rate changes on foreign transactions that haven't been completed (referred to as unrealized gains and losses) as well as the actual effect of the changes on transactions that *have* been completed (referred to as realized gains and losses). QuickBooks provides a report to help you track both types of gains and losses.

Unrealized gains and losses

When you create a foreign transaction, the foreign currency is worth a certain amount in your home currency, which is determined by its exchange rate on the day of the transaction. However, the exchange rate likely changes before the transaction is closed. Until the transaction closes, the difference between the value of the foreign currency when you created the transaction and its current value as of today is your unrealized gain or loss.

For example, say a customer purchases an item from you for $100 US dollars, which is $130 CDN at the time you issue the invoice. Before the customer pays you, the Canadian dollar falls, and the US dollar exchange rate climbs to 1.5 from 1.3. The $100 US that the customer owes you is now worth $150 CDN, so your unrealized gain is $20 CDN. (You won't know how much money in Canadian dollars the customer actually pays you until you receive his or her payment and deposit it in a bank. At that point, the bank converts it to Canadian currency, and your gain or loss is "realized".)

Many accountants prefer you take your unrealized gains and losses on open foreign transactions (invoices and bills) into account when you create reports about your company's net worth, as doing so gives a more accurate picture of the value of your company on that date. Check with your accountant to see what he or she recommends.

To determine your unrealized gains and losses and make a home currency adjustment:

To ensure your net worth reports show the true value of your foreign currency accounts (and therefore your company) at the end of a reporting period, your accountant should make a home-currency adjustment in the general journal.

1 Create an "Unrealized Gains and Losses" report:

    a   From the **Reports** menu, select **Multicurrency**, then **Unrealized Gain and Loss**.

    b   In the Exchange Gain/Loss window, update the exchange rates for the purpose of this report. (Note that doing so does not update the Currency List.)

    c   Click **OK**. QuickBooks summarizes open foreign transactions and the potential gains or losses on them.

On reports, foreign amounts are displayed in the home currency.

In this example, the home currency is Canadian; therefore, these amounts are in Canadian dollars.

2 Use the information in the report to create a home-currency adjustment in the General Journal entry to account for your gain or loss. Select the Exchange Gain/Loss expense account as the other account that will be affected by this entry.

In this example, the Unrealized Gains and Losses report shows a currency gain for the US A/R account, and a currency loss for the US A/P account. Therefore, the entries in the General Journal should be recorded as follows.

Select this checkbox to ensure these amounts are recorded as an adjustment to the home currency without affecting the foreign balance of that account.

You need to specify a customer name when a journal transaction is entered for an A/R account (or vendor name for an A/P account).

When making home-currency adjustments, create a phony customer or vendor to which you can assign unrealized gains & losses.

3 Create your net worth reports.

4 Reverse the General Journal entry to remove the unrealized gain or loss from your books.

Realized gains and losses

A gain or loss on a foreign transaction because of changes in the exchange rate becomes realized once the transaction is either partially paid or paid in full. When you close the transaction, QuickBooks compares the value of the foreign amount when the transaction began to its value when the transaction closed. QuickBooks enters the difference (gain or loss) in the Exchange Gain/Loss account (which is created automatically when multicurrency is turned on.)

For example, if you owe a vendor 500 French Francs, and the dollar/franc exchange rate changes from 0.25 when you ordered the products to 0.20 when you pay the bill, your realized gain is $25 CDN. That is, when you ordered the products, you owed $125 CDN, but you actually paid only $100 CDN because the franc fell relative to the Canadian currency. QuickBooks balances the transaction by assigning the $25 gain to the Exchange Gain/Loss account.

To determine your realized gains and losses over time, use the "Realized Gains and Losses" report. This detailed report shows the original amount of each foreign transaction in your home currency, the actual exchange rate when the transaction was closed, and the resulting gain or loss to you.

To print a realized gains and losses report:

■ From the **Reports** menu, select **Multicurrency**, then **Realized Gain and Loss**.

On reports, foreign balances are converted to the home currency.

Dealing with foreign customers

QuickBooks handles customers who pay in foreign currencies in much the same way as customers who pay in your home currency. You create an invoice and receive payments in exactly the same way. The only difference is that the currency you assign to the customer in his or her profile becomes the currency of the transaction (see "Create foreign customers and vendors" on page 161).

Creating invoices for foreign customers

Before you can create an invoice for a foreign customer, you must set him or her up in the customer:job list and create a foreign A/R account. Then you can create an invoice as you normally would. As you do, you also need to:

1 Select a foreign customer such as this US customer. QuickBooks selects an A/R account that matches the currency of the selected customer. If one doesn't exist, QuickBooks prompts you to create one.

The price of the item is converted into the customer's currency (US dollars) using the exchange rate. In this example, the rate for "skiing lessons" is $50 Canadian, but when the item is added to the invoice, the rate is converted to $33.99 US.

If you don't want the price converted using the latest exchange rate, set up a foreign price. See "Set up foreign prices for items" on page 162.

2 Update the exchange rate if necessary.

Note: When you create an invoice for a foreign customer, and add an item that has a tax code assigned to it, the tax code is not brought over to the invoice.

Receiving payments from foreign customers

You receive payments from foreign customers as you normally would. As you do, you also need to:

1 Select the foreign customer from whom you are receiving the payment; in this case, it is a US customer. QuickBooks selects an A/R account that matches the currency of the selected customer. If one doesn't exist, QuickBooks prompts you to create one.

Fill out the "Receive Payment" window as you normally would.

The customer determines the currency of the transaction, and seeing that this customer is American, the amounts on this form are in US dollars.

2 Update the exchange rate if necessary.

Depositing foreign money

1 From the **Banking** menu, choose **Make Deposits**. The Payments to Deposit window appears.

2 In **Currency** drop-down list, select the currency in which you have received payments and want to deposit. You can only deposit payments from one currency at a time. Then, from the list of payments you've received, select the payment(s) you want to deposit.

3 Click **OK**. The Make Deposits window appears.

4 In the **Deposit To** field, select the account to which you want to deposit the payment. You can deposit foreign money into a home currency account (the amount is converted using the currency's exchange rate, or a foreign bank account as long as it matches the currency of the deposit).

5 In the **Exchange Rate** field, update the exchange rate if necessary.

6 Fill in the remaining fields as you normally would. If you are getting cash back from a foreign deposit, you need to set up a Petty Cash account that matches the currency of the money you are depositing and account for the holdback in it.

Dealing with foreign vendors

Working with foreign vendors is much the same as working with vendors in your home currency. The steps involved in making purchases and paying bills doesn't change. The only thing that is different is the currency of the transaction, which is determined by the vendor. See "Create foreign customers and vendors" on page 161 for instructions on how to create a foreign vendor.

Creating purchase orders for a foreign vendor

Before you can create a purchase order for a foreign vendor, you must set him or her up in the vendor list, create a foreign A/P account, and have the purchase order turned on.

Create a purchase order for a foreign vendor as you normally would. As you do:

1 Select a foreign vendor. Because the currency of this vendor is US Dollars, for example, the currency of the transaction will also be US Dollars.

QuickBooks selects an A/P account that matches the currency of the selected vendor. If one doesn't exist, it prompts you to create one.

Fill out the "Create Purchase Order" window as you normally would.

2 Update the exchange rate if necessary.

As you enter items on foreign purchase orders, their prices are converted to the vendor's currency. If the item has a foreign price and its currency matches the vendor's, the foreign price is used instead (see "Set up foreign prices for items" on page 162 for more information).

Paying bills from foreign vendors

Often, you will receive bills in a foreign vendor's currency and be expected to pay in the same currency. If you make purchases from a foreign vendor, you should consider opening a bank account in the vendor's currency.

You can only pay bills in one currency at a time.

1 Open the Pay Bills window as you normally would.

2 In the **A/P Account** drop-down list, select the A/P account that matches the currency of the bill you want to pay. For example, if you are paying a bill from a US vendor, select your US A/P account.

You can only display bills in one currency at a time. The currency is determined by the A/P account that is selected. In this case, we've selected a US A/P account, therefore the bills listed here are from US vendors.

Update the exchange rate.

If the exchange rate changes between the time you entered the bill from the time you paid the bill, a gain or loss is generated. QuickBooks accounts for it by making an entry in the Exchange Gain/Loss expense account.

Select the account from which the payment will be taken. If the bank account is not set up as foreign, QuickBooks calculates the amount in the home currency that is to be withdrawn using the exchange rate.

To learn about...	Search the Help index for...
Payments using your credit card	credit cards

Transferring foreign funds

You can transfer money from a home-currency bank account to a foreign bank account or from a foreign account to a home-currency account. However, transferring money between two foreign bank accounts can only be done if the currency of the accounts are the same.

1 From the **Banking** menu, choose **Transfer Funds.**

2 With the Transfer Funds Between Accounts window open:

Update the exchange rate to match the rate of exchange on the day of the transfer.

Enter the amount of the transfer.

Select the currency denomination of the amount you want to transfer.

For example, if you know the transfer amount in Canadian dollars, select Can$, then enter the Canadian amount. If you know the transfer amount in US dollars, then select $US to specify the amount in US dollars.

Fill in the rest of the window as you normally would.

Payroll and employees

How to pay employees and create payroll forms

QuickBooks helps you track employee information and compensation. With the payroll features, you can create pay cheques and administer vacation pay, bonuses, benefits, end-of-year payroll forms such as T4 and Relevé 1 slips, and more.

> ⚠️ **To pay your employees with QuickBooks, you must be a member of the QuickBooks Payroll . (Some versions of QuickBooks include a membership in the service.)**
>
> This convenient, hassle-free service provides you with the latest tax tables and payroll forms whenever the federal or a provincial government changes them, plus a new version of the software whenever Intuit updates it.
>
> To sign up, from the **Employees** menu, select **Set Up QuickBooks Payroll Service**, then **Sign up Now**. For more information, turn to page 174.

Payroll: before you begin…

Membership in the QuickBooks Payroll

Before you can use QuickBooks to pay your employees, you must become a member of the QuickBooks Payroll . Some QuickBooks products include either a full or limited membership. If you receive a limited membership, you must become a full member to continue to pay your employees with QuickBooks when the limited membership expires.

Your membership in the Payroll Service ensures that you receive updated tax tables from Intuit whenever income tax, Employment Insurance, Canada Pension Plan / Québec Pension Plan, or other payroll rates or payroll forms change. The Payroll Service also helps you make the most of your software investment by keeping it current. While you are a member, you receive all updates and upgrades that Intuit releases for your software at no additional charge.

To become a member of the QuickBooks Payroll , select **Set Up QuickBooks Payroll** from the **Employees** menu, then **Sign up Now**. Intuit will assist you in updating your QuickBooks user licence to show your membership.

You can get information about your membership by selecting **My License** from the **Help** menu. You can get information about your tax table by selecting **Set Up QuickBooks Payroll** from the **Employees** menu, then **About the Payroll Service**.

To learn about…	Search the Help index for…
Signing up for the QuickBooks Payroll	QuickBooks Payroll

If you don't use the payroll feature in QuickBooks

If you are not a member of the QuickBooks Payroll , you can still turn the payroll features on. That's because you must still track your payroll expenses and liabilities in QuickBooks even if you use an accountant or payroll company to pay your employees rather than the QuickBooks Payroll . Otherwise, your accounts will not be correct. However, you cannot create pay cheques for your employees without a full membership.

With the payroll features turned off, the Employee list allows only very basic information about each employee — his or her name, contact information, Social Insurance Number, hire and release dates, and custom information you define.

To learn about…	Search the Help index for…
Using an external payroll service	payroll services, other than Intuit
If you have employees, but aren't using QuickBooks payroll	payroll, not using

Setting up payroll: an overview

The amount of time it takes to enter your payroll information into QuickBooks varies with the size of your company. Often, it can take from one to two hours.

If you have never operated a payroll system before or are using a Premier Edition of Quick-Books, we recommend that you set up payroll outside of the EasyStep Interview. If you are familiar with payroll systems, you can use the EasyStep Interview to set up your employees and their year-to-date payroll amounts quickly.

To set up your payroll system:

1 Become a member of the QuickBooks Payroll . You cannot use the payroll features of the product unless you sign up for this service (see page 174).

2 In the **Payroll & Employees** preferences, check that the payroll features are turned on and are configured properly for your needs.

For example, you can choose how you want your Employee list sorted and what prints on employee pay cheques and vouchers or pay stubs.

3 Gather the information you need to set up payroll (see page 176).

4 Confirm that the payroll liability and expense accounts that QuickBooks creates for you meet your needs (see page 179).

5 Set up (in this order):

- Your payroll items (see "Setting up your payroll items" on page 179).
- Your employees (see "Setting up employees" on page 189).
- The employees' year-to-date amounts (see "Summarizing amounts for this year to date" on page 194).

6 If you have not already done so, protect your company and employee payroll data from unauthorized access by setting up users and permissions (see "Users and passwords" on page 123).

To learn about...	Search the Help index for...
Setting up payroll	payroll setup, required information
Signing up for the QuickBooks Payroll	QuickBooks Payroll
Getting payroll updates	payroll, updating
Setting payroll preferences	preferences, payroll
Setting up users and permissions for a payroll system	permissions

Collecting the information you'll need

If you paid employees before you set up your company in QuickBooks, you'll need to get information from your previous accounting package or your accountant.

Information you need	Where to find it
Company	
How often you pay your employees	Your accountant or company records
Your policies on vacation pay and sick time	Your accountant or company records
Contact information for the agencies you remit money to after withholding it from employee payments (e.g. the CRA)	Your accountant or company records
Start date for using payroll	Your company records
Tax information	
Your business number	Your company records or the CRA
Current tax tables covering payroll with-holding amounts such as EI premiums and CPP/QPP contributions	You can download them through QuickBooks after you sign up for the Payroll Service
Compensation, benefits, and other payroll items	
How you pay your employees and officers: hourly wages, salaries, and/or commissions	Your accountant or company records
Things you add to your employees' pay cheques ■ Examples include bonuses, travel expenses, employee loans	Your accountant or company records
Things you deduct or withhold from your employees' net pay. ■ Examples include union dues, repay-ments of employee loans or advances, health or life insurance paid by the employee, deductions for pension plans	Your accountant or company records
Expenses your company pays that are based on employee pay cheques (company contributions) ■ Examples include health or life insurance paid by the company, your portion of Employment Insurance, etc.	Your accountant or company records

Information you need	Where to find it
Employees	
Employee name, date of birth, and Social Insurance Number (SIN)	Employee
Contact information for the employee, including the province of employment	Employee and/or company records
Federal and provincial TD-1 forms for the employee, completely filled out (see "Entering information from employee TD1 forms" on page 192)	Employee
Employee's rate of pay or salary and pay cheque additions, deductions, and company contributions (if any)	Pay cheques, reports, or payroll ledger
Employee's vacation pay and accrued time	Pay cheques, reports, or payroll ledger
Year-to-date amounts	
Each employee's payroll amounts from the beginning of the calendar year to the date you started using QuickBooks. ■ That is, the total amount you've paid out to the employee so far this year, and ■ The total amounts you withheld from each of the employee's payments and what for.	Copies of employee pay cheques, pay stubs, payroll reports, payroll service, accountant, payroll ledger
Your payroll liability amounts from the beginning of the calendar year to the date you started using QuickBooks. ■ That is, the total amounts you withheld from all pay cheques you issued this year, and ■ How much you already remitted to the government, benefits providers, etc. as a result of these liabilities.	Copies of liability cheques, payroll reports, payroll service, accountant, payroll ledger
Direct Deposit	
For each employee using the service: ■ Direct deposit request ■ Bank number(s) ■ Transit number(s) ■ Account number(s)	Employee's direct deposit request form

Payroll expense and liability accounts

When you turn on payroll, QuickBooks adds two accounts to your Chart of Accounts:

■ Payroll Expenses (an Expense account)

■ Payroll Liabilities (an Other Current Liability account)

To keep your balance sheet and your profit and loss statement accurate, QuickBooks associates each payroll item with the appropriate account or accounts.

Whenever you create a new payroll item, QuickBooks helps you assign it to the correct account or accounts by prefilling the account name to use. However, you can use a different account if you like. For example, an accountant for a corporation may want to create subaccounts of the Payroll Expenses and Payroll Liabilities accounts to report expenses for officer salaries separately from non-officer salaries.

Some types of payroll items should be assigned to different accounts. For example, payroll items for employee loans (advances) should be assigned to an asset account, not the payroll expense account. Payroll items for employee loan repayments should be assigned to the same asset account as the payroll item for the loan.

To learn about...	Search the Help index for...
Payroll Liabilities account	payroll liabilities, account
Payroll Expenses account	payroll, expenses account

Customizing payroll accounts

You may change the names of the payroll liability account and payroll expense account that QuickBooks provides. If you use numbered accounts, you may change the account numbers QuickBooks provides.

You can also use subaccounts of Payroll Liabilities to see more detail on your balance sheet for payroll liabilities, and subaccounts of Payroll Expenses to see more detail on your profit and loss statement of your payroll expenses. For example, corporations may need to report expenses for officer salaries separately from those for non-officer salaries.

To learn about...	Search the Help index for...
Adding new accounts	accounts (managing), adding
Changing account information	accounts (managing), editing
Subaccounts	subaccounts

Setting up your payroll items

The importance of payroll items

Payroll items are the building blocks of your payroll system. When you create any kind of payroll transaction in QuickBooks—whether it's a pay cheque, a payroll liability payment, or an adjustment at setup time or later—you use payroll items to do it (in the same way that sales forms use service and inventory items).

There are payroll items to track employee compensation (salaries and wages), amounts you withhold from employee pay cheques (income tax and other liabilities), employer-paid expenses (such as company-paid benefits), and additions and deductions (such as bonuses and loan repayments). QuickBooks uses payroll items to track both the individual amounts on a pay cheque and accumulated year-to-date amounts for each employee.

QuickBooks displays your payroll items on the Payroll Item list. The names of the payroll items are what you'll see on pay cheques and in payroll reports.

QuickBooks identifies payroll transactions by their use of payroll items:

- Payroll reports include only transactions that use payroll items.
- Payroll liability balances are based on transactions that use payroll items.
- Employee year-to-date amounts are based on transactions that use payroll items.

When the payroll feature is turned on, QuickBooks creates the Payroll Item list with some standard payroll items. You can add payroll items to this list.

To learn about...	Search the Help index for...
Payroll items	payroll items, defined

About the default payroll items

When you first turn on the payroll feature, QuickBooks creates the Payroll Item list with some standard payroll items. These include:

Payroll item name	Type	Use for
Sick Salary	Yearly Salary	Accrued time (such as sick time) paid out to a salaried employee
Vacation Salary	Yearly Salary	Vacation pay paid out to a salaried employee who is on vacation
Sick Hourly Rate	Hourly Wage	Accrued time (such as sick time) paid out to an hourly employee

Payroll item name	Type	Use for
Vacation Hourly Rate	Hourly Wage	Vacation pay paid out to an hourly employee who is on vacation or who left the company
VacPay - Accrual Paid Out	Vacation Pay	A specific amount of vacation pay paid out to an employee, for example, when he or she leaves the company
VacPay - Accrued	Vacation Pay	Earned (but not yet paid out) vacation pay for an employee
VacPay - Paid Out	Vacation Pay	Vacation pay paid out to an employee who is paid out every pay period
Federal Income Tax	Payroll Taxes	Federal income tax withheld from the employee. Also includes provincial income tax, except in Québec.
CPP - Company	Payroll Taxes	Canada Pension Plan, company contribution
CPP - Employee	Payroll Taxes	Canada Pension Plan, employee contribution
EI - Company	Payroll Taxes	Employment Insurance, company contribution
EI - Employee	Payroll Taxes	Employment Insurance, employee contribution
QPP - Company	Payroll Taxes	Québec Pension Plan, company contribution
QPP - Employee	Payroll Taxes	Québec Pension Plan, employee contribution
Québec Income Tax	Payroll Taxes	Québec income tax withheld

Creating new payroll items

As you set up your payroll system, you will need to create new payroll items to match how you pay your employees. To create new items, use the Add New Payroll Item wizard.

To start the Add New Payroll Item wizard:

■ With the Payroll Items list open, click the **Payroll Item** menu button, then select **New**.

Payroll item type	Use for
Yearly Salary	■ Compensation to employees whose annual salary is independent of the number of hours actually worked. ■ Compensation to salaried corporate officers (with expenses assigned to an expense account for corporate officer salaries). ■ Paid sick time for salaried employees. ■ Vacation pay for salaried employees.
Hourly Wage	■ Compensation based on the number of hours worked. ■ Paid sick time for hourly employees. ■ Vacation pay for hourly employees.
Commission	Compensation based on a percentage of another quantity (such as 7% of sales) or a flat amount times a quantity (such as $8 times units sold).
Deduction	Any deduction from gross or after-tax (net) pay. Examples include union dues, loan repayments, and employee-paid insurance. Deductions can be flat amounts or calculated on a quantity such as the hours the employee works.
Bonus	One-time compensation awarded at the discretion of the employer.
Addition	Any addition to gross or after-tax (net) pay. An example is a recurring profit-sharing payout. Additions can be flat amounts or calculated on a quantity such as the hours the employee works.
Company Contribution	Any company-paid benefit or expense that you want to track with each pay cheque. Examples include employee benefits such as pension plans or health and life insurance. Company Contributions can be flat amounts or calculated on a quantity such as the hours the employee works.
Other Tax	Miscellaneous taxes based on employee wages. These taxes may be paid by the company or the employee. Examples include payments to the Workers Compensation Board, the Ontario Employer Health Tax, and the Québec Health Services Fund. Other Taxes can be flat amounts or calculated on a quantity such as the hours the employee works.

You can limit payroll items to a maximum amount, either annually (e.g. an employee's union dues cannot be more than $150 per year) or absolutely (e.g. an employee's loan repayment cannot ever be more than $2000, the amount of the loan).

As you create an item in the Add New Payroll Items wizard, you should:

- Confirm that the expense and liability accounts assigned to it meet your needs and change them, if you need to.
- Choose how to track the payroll item on T4 and, in Québec, Relevé 1 forms, if it's an addition, deduction, or company contribution. If you are not sure how to tax a payroll item, check with the Canada Revenue Agency, your provincial Minister of Revenue, or your accountant.

Note: From the Tax Tracking Type drop-down menu, you can choose tracking options for T4 forms only (listed first), for both T4 and Relevé 1 forms (listed next), or for Relevé 1 special cases (last).

- Accept the default setting for how to track the payroll item on Record of Employment forms, unless you fully understand the guidelines from Human Resources Development Canada and the effect that changing the payroll item will have.

To learn about...	Search the Help index for...
Changing the name of payroll items	payroll items, editing
Adding payroll items	payroll items, adding
Adding a payroll item for a miscellaneous tax	payroll items, other tax

Payroll items and expenses

An expense is a debt that you pay as soon as you owe it. Common payroll expenses include gross pay (e.g. wages before taxes), company-paid payroll taxes (e.g. the employer's part of Employment Insurance), and company-paid benefits for employees (e.g. premiums for a company-paid health plan).

For all payroll expenses, QuickBooks suggests using the Payroll Expenses account. When you run your payroll, QuickBooks keeps track of your company's expenses for each employee. You can then see totals for your expenses on the Payroll Summary report and on the Profit and Loss Statement.

Keeping track of payroll expenses

You can break down company-paid payroll expenses by job, class, and service item. Expenses you can break down include:

- salary wages, hourly wages, commissions, and bonuses
- additions and company contributions (employee benefits)
- company-paid payroll taxes

QuickBooks prorates the employee's company-paid payroll expenses (i.e. the company's portion of CPP/QPP) in the same proportion as the employee's earnings.

Tracking expenses by customer and job

Some businesses like to see which customers and jobs create the most work and so the most expenses for them. To track payroll expenses by customer and/or job, do the following:

■ In QuickBooks Basic, turn on "Use customer:job tracking" in the Accounting preferences. (In QuickBooks Pro or better, this option is always enabled.)

■ Turn on the following Payroll & Employees preference: "Report all payroll taxes by..."

■ Review your addition, and company contribution payroll items to make sure the checkbox for "Track Expenses by Job" is selected. (This option is always on for salary, hourly wage, commission, and bonus payroll items.)

■ In QuickBooks Pro and better, set up each employee to use time transfers by selecting the "Use time data to create pay cheques" checkbox in the Payroll Info tab of their employee profiles. Then have them assign their work to customer:jobs as they go.

■ When you create a pay cheque for an employee, select the correct customer:job or jobs from the drop-down menu for **all** earnings payroll items you enter.

Tracking expenses by class

Some businesses prefer to classify expenses, such as not-for-profit organizations that need to do fund accounting. To track payroll expenses by class, do the following:

■ Turn on "Use class tracking" in the Accounting preferences.

■ Turn on the following Payroll & Employees preference: "Report all payroll taxes by...." Then choose whether you want to assign one class to an employee's entire pay cheque or to each of the earnings payroll items you use on the pay cheque.

■ Review all of your addition and company contribution payroll items to make sure the checkbox for "Track Expenses by Job" is selected. (This option is always on for salary, hourly wage, commission, and bonus payroll items.)

■ When you create a pay cheque for an employee, either select the correct class for the entire pay cheque or assign a separate class to each earnings payroll item on the pay cheque, according to the Payroll & Employee preference you chose.

Tracking expenses by service item (QuickBooks Pro and better only)

Some businesses track expenses by service item to see what types of work they are doing for customers. (A service item is what you use on sales forms to charge your customers for services you provide, like labour.) To track payroll expenses by service item, do this:

■ Turn on the following Payroll & Employees preference: "Report all payroll taxes by..."

■ Review your addition and company contribution payroll items to make sure the checkbox for "Track Expenses by Job" is selected. (This option is always on for salary, hourly wage, commission, and bonus payroll items.)

- In QuickBooks Pro and better, set up each employee to use time transfers by selecting the "Use time data to create pay cheques" checkbox in the Payroll Info tab of their employee profiles. Then have them assign the service items they use to customer:jobs as they go.

- On each pay cheque you write, associate the service items for the employee with the customer:jobs he or she worked on.

To learn about...	Search the Help index for...
Tracking payroll expenses by customer:job, class, or service item	payroll, tracking expenses

Payroll items and liabilities

Often, you have to deduct an amount from an employee's payment and pass it on to the government or another institution. For example, when you pay an employee, you hold back the income tax that the employee owes the government and remit that money to the government later.

These types of deductions are not expenses because the money you pass on comes from the employee, not your company. Instead, because you temporarily keep someone else's money, these deductions are liabilities. Payroll items for liabilities are usually assigned to the Payroll Liabilities account.

When you do your payroll, QuickBooks calculates how much you owe the government or other agency for each tax, deduction, and company contribution payroll item and records it in the Payroll Liability account. With each pay cheque you write, the balance of this account increases.

When you pay your payroll deductions and other payroll liabilities in the Pay Payroll Liabilities window, QuickBooks decreases the balance of the liability account.

Combinations of expenses and liabilities

Some payroll items are a combination of liabilities and expenses. For example, the portion of Employment Insurance (EI) that you withhold from an employee's pay cheque is a liability, while the portion that you pay is an expense.

Payroll items for company-paid taxes and company contributions are usually assigned to both a liability account and an expense account.

How to set up common payroll items

Payroll Taxes

Payroll item	Type	Gross or Net	Fed Inc. Tax	CPP	EI	Qué Inc. Tax	QPP	T4 or RL-1	GST or HST	ROE Earn.	ROE Hrs.	ROE For or In
Ontario Employer Health Tax Québec Health Services Fund Manitoba Payroll Tax Northwest Territories Payroll Tax	Other Tax	N	N	N	N	N	N	N	N		n/a	

Non-benefit payroll deductions and additions

Payroll item	Type	Gross or Net	Fed Inc. Tax	CPP	EI	Qué Inc. Tax	QPP	T4 or RL-1	GST or HST	ROE Earn.	ROE Hrs.	ROE For or In
Advance on wages This payroll item should be assigned to an asset account, not a payroll expense account.	Add'n	Net	N	N	N	N	N	N	N	N	N	n/a
Advance repayment This payroll item should be assigned to the same asset account as the payroll item for advances on wages.	Ded'n	Net	N	N	N	N	N	N	N		n/a	
Alimony or maintenance payment (tax deductible)	Ded'n	Gross	Y	N	N	Y	N	N	N		n/a	
Alimony or maintenance payment (not tax deductible)	Ded'n	Net	N	N	N	N	N	N	N		n/a	
Canada Savings Bond payroll deduction	Ded'n	Net	N	N	N	N	N	N	N		n/a	
Charitable donation payroll deduction	Ded'n	Net	N	N	N	N	N	Box 46/N	N		n/a	
Garnisheed wages	Ded'n	Net	N	N	N	N	N	N	N		n/a	
Labour-sponsored fund	Ded'n	Gross	Y	N	N	Y	N	N	N		n/a	
Reimbursement (one-time repayment)	Add'n	Gross	Y	Y	Y	Y	Y	Box 14/A	N	N	N	n/a
Union Dues	Ded'n	Gross	Y	N	N	Y	N	Box 44/F	N		n/a	

Tax allowances and Benefits

Payroll item	Type	Gross or Net	Fed Inc. Tax	CPP	EI	Qué Inc. Tax	QPP	T4 or RL-1	GST or HST	ROE Earn.	ROE Hrs.	ROE For or In
Automobile allowances	Add'n	Gross	Y	Y	Y	Y	Y	Box 40/L	N	Y	N	In
Automobile standby charge and operating cost benefits	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 34/I	Y	N	N	n/a

Payroll item	Type	Gross or Net	Fed Inc. Tax	CPP	EI	Qué Inc. Tax	QPP	T4 or RL-1	GST or HST	ROE Earn.	ROE Hrs.	ROE For or In
Board and lodging, if cash earnings paid in the same pay period	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 30/H	Note 1	Y	N	For
Board and lodging, if no cash earnings paid in the same pay period	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 30/H	Note 1	N	N	n/a
Counselling services, in cash	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	Note 2	Y	N	In
Counselling services, non-cash	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	Note 2	N	N	n/a
Discounts on merchandise and sales commissions	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	Y	Y	N	In
Educational allowances for children	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	N	Y	N	In
Gifts, awards, bonuses, and social events, in cash	Bonus	Gross	Y	Y	Y	Y	Y	Box 40/L	N	Y	N	In
Gifts, awards, bonuses, and social events, non-cash	Bonus	Gross	Y	Y	N	Y	Y	Box 40/L	Y	N	N	n/a
Group term life insurance policies, employer-paid premiums (Note 7)	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	N	N	N	n/a
Housing, rent-free or low-rent, in cash	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 30/H	Note 3	Y	N	For
Housing, rent-free or low-rent, non-cash (Note 4)	Co. Ctrb'n	n/a	Y	Y	4	Y	Y	Box 30/H	Note 3	N	N	n/a
Interest-free and low-interest loans (Note 5)	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 36/L	N	Y	N	In
Medical expenses, in cash	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	Note 6	Y	N	In
Medical expenses, non-cash	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	Note 6	N	N	n/a
Moving expenses and relocation benefits, in cash	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	Y	Y	N	In
Moving expenses and relocation benefits, non-cash	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	Y	N	N	n/a
Moving expenses, non-accountable allowance over $650	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	N	Y	N	In
Municipal officer's expense allowance (Note 7)	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	N	Y	N	In
Parking, in cash	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	Y	Y	N	In
Parking, non-cash	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	Y	N	N	n/a

Payroll item	Type	Gross or Net	Fed Inc. Tax	CPP	EI	Qué Inc. Tax	QPP	T4 or RL-1	GST or HST	ROE Earn.	ROE Hrs.	ROE For or In
Public health care, hospitalization, or medical insurance plans, employer-paid	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	N	N	N	n/a
Private health care, hospitalization, or medical insurance plans, employee-paid	Ded'n	Net	N	N	N	N	N	N	N		n/a	
Private health care, hospitalization, or medical insurance plans, employer-paid	Co. Ctrb'n	n/a	N	N	N	Y	Y	N	N	N	N	n/a
Professional fees, in cash	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	Note 8	Y	N	In
Professional fees, non-cash (not taxable if a job requirement by the company)	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	Note 8	N	N	n/a
Recreational facilities, in cash	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	Y	Y	N	In
Recreational facilities, non-cash	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	Y	N	N	n/a
Recreational facilities, club membership dues	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	Y	N	N	n/a
Registered Pension Plan (RPP), employee-paid	Ded'n	Gross	Y	N	N	Y	N	Box 20/D	N		n/a	
Registered Pension Plan (RPP), employer-paid	Co. Ctrb'n	n/a	Y	N	N	Y	N	Box 40/L	N	N	N	n/a
Registered Retirement Savings Plan (RRSP), employee-paid	Ded'n	Gross	Y	N	Y	Y	N	Box 40/L	N		n/a	
Registered Retirement Savings Plan (RRSP), employer-paid	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	N	Y	N	In
Registered Retirement Savings Plan (RRSP), employer-paid but considered a non-cash benefit	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	N	N	N	n/a
Registered Retirement Savings Plan (RRSP), administration fees	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	Note 8	N	N	n/a
Scholarships and bursaries	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	N	Y	N	In
Spouse's travelling expenses, cash allowance	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	N	Y	N	In
Spouse's travelling expenses, non-cash	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	Y	N	N	n/a

Payroll item	Type	Gross or Net	Fed Inc. Tax	CPP	EI	Qué Inc. Tax	QPP	T4 or RL-1	GST or HST	ROE Earn.	ROE Hrs.	ROE For or In
Stock options (Note 9)	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 38/L	N	N	N	n/a
Subsidized meals	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 30/H	Y	N	N	n/a
Travel assistance in a prescribed zone (Note 10)	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 32/K	Y	Y	N	In
Travelling allowance to part-time and other employees	Add'n	Gross	Y	Y	Y	Y	Y	Box 40/L	N	Y	N	In
Tuition fees, in cash	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	Note 8	Y	N	In
Tuition fees, non-cash (not taxable if a job requirement by the company)	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	Note 8	N	N	n/a
Uniforms and special clothing, in cash	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	Y	Y	N	In
Uniforms and special clothing, non-cash	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	Y	N	N	n/a
Wage-loss replacement or income-maintenance non-group plan premiums	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	Box 40/L	N	Y	N	For
Other taxable benefit	Co. Ctrb'n	n/a	Y	Y	Y	Y	Y	Box 40/L	N	Y	N	In

Payroll items for GST/HST and QST on benefits

Payroll item	Type	Gross or Net	Fed Inc. Tax	CPP	EI	Qué Inc. Tax	QPP	T4 or RL-1	GST or HST	ROE Earn.	ROE Hrs.	ROE For or In
GST/HST on Benefits QST on Benefits	Co. Ctrb'n	n/a	Y	Y	N	Y	Y	None	n/a	N	N	n/a

[1] The rent portion of the lodging benefit is subject to GST/HST if the dwelling is occupied for less than one month; the utility portion is subject to GST/HST unless municipality-supplied.

[2] Certain counselling services are subject to GST/HST. If the services you pay are subject to GST/HST, include it in the value of the benefit.

[3] The rent portion of the housing benefit is subject to GST/HST if the dwelling is occupied for less than one month; the utility portion is subject to GST/HST unless municipality-supplied.

[4] If it is a non-cash benefit, it is insurable if it is received by the employee in addition to cash earnings in a pay period. If no cash earnings are paid in the pay period, it is not insurable.

[5] Enter the home relocation loan deduction under code 37.

[6] Some medical expenses are subject to GST/HST. For more information, contact any tax services office or tax centre.

[7] Enter the exempt amount under code 70.

[8] Certain fees are subject to GST/HST. If the fees you pay are subject to GST/HST, include it in the value of the benefit.

[9] Enter the amount of the stock option and shares deduction under code 39 or 41, as applicable.

[10] Enter the amount of medical travel assistance under code 33.

Setting up employees

 Use payroll only to pay employees, not subcontractors or owners.

To pay subcontractors, set them up as vendors, have them bill you, and pay them with the Pay Bills feature. Then you can create a T4A or (Contractor Edition) T5018 report.

To pay owners, use an owner's draw from an equity account.

Generally, an employee is a person you pay on a regular and ongoing basis to perform services for your company, using materials and equipment you provide.

If your business is a sole proprietorship or an unincorporated partnership, owners and partners are not usually employees. If your company is incorporated, corporate officers who work in the business are usually employees.

If you're not sure whether a person providing services for you is an employee, owner, or subcontractor, contact the Canada Revenue Agency or your accountant.

To set up employees for payroll, you need to:

- (Optional but recommended) Set up your employee defaults.
- Add new employees to your Employee list, or add payroll information for employees already on your Employee list.

Employee defaults: entering common employee information

The employee defaults help you set up payroll for several employees quickly. You enter payroll information that most employees have in common. These defaults then show up every time you enter information for a new employee. If the information isn't right for a particular employee, you can change it for him or her.

You can set up the following information as employee defaults:

- Salary or hourly wage or commission payroll items (with or without rates of pay)
- Pay period
- Class, if you're using classes to track your employees
- Whether you want to record time data for the employee and base pay cheques on it (QuickBooks Pro and better only)
- Additions, deductions, and company contributions that appear on pay cheques for most employees

Note: The order in which you enter payroll items in the Addition, Deductions, and Company Contributions area can affect how QuickBooks calculates each item and income taxes.

- The province in which your employees work and what payroll taxes they are subject to
- TD1 and, in Québec, TP-1015.3 basic amounts
- How employees will accrue time (such as sick time or time-in-lieu) and vacation pay

In QuickBooks Pro or better, this checkbox appears if time tracking is turned on.

You can turn time tracking on and off in the Preferences section under the Edit menu.

The **Class** field is available only if you have class tracking turned on.

You can turn class tracking on and off in the Accounting section of your Preferences, located in the Edit menu.

To learn about...	Search the Help index for...
Setting up the employee defaults	employee defaults, creating
How the order of payroll items affects amounts on your employee's pay cheques	pay cheques, affecting amounts

Setting up employees

Before setting up your employees in QuickBooks, you should create the payroll items you need for your business (see "Setting up your payroll items" on page 179).

Also, if you've already set up your employee defaults (see "Employee defaults: entering common employee information" on page 189), QuickBooks can prefill much of the information when you set up individual employees.

The Employee list contains the names of all your employees. When you add or edit an employee, you may fill out three sections:

■ **Address Info:** the employee's contact information, Social Insurance Number, date of birth, hire and release dates, and similar information.

Note: If you do not enter an employee's **correct** date of birth, QuickBooks cannot calculate Canada Pension Plan or Québec Pension Plan contribution amounts for him or her.

CPP contributions for an employee will be zero if he or she is not between 18 and 70. (In the year the employee turns 18 or 70, QuickBooks prorates the calculation according to CRA guidelines.) QPP contributions for an employee will be zero if he or she is younger than 18.

■ **Additional Info:** custom fields for tracking any information you prefer.

- ■ **Payroll Info:** this employee's salary or hourly wages and any additions, deductions, or company contributions that apply to him or her. You'll need payroll items for most of this information, which you select in the Item Name column of the tables. If you have not already set up all the payroll items you need, QuickBooks gives you a chance to add them as you work.

  This tab also contains four buttons for setting up other important parts of the employee's payroll information:

  - **Payroll Taxes**: the employee's payroll deductions for income tax, Employment Insurance, Canada Pension Plan / Québec Pension Plan, and any other payroll taxes he or she might have to pay. The information from the employee's TD1 form goes here (see "Entering information from employee TD1 forms" on page 192).

  - **Direct Deposit**: the employee's bank account number and routing number.

  - **Accrual Hours**: how the employee accrues time (such as sick days or time off in lieu of overtime). Use this window to track how much accrued time an employee has available and how much he or she has used this year. (See page 195 for important information about entering Accrual Hours year-to-date amounts.)

  - **Vacation Pay**: how the employee accrues vacation pay. Use this window to track how much vacation pay an employee has available and how much he or she has used this year. (See page 195 for important information about entering Vacation Pay year-to-date amounts.)

QuickBooks also provides a "notepad" in which you can make notes about an employee.

To learn about...	Search the Help index for...
Adding new employees	employees, adding
Changing information about an existing employee	employees, editing
Setting up payroll information for an employee	employees, payroll information
How the order of payroll items affects amounts on your employee's pay cheques	pay cheques, affecting amounts
Categorizing employees by class	employees, grouping by department or location
Adding notes for an employee	employees, notes about

If you pay on commission (QuickBooks Pro and better)

If your employees earn commissions for items they sell, after setting them up on the Employee list, you should also set them up on the Sales Rep list.

When you enter an invoice, sales receipt, or estimate, select the employee's initials from the **Rep** drop-down list on the sales form to give him or her credit for the sale. Then you will be able to produce reports showing sales by employee.

Pay commission employees with commission payroll items on a pay cheque, not a "regular" non-payroll cheque. For more information, turn to "Previewing, adjusting, and creating pay cheques" on page 206.

To track commission sales for owners or partners, add them to the Sales Rep list like employees, but pay them with an owner's draw instead of a pay cheque.

To learn about...	Search the Help index for...
Paying the owner(s) of a business	owners' draws

Entering information from employee TD1 forms

The Canada Revenue Agency (CRA) requires you, as an employer, to keep a current federal and provincial TD1 form on file for each of your employees. For Québec employees, you must keep a federal TD1 form and a provincial TP-1015.3 form on file.

TD1 and the Québec TP-1015.3 forms help employees calculate the personal tax credits they will claim when they file an income tax return. The totals from these forms tell QuickBooks how much income tax it should deduct from the pay cheques you create for an employee.

Most employees should fill in both the federal TD1 form (Personal Tax Credits Return) as well as the TD1 form for the province they work in. Employees who work in Québec should fill in a federal TD1 form and a provincial TP-1015.3 form. You can download blank TD1 forms from the CRA web site (http://www.ccra-adrc.gc.ca/) and blank TP-1015.3 forms from the Québec Minister of Revenue web site (http://www.revenu.gouv.qc.ca/).

Some employees who are paid on commission and who claim their business expenses may ask to use Form TD1X (Statement of Commission Income and Expenses for Payroll Tax Deductions). In this case, you should consult your accountant as you will have to perform special payroll calculations for this employee.

An employee's TD1 and/or TP-1015.3 forms must be updated within a week of any change in his or her tax status. You and your employee share the responsibility for keeping these forms current. An employee should fill in new personal tax credit forms when:

- they are hired.
- the employee wants to change the tax credits he or she is claiming. For example, say that an employee becomes a student and wants to claim the student tax credit. He or she should complete new tax credit forms within a week of the change.

- the federal or provincial tax credit amounts change. In this case, QuickBooks notifies you that your employees' TD1 and TP-1015.3 claim amounts need to be updated, and you should update the forms as soon as possible.

Note: According to the CRA, it is a serious offence to knowingly accept a Form TD1 that contains false information. If you think an employee is entering incorrect information, contact the CRA.

After your employees have completed these forms, you need to copy the total claim amounts from them into QuickBooks. QuickBooks will then withhold the correct amounts of income tax from their pay cheques.

To enter an employee's TD1 tax credit claim into QuickBooks:

1 In the employee's profile, click the **Payroll Taxes** button (in the **Payroll Info** tab).

2 From the **Tax Table** drop down list, choose the province or territory where the employee works (not where the employee lives or where your company is located).

3 In the **Subject To** area, do the following:

- In the Federal TD1 field, enter the total claim amount (Line 12) from the employee's federal TD1 form.

- If the employee wants you to hold back extra income tax from his or her pay cheques (say, to avoid paying a large sum when filing a tax return in the spring), enter the amount to withhold from each pay cheque in the Additional Tax field. You can only enter a dollar amount, not a percentage.

- In the Provincial TD1 field, enter the total claim amount from the employee's provincial TD1 form (Line 12) or, in Québec, TP-1015.3 form (Line 20).

4 Click **OK**.

Tip: Often, employees only claim the basic amount. If your enter the basic amount into your Employee Defaults, QuickBooks will prefill it when you set up payroll for an individual employee.

To learn about...	Search the Help index for...
Setting up TD1 information for an employee	TD1 forms, employees
Entering default TD1 information	TD1 forms, employee defaults
Setting up TP-1015.3 information for an employee	TP-1015.3 forms

Summarizing amounts for this year to date

Note: Skip this section if your company has not done payroll before or has not issued any pay cheques so far this year. You are ready to start writing pay cheques.

If you're just starting to use QuickBooks for payroll and you've already issued pay cheques in the current calendar year, you need to:

■ Enter year-to-date information to summarize your payroll transactions from January 1 up to your QuickBooks start date. (For information about start dates, see "Determining a start date" on page 17.) You will need a summary of the transactions for each employee and also one of any payments you've made for your payroll liabilities.

■ Enter your payroll transactions (pay cheques and liability cheques) for the period between your QuickBooks start date and today.

A wizard will help you enter your year-to-date (YTD) information. To start it, from the **Employee** menu, choose **Enter YTD Amounts**. After you've entered your YTD information, QuickBooks updates it as you issue pay cheques during the remainder of the payroll year to keep your payroll tax amounts correct.

Entering year-to-date summaries for each employee

For each employee (both current and former) you paid during the current calendar year, you must enter a summary of his or her earnings and the amounts you deducted from it. The summary should cover the period from January 1st of the year to the day you started using QuickBooks. In the summary, include gross pay, income tax, Employment Insurance, Canada Pension Plan or Québec Pension Plan, and any other amounts you tracked by pay cheque from January 1st to your QuickBooks start date.

You need to enter both the amounts you withheld from the employee's earnings *and* the amounts that your company paid as a result of the employee's earnings. For example, you must enter both the employee's and employer's parts of CPP/QPP and EI.

Depending on how you've kept your records, you can enter amounts summarized by month, by pay period, or for the entire year to date.

As you work though the Enter YTD wizard, it asks you to select the employee whose year-to-date information you want to enter. When you click **Enter Summary**, QuickBooks displays each payroll item you entered in that employee's profile.

Filling in the Year-to-Date window:

■ In the Salary and Hourly Wages area, enter payroll items for hours worked during the period and amounts paid out for this work. This way, hourly totals will appear on payroll reports and the employee's Record of Employment. Also enter any commissions or bonuses paid out to the employee during this period.

■ Also in the Salary and Hourly Wages area, enter vacation pay and accrued time (such as sick time) taken during this period and what you paid out for them. Do not include these amounts in your totals for regular salary or hourly wages:

2001 YTD Adjustment for Alison Logan-Smith

Bank Account | Main Bank | Class

☐ Cleared | No. _____
Date 03/31/01
To: Alison Logan-Smith | $
Memo _____

Next Period
Prev Period
OK
Cancel
Help

Salary and Hourly Wages

Item Name	Period Amount	Hours for Period
Salary		
Commission		

Accounts Affected...
Show Wage Bases...

Pay Period Summary

Other Employee and Company Payroll Items

Item Name	Period Amount
CPP - Company	
CPP - Employee	
EI - Company	
EI - Employee	

From | 01/01/01
To | 03/31/01

At the end of this wizard, you'll be asked if you want to create an Employee Earnings Summary Report. You should compare it to the information you enter here.

Entering accrual time year-to-date amounts:

a   In the employee's profile, enter the amount of accrual time that the employee has available as of the first day of this year, not what he or she has available now. See "Setting up employees" on page 189.

b   In the Salary and Hourly Wages area of the Enter Year-to-Date Amounts window, enter:

-   in the Hours for Period column, the number of accrual hours that the employee used this period, and

-   in the Period Amount column, the total amount you paid out for those accrual hours.

Be sure to use the correct payroll items: Sick Salary for a salaried employee or Sick Hourly Rate for an hourly employee.

c   After you finish entering year-to-date information, go back to the employee's profile and confirm that the accrual hours are correct. They should now take your year-to-date entry into account.

Entering vacation pay year-to-date amounts

a   In the employee's profile, enter the amount of vacation pay that the employee has available as of the first day of this year, not what he or she has available now. See "Setting up employees" on page 189.

b   In the Salary and Hourly Wages area of the Enter Year-to-Date Amounts window, enter:

- in the Hours for Period column, the number of vacation hours that the employee used this period, and

- in the Period Amount column, the total amount you paid out for those vacation hours.

Be sure to use the correct payroll items: Vacation Salary for a salaried employee or Vacation Hourly for an hourly employee. If the employee did not take vacation so you paid out the vacation pay owing, make the entry using VacPay Accrual Paid Out or VacPay Paid Out. (Only one of these payroll items appears depending on how you set up your employees.)

c   In the Other Employee and Company Payroll Items area of the Enter Year-to-Date Amounts window, enter the amount of vacation pay that the employee accrued this period using the VacPay Accrued payroll item.

d   After you finish entering year-to-date information, go back to the employee's profile and confirm that the vacation pay amount is correct. It should now take your year-to-date entry into account.

■   In the Other Employee and Company Payroll Items area, enter totals for all other earnings, withholdings, company-paid contributions, and payroll expenses for this employee for this period. Enter all liabilities created because of compensation paid, even if you have already paid them or they were company expenses. For example, if you provide an employee benefit and track it as a payroll expense for each pay period, you must enter amounts for this employee in this window. Later, you will also enter the amounts you've already paid towards this liability so that QuickBooks can keep track of how much you still owe. You do not have to enter non-payroll adjustments such as reimbursements for office supplies.

■   In this area, also enter all accrued taxes for this employee regardless of whether you have paid them yet. These include the amounts for the employee and company portion of CPP/QPP and EI. Enter separate amounts for the employee and company portions of CPP/QPP and EI. QuickBooks uses the employee amount to track employee withholding; it uses both amounts to track your total payroll liability.

■   If you decide to track company-paid expenses, such as insurance, as a payroll expense for each pay period, you must enter amounts for the employee in the Other Employee and Company Payroll Items area of this window. Later in the wizard, you must also enter amounts you paid, so that QuickBooks can keep track of how much you owe.

■   Also in the Other Employee and Company Payroll Items area, enter vacation pay earned or accrued. (See "Entering vacation pay year-to-date amounts," above.)

■   Leave the Period Amount field blank if there was no amount for the payroll item you are entering during this period. (Do not enter $0.00.)

After you've entered the amounts for this period, click **OK** to finish. If you have another period to enter, click **Next Period** instead.

Should my YTD information affect my accounts?

Option	When to choose	What QuickBooks does
Do not affect accounts	Most people should choose this option at setup. ■ You need to enter all your account opening balances in QuickBooks as of your start date, and you do not want these amounts to change the balances of your accounts. ■ If your start date is midyear, and you make an adjustment for all income and expense accounts, you do not want these amounts to affect that adjustment.	■ Affects no balance sheet accounts and adds no expenses. ■ Adjusts year-to-date amounts to print on pay cheques; to display in payroll reports; and to observe annual limits for taxes, deductions, and additions.
Affect liability and expense accounts but not the bank account	You may want to choose this option at setup if you have never used a pay-roll liability account before, and you want a correct balance in the account. This option is also appropriate after you start using payroll if you need to adjust the amount owed for a payroll item.	■ Enters an increase in each liability account associated with a payroll item used for the period. ■ Tracks an expense for each expense account associated with a payroll item used for the period. ■ Enters a decrease in the Opening Bal Equity account for the net amount paid the employee during the period. (This adjustment keeps your books in balance.)
Affect liability, expense, and bank accounts	You are unlikely to want to choose this option at setup since it affects your bank account balance.	■ Enters a payment in the designated bank account for the net amount paid the employee during the period. ■ Enters an increase in each liability account associated with a payroll item used for the period. ■ Tracks an expense for each expense account associated with a payroll item used for the period.

About wage bases

A "wage base" is the portion of an employee's earnings that's actually used to calculate payroll withholding amounts. It does not include any earnings or wages that may be tax exempt. It's also called taxable income, insurable earnings, or pensionable earnings.

For every government-withholding payroll item (such as income tax, CPP/QPP, and EI) in the lower half of the YTD Adjustment window, QuickBooks tracks the employee's wage base for reports. You can view the employee's wage bases by clicking **Show Wage Bases**.

QuickBooks calculates wage bases for government withholding amounts in this way:

- First, it totals all salary, hourly wages, and commissions.
- Then it adds the payroll items that increase the gross amount.
- Finally, it subtracts the payroll items that decrease the gross amount.

If the year-to-date total of a wage base for a withholding amount exceeds the maximum annual earnings limit for that withholding amount, the wage base equals the maximum earnings limit. If you entered amounts for earlier periods this year, QuickBooks counts the wage base from the earlier periods towards the maximum.

To learn about...	Search the Help index for...
Wage bases	wage base

Entering year-to-date summaries of liability payments

Note: Skip this section if your company has not made any payments for payroll withholdings (such as deducted income tax) this calendar year.

For this adjustment, you'll need to know how much you paid from January 1 of this year up to your QuickBooks start date for each of the following:

- Income tax and other payroll withholding amounts (Employment Insurance, Canada Pension Plan or Québec Pension Plan, and other payroll taxes), whether withheld from employees or paid as a company expense.
- Each deduction you withheld and then paid (for example, for benefits such as an employee-paid dental plan).
- Each company contribution you paid (for example, for benefits such as a company-paid health plan).

This adjustment is just for your payroll liabilities and your expenses for employer-paid payroll withholding. It is not for expenses paid directly to employees (such as salaries, bonuses, or hourly wages).

Type the date you made the liability payment.

Type the ending date of the period you are summarizing.

Prior Payments of Taxes and Liabilities

Payment Date 01/11/2003   For Period Ending 12/31/2002

Taxes and Liabilities

Item Name	Amount	Memo
Union Dues		
Federal Income Tax		
CPP - Company		
CPP - Employee		
EI - Company		
EI - Employee		
QPP - Company		
QPP - Employee		
Quebec Income Tax		

Next Payment
Prev Payment
Done
Cancel
Accounts Affected...

To learn about...	Search the Help index for...
Entering YTD liability payments	year-to-date amounts, liability payments

Making sure your payroll data is complete

Because QuickBooks bases new payroll transactions on existing ones, it's very important that you enter all of your payroll data accurately. After you set up your payroll information in QuickBooks, you should make sure that it is complete and correct.

Procedure	Comments	Search the Help index for...	✓
Review your Employee list.	The Employee list should include names of all employees on your payroll at any time during the current calendar year (even if they have now left).	employees, reports about lists, printing	❏
Review your employees' dates of birth.	Each employee's profile should include his or her date of birth. Otherwise, QuickBooks cannot calculate Canada or Québec Pension Plan amounts for that employee.	employees, editing	❏
Review an employee contact list report.	The report should include Social Insurance Numbers, addresses, and phone numbers for all employees.	employees, reports about	❏
Review your Payroll Item list.	The Payroll Item list should list everything you need to track on a pay cheque.	payroll, reports about lists, printing	❏

Procedure	Comments	Search the Help index for...	✓
Review your payroll summary for all employees for this entire calendar year.	You should be able to match the amounts for payroll items in Quick-Books with amounts in the payroll accounts of your prior payroll system.	employees, reports about	❏
Review your a payroll liabilities as of December 31st of **this** year.	You should be able to match the amounts for payroll items in Quick-Books with amounts on the liability report of your prior payroll system.	payroll, reports about	❏
Print a balance sheet as of December 31st of **this** year.	It should match the balance sheet from your prior accounting system as of December 31 of this year.	balance sheet, reports	❏
Print a balance sheet as of December 31st of **last** year.	It should match the balance sheet from your prior accounting system as of December 31 of last year.	balance sheet, reports	❏
Print a profit and loss statement for the entire calendar year.	It should match the profit and loss statement from your prior accounting system for the entire calendar year.	profit and loss reports	❏

Managing payroll and employee information

As your business grows and changes, you will probably find it necessary to add or remove payroll items, hire and sometimes release employees, and track additional information about your payroll.

Changing payroll item information

By default, the Payroll Item list is organized by payroll item type. Earnings items (for yearly salaries, hourly wages, and commissions) are at the top of the list. To re-sort the list, click a column header.

You can use the same payroll item for many employees. For example, you can customize the amount or percentage of earnings payroll items in the setup window for each employee to allow for different rates of pay.

You can change the information for existing payroll items, although you probably do not want to change whether the item is subject to income tax, how it appears in T4 and Relevé 1 forms, or how it is mapped to Record of Employment forms. You may want to change a payroll item, for example, because

■ The annual limit for a deduction changes.

■ Your accountant wants you to assign it to a different account.

You can't delete the payroll items for income tax and other government deductions that QuickBooks creates for you, but you can hide these items if you don't use them.

To learn about...	Search the Help index for...
Changing payroll items	payroll items, editing

What the changes to payroll items affect

Changes you make to payroll items are reflected in the new pay cheques you write. Certain changes can also affect how payroll amounts are classified historically on tax forms, reports, and pay cheque details.

Employee information and existing pay cheques are affected when you change any of the following information for payroll items:

- Payroll item name
- Account(s) assigned to it (liability or expense)
- Assigned box on T4 or Relevé 1 forms or its mapping to Record of Employment forms

Changing the following information affects future pay cheques only, unless you change an existing pay cheque so that QuickBooks recalculates it:

- Payroll taxes affected (for additions to or deductions from gross pay)
- How the payroll item is calculated on the pay cheque

To learn about...	Search the Help index for...
Making payroll items inactive, hiding them, or showing them	lists, hiding and showing entries
Deleting payroll items	payroll items, deleting
Merging payroll items	lists, merging two entries

Changing employee information

You can change an employee's personal or payroll information whenever necessary. The changes will affect all future pay cheques you write to him or her. Changes to an employee's name, address, or Social Insurance Number are reflected in previously-written pay cheques but do not affect the amounts of those pay cheques.

These types of information must be changed individually for each affected employee. Changing the associated payroll item doesn't affect the employees who use it.

- Annual limits for a deduction.
- Rate or amount changes for a deduction, addition, company contribution, or other tax item.

QuickBooks also provides a notepad with which you can make notes about an employee.

To learn about...	Search the Help index for...
Changing employee information	employees, editing
Giving an employee a raise	employees, raises
Adding custom fields for an employee	employees, custom fields for

Hiring and releasing employees

When you hire a new employee, add the employee to the Employee list (see "Setting up employees" on page 190). If you have set up employee defaults (see page 189), this information is copied from the defaults into the new employee profile. Then, if you need to, you can change any of the information for this particular employee.

When an employee leaves the company, you need to enter the employee's release date into his or her profile and select the reason the employee is leaving from the Record of Employment code drop-down list.

Note: It's a good idea to enter a release date for an employee only after you have written his or her final pay cheque. Once you enter a release date in the employee's record, QuickBooks doesn't display the employee's name in the Select Employees To Pay window when the pay period end date is later than the release date.

You can't delete a released employee if there are payroll transactions for him or her. You can; however, make the employee inactive to hide his or her name in the Employee list.

Preparing a Record of Employment

When an employee leaves or is terminated or laid off, you must issue him or her a Record of Employment (ROE) form within five calendar days. The ROE determines whether the former employee qualifies for Employment Insurance benefits. The employee should receive one copy and Human Resources Development Canada (HRDC) should receive one.

QuickBooks provides a report to help you fill in an ROE that looks the same as an ROE form from HRDC. However, because HRDC requires that ROE forms have a unique serial number, you cannot print an ROE form directly from QuickBooks or download blank ROE forms from the HRDC Web site. Instead, you must copy the information from QuickBooks to an official, blank ROE form or to HRDC software for creating these forms. You can order these from the HRDC Web site.

To prepare an ROE report:

1 From the **Employees** menu, choose **Process Record of Employment.**

■ QuickBooks may ask if you want to review Payroll Item Listing report (see "Troubleshooting an ROE report:", below) to confirm that your payroll items are set up correctly. Click Yes to review the report or No to go on. If you click Yes, when you are finished with the report, close it and perform Step 1 again.

2 Choose the employee who is leaving, then click **OK**.

Troubleshooting an ROE report:

QuickBooks uses payroll items to generate ROE reports. That means your payroll items must be set up and used properly before the report will provide the information you need. Before creating an ROE report, you should:

■ confirm you have entered the employee's release date in his or her profile, selected the reason the employee is leaving from the ROE code drop-down list, and clicked OK in the employee profile to save your changes.

■ review the way your payroll items map to ROE forms, if you changed from the default settings in the payroll item wizard. (Note: Intuit recommends not changing from the default settings.) Create a Payroll Item Listing report (at the bottom of the Payroll Item list, click the Reports menu button, then select Payroll Item Listing) and look in the ROE Period column (you may have to scroll to the right to see it):

- Most payroll items should be mapped as "For which they are paid." This option means you are assigning the employee's earnings to the pay period during which the employee actually did the work, even if you are paying for that work later. For example, an employee earns his or her salary or hourly wages when he or she does the work for you, not when you issue his or her pay cheque two weeks later.

If you have no payroll items mapped with the "For which they are paid" option, QuickBooks cannot create an ROE report.

- Some payroll items can be mapped as "In which they are paid." This option means you are assigning the employee's earnings to the day you issued the pay cheque, regardless of when the employee did the work. For example, if you give an employee a bonus, HRDC believes that you are not rewarding any specific hour or day of work — just his or her performance in general. Therefore, the employee is considered to have earned the bonus on the day you issue the cheque for it.

If your payroll items are not mapped to the ROE properly, in the Payroll Item Listing report, double-click the payroll item to change. QuickBooks starts the payroll item wizard. Click **Next** until you reach the Record of Employment Tracking screen, then choose the correct options for this payroll item. Click the Help button in the payroll item wizard for more information.

■ confirm you have used the correct payroll items to pay the employee, so that he or she has "For which they are paid" payroll items QuickBooks can use to calculate the ROE.

To learn about...	Search the Help index for...
Hiring a new employee	employees, adding
Releasing an employee	employees, releasing
Creating a Record of Employment for an employee	record of employment

Hiding, showing, or merging employees

You can't delete an employee who has existing payroll transactions. Instead, you can hide an employee on the Employee list by making the employee inactive.

When you make an employee inactive, QuickBooks keeps the information for the employee but hides the employee's name on the Employee list and removes it from most drop-down lists that use employees. However, the employee's payroll figures still appear on payroll reports. You do not need to change or delete any transaction that uses the employee. You can make an employee active again at any time.

If the same employee appears in your Employee list twice, you can merge the two names if there are no payroll transactions for either instance. Merging employees is not reversible.

To learn about...	Search the Help index for...
Making employees inactive, hiding them, or showing them	employees, hiding and showing
Merging employee names	employees, merging two names
Deleting an unused employee	employees, deleting

Contacting your employees by mail

In all QuickBooks editions except Basic, you can use your QuickBooks data in conjunction with prewritten Microsoft Word letters to mail your employees notices about such matters as accrued vacation and sick time.

To learn about...	Search the Help index for...
Using your QuickBooks data with Microsoft Word letters	letters using QuickBooks data in Microsoft Word

Running payroll and paying taxes

Note: Before you begin writing pay cheques, be sure that your payroll system is set up completely and correctly (see page 175). Also, go online to get the latest payroll update, which includes the most current tax information available.

Selecting employees to pay

To select which employees you want to pay:

■ From the **Employees** menu, choose **Pay Employees**.

QuickBooks draws the cheque from this bank account.

If you enter hours worked, commission bases, vacation pay, accrued time, or other variations from pay period to pay period, select this option.

If all your employees are salaried and receive a standard pay cheque for this pay period, select this option.

If you print cheques, select this checkbox.

If you write them by hand, clear the checkbox and enter the number of the first cheque in the field.

The Pay Period Ends field shows the next date that an employee in the list should be paid according to the pay frequencies you set up. If you have not yet paid an employee in the list, the field shows today's date.

The cheque field defaults to today's date.

QuickBooks creates a pay cheque for each employee you select. You can sort the list by either the employee's first or last name, according to the setting in Payroll and Employee Preferences

When you create a pay cheque, this date changes to the next pay period end date.

When you've selected the employees you want to pay, click **Create** to display pay cheque information for the first employee.

Tip: You can pay employees in groups. For example, first select all of your salaried employees whose pay cheques you don't need to review and the "Create cheque without preview" option, then click Create. Next select your hourly employees and the "Enter hours and preview" option, then click Create. The pay cheques of the hourly employees appear so you can enter their hours worked.

Previewing, adjusting, and creating pay cheques

When you select **Enter hours and preview cheque before creating** in the Select Employees To Pay window, then click **Create**, QuickBooks displays the Preview Pay Cheque window.

If the employee is paid by the hour, type or edit the number of hours worked at each rate of pay.

(QuickBooks Pro fills in hours worked either from time data or from the last pay cheque.)

If an addition, deduction, or company contribution is based on quantity, enter the quantity here.

To prevent vacation pay and accrued hours from accruing on this pay cheque only (for example, if it is a commission or bonus pay cheque), select this checkbox.

The Employee Summary shows wages, commissions, withheld amounts, and other additions and deductions that print on the voucher of the cheque.

The Company Summary shows company-paid taxes and contributions that do not affect the amount of the pay cheque.

The cheque total.

⚠️ **QuickBooks is more accurate than printed tax tables.**

You may notice differences between the calculations in QuickBooks and the CRA's printed tax tables for different wage brackets. Because QuickBooks uses a very accurate method to calculate withholding amounts and tax tables that are annualized (rather than weekly, biweekly, or monthly), it may differ from printed tables by a few dollars.

In the Preview Pay Cheque window, you can do all of the following:

- View the amounts QuickBooks calculated for each payroll item (including gross earnings, government withholding, and all other additions, deductions, and company contributions) for the pay cheque.
- Type or edit the number of hours worked.
- Enter accrued time or vacation pay, or prevent these from accruing on this pay cheque.
- Enter the base quantity on which to calculate commissions and additions, deductions, or company contributions that are based on quantity.
- Add or delete wage, commission, bonus, addition, deduction, or company contribution payroll items. (You cannot delete "other tax" payroll items in this window.)

Note: To suppress payment of regular salary on a bonus cheque, delete the salary item in the Preview Pay Cheque window (select it and press **CTRL+DEL**) or edit the amount of the salary to zero in the Rate column.

■ Edit the amount for any payroll item.

After reviewing the employee's pay cheque, click **Create** to go on the next employee, or, if you've paid all your employees, return to the Select Employees to Pay window.

If you're using direct deposit, when you click **Send Direct Deposit** after you've entered all of your employees' pay cheques, QuickBooks asks if you want to send the pay cheques to the payroll service now. Click **OK** to go online and send the pay cheques.

When you pay an employee, QuickBooks does the following:

■ Updates the pay period end date of the last cheque written for the employee.

■ Creates a pay cheque for your employee for the net amount, showing the deductions in the voucher area, or a direct deposit payment to be sent to the payroll service later.

■ Increases or decreases the employee's accrued time by the number of hours and vacation pay by the amount entered for the pay cheque.

   If you selected the **Do not accrue** checkbox in the Preview Pay Cheque window, you prevented the accrued time and vacation pay from accruing for this pay cheque only.

■ Updates year-to-date balances for the employee.

■ Draws the amount of the pay cheque from the bank account you chose.

   If you are using direct deposit, QuickBooks does not draw the amount from your account until you go online and send the pay cheque to the payroll service.

■ Records an increase in each affected liability account, showing the extra liability resulting from this payroll transaction (for both the employee's pay cheque deductions and company contributions).

   If you are using direct deposit, QuickBooks increases your Direct Deposit Liabilities account, which returns to a $0.00 balance after you go online and send the payment to the payroll service.

■ Updates and tracks your payroll expenses in expense accounts.

■ Updates any other accounts you have assigned to any payroll items used in the payroll transaction.

To learn about...	Search the Help index for...
Previewing and adjusting pay cheques	pay cheques, checking amounts in

Reviewing and correcting pay cheques

After you've recorded a pay cheque, you can review it at any time. You should rarely need to make changes to pay cheques or void them, but you can do so if necessary (from the **Employees** menu, select **Edit/Void Pay Cheques**).

For example, you may want to:

■ Void a pay cheque if there was a payroll error in a recent pay cheque that your employee has not yet cashed.

Note: If you file payroll tax forms (such as a PD7A) for the period covering a pay cheque, then void that pay cheque, you may have to re-file your tax forms. It may be easier to write a "regular" cheque (using the Write Cheques window) to the employee for the difference and adjust your payroll liability amounts manually, but you should consult your accountant before doing so.

■ Delete a pay cheque if it is a duplicate and you haven't printed it yet.

To learn about...	Search the Help index for...
Editing existing pay cheques	pay cheques, changing
Voiding pay cheques	pay cheques, voiding
Deleting pay cheques	pay cheques, deleting

Printing pay cheques and pay stubs

You can print all your pay cheques at one time, but you must print them separately from other cheques. Set up your printer for pay cheques the same way as for other cheques.

Tip: For information about aligning pay cheques in your printer, see "Solving printing problems" on page 132.

If you don't print pay cheques with vouchers, you can print pay stubs for your employees instead, from the same screen (the **Select Employee to Pay** window). Like pay cheques, pay stubs provide all required legal information, including:

■ The employee's full name, address, and Social Insurance Number.

■ Pay period start and end dates.

■ Salary or hourly rate and hours, and amount of pay for the pay period.

■ Government withholding amounts (such as income tax, EI, and CPP/QPP), and other deductions from and additions to wages.

■ Taxable company contributions, such as the taxable portion of company-paid group life insurance.

■ (Optional) Accrued time and vacation pay used and remaining.

■ Net pay.

■ Year-to-date amounts for the preceding items.

To select what information appears in voucher pay cheques and pay stubs, click the **Printing Preferences** button in the **Payroll & Employees** preferences (from the **Edit** menu, select **Preferences**, select **Payroll & Employees** from the options on the left, and click the Company Preferences tab). QuickBooks prints pay stubs in portrait format.

Employees who are set up for direct deposit should receive an Advice of Deposit form instead of a pay stub.

For information on purchasing blank voucher cheques, pay stubs, or Advice of Deposit forms from Intuit, visit the Web site at http://www.intuitsupplies.ca/

To learn about...	Search the Help index for...
Printing pay cheques	pay cheques, printing
Printing pay stubs	pay stubs
Creating direct deposit payments	pay cheques, direct deposit

Paying payroll liabilities and filing payroll forms

When it's time to pay your payroll liabilities, QuickBooks shows you how much you owe and to whom, lets you choose which liabilities to pay, and creates the cheques for you. It also helps you fill in the forms to send to the government with your payment.

Some types of businesses and businesses in some regions have to complete different payroll forms from the ones discussed here. Be sure to discuss your business with the CRA and your accountant to ensure your payroll meets all the regulations that apply to it.

Step	Procedure
1	Create a Payroll Liabilities report (from the Reports menu, select Employees & Payroll, then Payroll Liability Balances) to see how much you owe, to whom, and for what.
2	Adjust the amounts you owe, if necessary. (It usually isn't!)
3	Use the Pay Payroll Liabilities window to create cheques for the amounts you owe.
4	Fill in a PD7A form to send to the CRA along with your payment.
5	In Québec, fill in a TPZ-1015 form to send to the Minister of Revenue with your payment.

Adjusting a payroll liability

In rare cases, you may find that the amount for a payroll item tracking a liability doesn't match what you actually owe. For example, there may be a discrepancy due to rounding. You can adjust your payroll liabilities with the Liability Adjustment window.

1 From the **Employees** menu, choose **Process Payroll Liabilities**, then **Adjust Payroll Liabilities**.

Enter the date you want this adjustment to affect your payroll liability account.

Select a payroll item to adjust.

Enter the amount of the adjustment.

A positive amount increases what you owe. A negative amount reduces what you owe.

For example, if the Liability by Payroll Item report says that you owe $450 but you know you owe $477.89, enter the difference: 27.89.

2 (Optional) Click **Accounts Affected** to select how the adjustment will affect your accounts.

- If your liability and expense accounts have the wrong totals as well as your liabilities (the usual case), you should choose to affect your accounts.

- If your liabilities are wrong but your liability and expense accounts have the correct totals, choose to **not** affect your accounts.

3 Click **OK**.

4 If you chose to affect your liability and expense accounts in Step 2 and the payroll item you are adjusting is used to withhold amounts from pay cheques, QuickBooks asks you to choose an expense account to adjust so your accounts will be balanced.

Type the name of the expense account you want to adjust, then click **OK**. (Most people choose Payroll Expenses.)

To learn about...	Search the Help index for...
Adjusting payroll liabilities	payroll liabilities, adjusting

Creating a cheque to pay your payroll liabilities

Most businesses must send a cheque to the CRA for last month's payroll deductions by the 15th of the current month. Check with the CRA or your accountant to see what's right for your business. Then consider setting up a reminder note in the To Do list.

To pay your payroll liabilities:

> ⚠️ **Always use the Pay Payroll Liabilities window to write cheques for your payroll liabilities.**
>
> Do not use the Write Cheques window! If you do, QuickBooks does not update your payroll liability accounts, and your payroll reports will not be accurate.

1 From the **Employees** menu, choose **Process Payroll Liabilities**, then **Pay Payroll Liabilities**.

2 Type the date range for the liabilities you want to pay, then click **OK**.

Note: Check these dates carefully as QuickBooks uses them to create the PD7A report. You use this report to fill in a PD7A form to submit with your liability payment each month.

3 In the Pay Payroll Liabilities window, mark the payroll items you want to pay.

■ These liabilities can be selected and paid only as a group: CPP Employee, CPP Employer, EI Employee, EI Employer, Federal Income Tax Withholding, and other federal withholding items.

The window shows liabilities owed as of the end of last month that are not yet paid. Change these dates if you pay more than once a month.

Click here to generate a Payroll Liabilities report for this period.

QuickBooks displays this date on the liability cheque as the paid-through date.

If you use QuickBooks to print cheques, select this checkbox.

If you write cheques by hand, clear it.

This is the date the transaction affects your chequing account.

Select this checkbox to show all payroll liabilities for the period, including any credits and zero amounts.

Mark the liabilities you want to pay. QuickBooks creates one cheque per liability payee (like the Receiver General), not one cheque per liability.

To add a name that's missing in the Payable To column of this window, edit the payroll item.

If you want, you can change the amount you're paying in this column.

4 Select whether you want to review the cheque(s), then click **Create**.

- After you create a cheque, the Payroll Liabilities report shows a decrease in the amount you owe to reflect the payment. However, the PD7A Summary report shows the amount you owed for the period regardless of payments you've made.

To learn about...	Search the Help index for...
Paying payroll liabilities	payroll liabilities, paying
Adding a name missing in the Payable To column	payroll items, editing
Creating a report that shows your payroll liabilities	payroll, reports about
Entering a discount for payroll liabilities	payroll liabilities, discounts
Entering a penalty for payroll liabilities	payroll liabilities, penalties
Entering a refund cheque for overpayment of payroll liabilities	payroll liabilities, refund cheque

Creating a PD7A report

Along with your monthly payment to the CRA, you need to submit a PD7A (Current Source Deductions Remittance) form. On this form, you report the federal income tax amounts, EI premiums, and CPP contributions you withheld from your employees' pay cheques over the past month.

To help you prepare this form, QuickBooks provides a PD7A Summary report.

1 From the **Reports** menu, choose **Employees & Payroll**, then **PD7A Report**.

2 Check that the dates show the correct payroll deductions period (they probably don't!), and type new dates if necessary.

3 Click **OK** to generate the report.

4 Use the information on this report to fill in your PD7A form.

Creating a TPZ-1015 report

In Québec, along with your monthly payment to the Minister of Revenue, you need to submit a TPZ-1015 form. On this form, you report the Québec income tax amounts and QPP contributions you withheld from your employees' pay cheques over the past month.

To help you prepare this form, QuickBooks provides a Québec Remittance report.

1 From the **Reports** menu, choose **Employees & Payroll**, then **Québec Remittance Report (TPZ-1015)**.

2 Check that the dates show the correct payroll deductions period (they probably don't!), and type new dates if necessary.

3 Click **OK** to generate the report.

4 Use the information on this report to fill in your TPZ-1015 form.

Gathering information for other tax forms

Your business may also be required to file other payroll forms. Though you cannot prepare these forms in QuickBooks, you can generate reports to help you gather the information you need to prepare the forms. For more information about these reports, see "Getting information about your payroll" on page 217.

Creating year-end T4 and Relevé 1 slips

T4 (Statement of Remuneration Paid) and Relevé 1 (RL-1) slips are end-of-year payroll forms that show an employee's wages and payroll deductions for the past year. In January or February, you need to create these slips for your employees, the Canada Revenue Agency, and, in Québec, the Minister of Revenue.

You also need to complete a T4 Summary form (which summarizes your employee's T4 slips) for the CRA and, in Québec, an RLZ-1 form (which summarizes your employee's Relevé 1 slips) for the Minister of Revenue. QuickBooks helps you fill in these forms, too.

Preparing year-end payroll forms

Step	Procedure
1	Consult your accountant, the CRA, and provincial guidelines about how to report any benefits or amounts you're not certain about.
2	In QuickBooks, create and review a T4 slip for each employee who worked for you during the last year (see "Creating and reviewing year-end payroll slips" below). Enter any adjustments you need to make.
3	For each employee, print two copies of his or her T4 slip. Give them to the employee by the last day of February.

Step	Procedure
4	If you created 70 or fewer T4 slips, file them electronically with the CRA through the Internet.
	If you created more than 70 slips or you do not have an Internet connection, print one T4 slip per employee and to mail to the CRA by the last day of February.
5	If you printed T4 slips for the CRA, fill in a T4 Summary form to send to the CRA along with the slips.
	If you E-Filed the T4 slips, you do not need to fill in a T4 Summary form.
6	In Québec, repeat Steps 2 and 3 for Relevé 1 forms.
7	In Québec, fill in an RLZ-1 form to send to the Minister of Revenue.

Creating and reviewing year-end payroll slips

You create both T4 and Relevé 1 slips the same way.

1 From the **Employees** menu, choose either **Process T4s** or **Process Relevé 1s**.

2 Choose the correct year from the drop-down list. Usually, you create year-end slips for the year that just ended.

3 Select the employees to create year-end slips for.

4 Click either **Review T4s** or **Review Relevé 1s**.

5 Carefully review the first employee's slip.

6 To correct employer or employee information, click **Cancel** and make the changes in the following places:

- To correct the name, address, or business number of the employer (that is, your company), select **Company Information** from the **Company** menu.

- To correct the employee's name, address, or Social Insurance Number, select **Employee List** from the **Employee** menu, then double-click the employee to edit.

7 To adjust the amount in a box, double-click the box, then enter the adjustment in the window that appears.

- (Optional) Type a description to remind you about what this adjustment is for.

- Type the adjustment, then click **OK**.

QuickBooks adds the adjustment to the amount in the box. To reduce the amount in the box, put a minus sign (-) before the adjustment.

8 To approve the form (with changes, if any), click **Next**.

9 Repeat Steps 5 through 8 for the remaining employees.

10 On the last form, click **OK**.

Printing or E-Filing year-end payroll slips

After you've created and reviewed year-end T4 and Relevé 1 slips for your employees (see "Creating and reviewing year-end payroll slips" on page 214), you can print them out. QuickBooks allows you to print on either blank paper or preprinted forms.

> **QuickBooks prints only six T4 codes per slip.**
>
> If you have an employee who requires more than six 'other' or 'special' boxes on a T4 slip, create a second slip for him or her **after** you print all other slips. The second T4 slip should show only the extra codes. For more information, look in the help index for **T4 slips, six codes or more**.

To print year-end T4 or Relevé 1 slips:

1 Confirm that the employees whose slips you want to print are selected.

2 Click **Print T4s** or **Print Relevé 1s**.

3 Choose the printer to use; whether to print on blank paper or preprinted forms; and whether the forms you are printing are for you, the employee, or for the government; then click **Print**.

4 Distribute the slips:

- Give each employee two copies of the T4 slip and send one copy to the CRA. You may want to print another copy for your records.

Although QuickBooks displays your business number when you preview T4 slips, QuickBooks will not print it on the employees' copies of the T4 slips.

- Give each employee two copies of the Relevé 1 and send one copy to the Québec Minister of Revenue. You may want to print another copy for your records.

E-Filing year-end T4 slips with the CRA

If you created fewer than 70 T4 slips, you can submit them to the CRA through the Internet rather than through the mail. If you do, be sure to:

- install MSXML 4.0 or later on your system (available at no cost through http://download.microsoft.com/), if QuickBooks prompts you to.

- contact the CRA for a Web Access Code and a Magnetic Media Number (also called a Transmitter Number), if you do not have one. You can visit their Web site at http://www.ccra-adrc.gc.ca/tax/business/t4internet/menu-e.html

- E-File all your T4s at once rather than in batches.

- ensure that T4s for employees with more than six 'other' or 'special' boxes have been returned to their original state (after printing their second T4 slips).

Note: Check the business number that the CRA issued to you. (From the Edit menu, select Preferences, then select Employees & Payroll from the list on the left and click the Company tab.) The business number should be in this format: your nine-digit registration number, then a two letter program identifier, then four more numbers. If your business number does not contain the letters "RP", contact the CRA. You cannot E-File T4 slips until your business number is updated.

To E-File year-end T4 slips with the CRA:

1 Confirm that the employees whose slips you want to E-File are selected.

2 Click **E-File T4s**.

3 Fill in the E-File window:

- Enter your Magnetic Media number in the Transmitter Number field.

- If your company is a sole proprietorship or partnership, enter your and your partner's Social Insurance Numbers in the SIN fields.

4 Click **Send**.

- QuickBooks compiles an .xml file containing your T4 data. This file has the name '_T4Slips.xml' and is stored in your QuickBooks directory. You will need to enter the path to and name of this .xml file, your Business Number, and your Web Access Code when QuickBooks opens the CRA Web site for you.

Filling in a T4 Summary form

Along with your employees' T4 slips, you need to send a T4 Summary form to the CRA. To help you prepare this form, QuickBooks provides a T4 Summary report.

Note: If you sent your employees' T4 slips to the CRA through the Internet (E-File), you do not need to create a T4 Summary form.

1 From the **Reports** menu, choose **Employees & Payroll**, then **T4 Summary**.

2 Make sure the date range is correct for your reporting period (it probably isn't!), and enter new dates if necessary.

3 Click **OK** to generate the report.

4 Use the figures on the report to fill in your T4 Summary form.

Filling in an RLZ-1 form

In Québec, when you send your employees' Relevé 1 slips to the Minister of Revenue, you also need to include an RLZ-1 form. To help you prepare this form, QuickBooks provides a Relevé 1 Summary report.

1 From the **Reports** menu, choose **Employees & Payroll**, then **Relevé 1 Summary**.

2 Make sure the date range is correct for your reporting period (it probably isn't!), and enter new dates if necessary.

3 Click **OK** to generate the report.

4 Use the figures on the report to fill in your Relevé 1 Summary form.

Getting information about your payroll

QuickBooks Payroll Reports

Use these QuickBooks reports to gather the payroll information you need:

Report	Description
Payroll summary	Shows the total wages, taxes withheld, deductions from net pay, additions to net pay, and employer-paid taxes and contributions for each employee on your payroll.
Payroll item detail	Lists the payroll transactions on which each payroll item appears. For example, you could use this report to find out which pay cheques had deductions for disability insurance.
Payroll detail review	Provides detailed information about how QuickBooks calculates tax amounts on employee pay cheques and in year-to-date transactions. You can use this report as a research tool to see exactly what numbers QuickBooks used to calculate the tax amounts.
Employee earnings summary	Shows information similar to the payroll summary report, but in a different layout.
Payroll transactions by payee	Lists payroll transactions, grouping them by payee. For example, you could use this report to create a listing of the pay cheques your company paid to each employee.
Payroll transaction detail	Shows the line item detail that appears on each payroll transaction.
Payroll liability balances	Lists the payroll liabilities your company owes to the agencies, such as the CRA, insurance plan administrators, and labour unions.
Employee withholding	Shows withholding information for each employee.
Employee Quick-Report	Lists chronologically the transactions related to a particular employee.
Payroll item listing	Shows detailed information about each payroll item you use to track payroll-related expenses and liabilities.
Payroll item Quick-Report report	Lists chronologically the payroll transactions that contain a particular payroll item

Finding out how much you owe for payroll liabilities

Let's say you want to see how much you currently owe for each payroll tax for the current payroll period.

You can find out quickly by creating a payroll liability balances report. The report shows liabilities incurred during the date range specified that are still unpaid.

Finding out how much you spend on your payroll

Let's say you want to know how much money you spend on your payroll. You can run a payroll summary report to see your payroll totals by employee and for the whole company for a single payroll period.

You can change the date range to cover this year to date, last quarter, or any period you want.

The gross pay includes commissions and additions to gross. This represents the total payroll expenses, not including the employer-portion for employment taxes and other contributions.

The adjusted gross pay equals gross pay minus deductions from gross.

The net pay is the actual amount of money the employee(s) received. This amount is usually less than gross pay due to taxes withheld and other after-tax deductions.

For taxes and company contributions, the amounts are liabilities accrued during the period.

Figuring out what wage amount each tax is based on

For each tax amount on employee paycheques, you want to check the amount of wages it is based on. You can generate the payroll detail report to see the amount for every wage base and tax transaction on paycheques.

7:50 AM			Mountain Sports Equipment			
12/15/03			**Payroll Item Detail**			
			December 2003			
◇ Num ◇	Date ◇	Source Name ◇	Payroll Item ◇	Type ◇	Wage Base ◇	Amount ◇
CPP - Employee						
349	12/15/2003	Alison Logan-Smith	CPP - Emplo...	Pay Cheque	750.00	-28.40
350	12/15/2003	Anita Joly	CPP - Emplo...	Pay Cheque	345.00	-9.36
351	12/15/2003	Luis Barata	CPP - Emplo...	Pay Cheque	1,000.00	-40.15
Total CPP - Employee					2,095.00	-77.91
CPP - Company						
349	12/15/2003	Alison Logan-Smith	CPP - Compa...	Pay Cheque	750.00	-28.40
350	12/15/2003	Anita Joly	CPP - Compa...	Pay Cheque	345.00	-9.36
351	12/15/2003	Luis Barata	CPP - Compa...	Pay Cheque	1,000.00	-40.15
Total CPP - Company					2,095.00	-77.91
EI - Employee						
349	12/15/2003	Alison Logan-Smith	EI - Employee	Pay Cheque	750.00	-16.50
350	12/15/2003	Anita Joly	EI - Employee	Pay Cheque	345.00	-7.59
351	12/15/2003	Luis Barata	EI - Employee	Pay Cheque	1,000.00	-22.00
Total EI - Employee					2,095.00	-46.09
EI - Company						
349	12/15/2003	Alison Logan-Smith	EI - Company	Pay Cheque	750.00	-23.10
350	12/15/2003	Anita Joly	EI - Company	Pay Cheque	345.00	-10.63
351	12/15/2003	Luis Barata	EI - Company	Pay Cheque	1,000.00	-30.80
Total EI - Company					2,095.00	-64.53

To learn about...	Search the Help index for...
payroll reports	payroll, reports about

How to bill for employee and subcontractor time and costs

Time tracking, available only in QuickBooks Pro, QuickBooks Premier editions, and QuickBooks Enterprise Solutions, allows you to track hours worked by yourself, employees, or subcontractors. You can make the time billable for specific jobs. QuickBooks can then transfer the tracked time to pay cheques, regular cheques, and bills from subcontractors.

Cost tracking allows you to pass costs along directly to your customers.

Should I track time?

QuickBooks Pro and better provide time-tracking capability to suit your needs:

- The Stopwatch: When you're working in QuickBooks and want to take a stopwatch approach (that is, turn on a timer, work, and then stop the timer), use the Stopwatch on the Time/Enter Single Activity window.

- The QuickBooks Timer: The Timer is a separate program that runs on Windows on any computer. Because it's separate, you can distribute copies of the Timer to people who don't have access to QuickBooks, such as employees and subcontractors. Then you can merge their time data into the QuickBooks company file.

- You can also enter time data manually into QuickBooks in the Weekly Timesheet window or Time/Enter Single Activity window.

Tracking time can help you make better decisions about work capacity, future hiring needs, and employee productivity.

Furthermore, if you track the time you, your employees, or your subcontractors spend on each job, you'll be able to do the following:

- Invoice customers based on the number of hours of work done for them.
- Automatically fill in hours on pay cheques.
- When paying subcontractors, automatically fill in hours on cheques and bills.
- Track payroll costs by job, class, or type of work.
- Report hours worked by person, job, or type of work.
- Track billable versus non-billable time.

Should I make time billable?

When you record time worked for a particular customer or job, one option is to mark it as billable. Then, when you invoice the customer, you can add the billable time to the invoice with a few clicks. After you put the time on a sales form, QuickBooks marks it as billed, so you won't charge a customer twice for the same thing.

If the work done by employees is billable to customers, it becomes billable as soon as you record the time in QuickBooks. It doesn't matter whether you have paid the employees yet.

Some businesses track time without making it billable. For example, if you agree to do a job at a fixed price, you would not invoice for time. However, you might still want to track time so you can decide after completing the job whether you set the right price.

Also, you can track accrued time (like sick time), which is normally not billable.

Should I track time for subcontractors?

Most businesses don't need to track time for subcontractors, with a few exceptions:

■ On time reports, you want to see all time for a particular job, whether for an employee, a subcontractor, or an owner.

■ Glenn's company has only one employee now. By tracking time worked by subcontractors, he'll know what to expect when he has employees doing this type of work in the future.

■ You want to track subcontractor time independently of the time subcontractors report on the bills they submit to you.

■ Jill gives subcontractors copies of the Timer program and asks them to return time data to her weekly so she can track how many hours have been spent on her project long before she receives the bills.

■ You want to pay subcontractors based on time worked, using the time information entered in QuickBooks.

■ Eric tracks time for subcontractors and pays them within 30 days. On a weekly basis, Eric enters a bill for each subcontractor and transfers the time worked during the previous week.

How much detail should I track for time activities?

You track time based on **activities**. Each activity needs, at a minimum, the following to describe it:

■ Name of person who did the work

■ Date the work was done

■ Time spent doing the work

The level of detail you include when tracking an activity depends on whether or not it's billable and how much detail you want in your reports.

Describe an activity by specifying ...	Comment
Name of person who did the work	Required.
Date the work was done	Required; each activity can be for only one date.
Time spent doing the work	Required. (If you use the Timer or the Stopwatch to time an activity, fill in the time spent.)
Customer (and job) the work is for	Required only if you plan to invoice for the time. Even if you don't invoice for the time: ■ Allows you to report on hours worked by customer and job. ■ Allows you to track payroll expenses by customer and job.

Describe an activity by specifying ...	Comment
Type of work (described by a service item from the Item list)	Required only if you plan to invoice for the time. Even if you don't invoice for the time: ■ Allows you to report on hours worked by type of work. ■ Allows you to track payroll expenses by type of work.
Whether time is billable	Time must be billable if you plan to invoice for the time.
Class	If your company does class tracking, you can do the following: ■ Filter time reports by class. ■ If you are set up to split payroll expenses by class, you can assign classes to employee time. Then you can automatically track all payroll expenses by class.

Choosing a method to track time

QuickBooks Pro and better come with a separate Timer program that can run on a computer regardless of whether QuickBooks is on the same computer. You have a choice between

- tracking time via the Timer and then transferring the time data to QuickBooks,
- using the Stopwatch on the Time/Enter Single Activity window,
- or entering time data directly into QuickBooks manually on the Weekly Timesheet window or the Time/Enter Single Activity window.

Situation	How to track time	See...
You have access to QuickBooks and want to use a stopwatch approach to time tracking: turn on a timer, work, then stop the timer.	Use the Stopwatch in the Time/ Enter Single Activity window in QuickBooks Pro or better.	■ "Setting up QuickBooks to track time" on page 225 ■ "Using the Stopwatch to time an activity" on page 233
You want people who don't have access to QuickBooks to track their own time.	Distribute copies of the QuickBooks Timer to these people and have them give you their time data.	■ "Setting up QuickBooks to track time" on page 225 ■ "Setting up and using the Timer" on page 227 ■ "Importing Timer data into QuickBooks" on page 232 ■ "" on page 243
You (and others in your company) have access to QuickBooks and want to enter time data after the work is done.	Enter time data directly into QuickBooks Pro or better, either on a weekly timesheet or as separate activities one at a time.	■ "Setting up QuickBooks to track time" on page 225 ■ "Entering time manually into QuickBooks" on page 234

Situation	How to track time	See...
Your employees submit paper timesheets.	One person can enter everyone's time data directly into QuickBooks Pro or better on a weekly timesheet for each person.	■ "Setting up QuickBooks to track time" on page 225 ■ "Entering time manually into QuickBooks" on page 234

Setting up QuickBooks to track time

The following list is for tasks you must do in QuickBooks to prepare for tracking time.

⚠️ **A QuickBooks user must do this preparation before Timer users can set up their own Timers.**

What to do	Comments	Search the Help index for...	✓
Turn on time tracking and indicate the first day of your work week	The weekly timesheet starts with the day of the week you specify.	preferences, time	❏
On the Customer:Job list, set up the customers and jobs for which time will be tracked.		■ customers, adding new ■ jobs, adding new	❏
On the Item list, set up service items that describe the type of work that will be tracked.	Service items are required only if you make the time billable to a customer or job. Be sure to create different service items for subcontracted services.	■ service items, setting up ■ subcontractors, service items for	❏
On the Class list, set up classes for the work to be tracked	Class tracking is optional.	classes, adding	❏
On the Payroll Item list, set up salary or hourly wage payroll items to use when paying employees for time tracked	Required only if you will track time for employees and pay them using the QuickBooks Payroll	■ hourly wages ■ salaries	❏

What to do	Comments	Search the Help index for...	✓
Set up the people whose time will be tracked. Each person must be on one of the following lists: ■ Employee ■ Other Name (for owners and partners) ■ Vendor (for subcontractors)	If you plan to use time tracking to help with payroll for any employees, you must also set up payroll information for those employees. See: ■ "Setting up to use time tracking with payroll" below ■ "Setting up employees" on page 189	■ employees, adding ■ other names, list of ■ vendors, adding	❏

Setting up to use time tracking with payroll

As part of the payroll setup for employees, be sure to select the checkbox **Use time data to create pay cheques** on the employee's Payroll Info tab.

☑ Use time data to create pay cheques
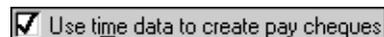
Pay cheques will then automatically have the employees' time data (including job, class, and type of work) for the period covered by the pay cheque. QuickBooks keeps track of your payroll expenses for hourly or salaried gross pay, employer taxes, and other payroll overhead by job, class, and type of work.

Viewing, editing, and printing time data

In addition to creating reports about time data, you can view, print, and edit time data as follows:

- View a timesheet for one person's work during a particular week.

- Print timesheets (each with one person's work for one week or part of a week).

- View the full text of the note entered for a particular activity.

- Edit time data.

To learn about...	Search the Help index for...
Viewing and printing timesheets	timesheets
Adding notes about an activity to an invoice	invoices, time and cost
Adding notes about an activity to a time report	time, reports about
Editing time data	time, entering

Setting up and using the Timer

How the Timer works with QuickBooks

The QuickBooks Timer is designed to track and record time data which you can then export to QuickBooks Pro or better. Use the Timer when you want to gather time data from people who don't have access to QuickBooks but do have access to a computer.

You can make copies of the Timer program to give to other people whose time you want to track in QuickBooks. When you do, photocopy the two-page Quick Reference Sheet on page 244 for them as well.

Note: If you distributed the Timer program that came with an earlier version of QuickBooks, replace those copies with the Timer program that comes with this version of QuickBooks. The newer version of the Timer can update company files created by the earlier version.

This flowchart shows the relationship between the Timer and QuickBooks.
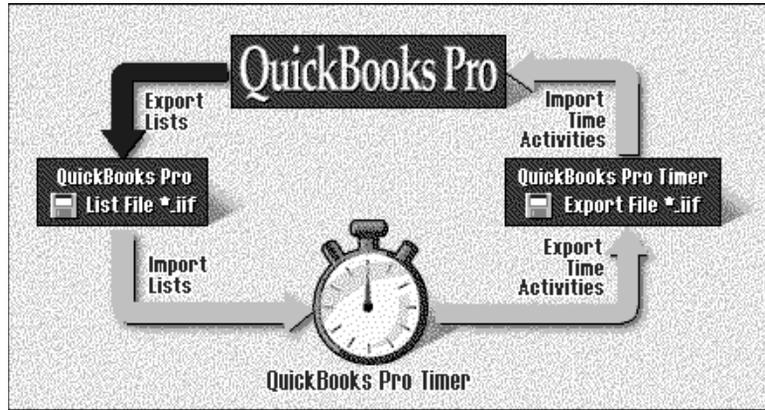
The two programs share information this way:

- QuickBooks exports lists for the Timer to use.
- The Timer imports those lists.
- The Timer records data about time activities for the jobs, then exports it.
- QuickBooks Pro, QuickBooks Premier editions, or QuickBooks Enterprise Solutions imports the time data and makes it part of the company file.

Note: If you simply want to time an activity in QuickBooks—not gather time data from others—use the Stopwatch instead. See "Using the Stopwatch to time an activity" on page 233.

Setting up the Timer

Before you can set up the Timer, you must first install it. Refer to the reference sheet on page 244. Also, be sure to do all the tasks on the following task list. The task list for setting up the Timer shows whether the QuickBooks user or the Timer user has to do the task (in case they are not the same person).

Task	Which user and which Help index?	Search the Help index for...	✓
Export QuickBooks lists for the Timer and give the file to the Timer user.	QuickBooks	Timer, exporting lists to	❏
Prepare Timer install disks (if the Timer user can't use the Quick-Books CD-ROM).	QuickBooks	Timer, creating disks for	❏
Install the Timer on the user's computer.	Timer	See "Timer Reference Sheet" on page 244.	❏
Create a Timer data file for the QuickBooks company file that will be using the Timer data.	Timer	data files, creating (search the Timer help)	❏
Import the QuickBooks lists in the IIF file into the Timer data file.	Timer	lists, importing (search the Timer help)	❏
From the Timer's list of users, choose the name of the person whose work will be recorded in this Timer file.	Timer	default user (search the Timer help)	❏

Exporting lists from QuickBooks for the Timer

The first step in getting the Timer ready to use is to prepare a file with the information the timer needs in order to work with QuickBooks. The Timer must describe activities using the same names that are on the lists in QuickBooks.

To create an IIF file for the Timer, from the **File** menu in QuickBooks, select **Timer**, then **Export Lists for Timer**. Now follow the instructions on your screen. If the Timer will be used on another computer, the exported IIF file should be copied either to a 3.5-inch disk or on a network that both computers can access.

Information Timer needs	Source in QuickBooks
Names of possible Timer users	Employee, Vendor, and Other Names lists

Information Timer needs	Source in QuickBooks
Names of customers and jobs (if time will be billable to a customer or job)	Customer:Job list
Type of work that the customer may be invoiced for (if time will be billable)	Service-type items from the Item list
Names of QuickBooks classes (if time will be assigned to classes)	Class list

To learn about...	Search the Help index for...
Preparing a file of information from QuickBooks that the Timer can use	Timer, exporting lists to

Using the Timer

After you have done the tasks described in "Setting up QuickBooks to track time" on page 225 and in "Setting up and using the Timer" on page 227, you are ready to track time with the Timer.

Recording activities in the Timer

You can use the Timer either to time an activity while you are doing it, or to record the time after you have finished.

You can run the Timer in a larger window that shows detail or in a very small one (far right).
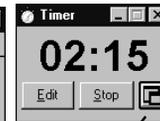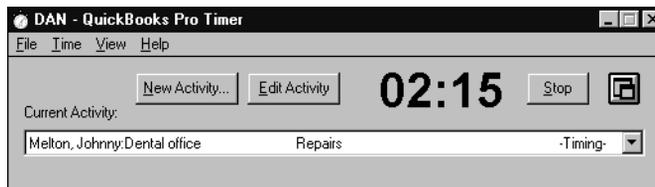
Click this button to switch between minimal size and full size.

The first time you do an activity for a given customer, job, and type of work, you have to set up the activity in the Timer. To understand how much detail you should include in an activity, see "How much detail should I track for time activities?" on page 223.

If you have previously set up an activity for a given customer, job, and type of work, you can choose the activity from a drop-down list and use it as a template for the new day's work instead of setting up a similar activity for the new day.

You can add a note while timing an activity or after completing it.

To learn about...	Search the Timer Help (not the QuickBooks Help) for...
Timing an activity while you are doing it	■ activities, setting up for timing ■ activities, timing
Recording an activity after doing it	activities, entering time for manually
Recording notes about an activity	activities, adding notes to

Viewing and editing recorded activities

You can view a list of the activities you've recorded in the Timer. However, you can't print this list (or anything else) in the Timer. After you export time data to QuickBooks, the QuickBooks user can print the list of activities.

To learn about...	Search the Timer Help (not the QuickBooks Help) for...
Viewing a list of all recorded activities within a specified date range	activities, viewing data about
Changing information about a recorded activity	activities, editing data about
Deleting a recorded activity	activities, deleting the record of

Viewing and changing customer information

When you import information from the lists in QuickBooks, you import customer contact information as well as the customer's names.

If a customer is on the list imported from QuickBooks, or if you already exported Timer data using the customer, you can't change information about the customer. Instead, the QuickBooks user must change the information and give you an updated list file.

You can add a new customer to use when recording an activity. However, you cannot add a job for a new or existing customer. The Help topic suggests what to do instead.

To learn about...	Search the Timer Help (not the QuickBooks Help) for...
Viewing contact information about a customer	customers, contact information for
Adding, editing, or deleting a customer	■ customers, adding ■ customers, editing ■ customers, deleting

Managing Timer data files

From time to time, you will need to update the lists in your Timer data to make them match those in the QuickBooks company file. The QuickBooks user must prepare the updated list file and make it available for importing into the Timer.

If you track time for more than one QuickBooks company, you must have separate Timer data files.

You can back up a Timer data file. To back up a Timer file, from the Timer's **File** menu, select **Backup**. To use the backed up file again, from the Timer's **File** menu, select **Restore**.

You can reduce the file size by using the Condense feature. The Condense feature in the Timer, unlike the one in QuickBooks, doesn't remove or consolidate any information. Select **Condense** from the Timer's **File** menu.

To learn about...	Search the Timer Help (not the QuickBooks Help) for...
Updating the Timer's lists of customers, jobs, service items, and classes to match changes in the QuickBooks file	lists, updating
Backing up your Timer data onto a 3.5-inch disk or your hard disk	data files, backing up
Restoring a backup of Timer data so you can use or view it	data files, restoring from a backup disk

To learn about...	Search the Timer Help (not the QuickBooks Help) for...
Reducing the size of your Timer file	data files, condensing to save disk space
Creating a new Timer data file to use with a different QuickBooks company file	data files, creating for the Timer
Switching to a Timer data file for a different QuickBooks company	data files, opening

Exporting Timer information to QuickBooks

When you are finished recording time, you need to export your recorded activities to an IIF file that QuickBooks can import. From the Timer's **File** menu, select **Export Time Activities**.

To learn about...	Search the Timer Help (not the QuickBooks Help) for...
Exporting activities to an IIF file that QuickBooks can read	activities, exporting to QuickBooks

Importing Timer data into QuickBooks

After the Timer user exports the data from the Timer into an IIF file (see "Exporting Timer information to QuickBooks" on page 232), you can import the data into the QuickBooks company file.

After importing information from the Timer, check the Timer Import Detail report (available only from the Import Summary window) to ensure that the correct payroll items are assigned to each activity.

In addition to activities, QuickBooks imports any items on lists (that is, names, service items, classes) that are not currently on the corresponding QuickBooks lists. You can view reports of the imported list items.

The time reports in QuickBooks report on all activities, including those imported from the Timer. To create a report similar to the Timer import detail report, you can customize a time by job detail report to add columns for payroll item and import date.

To learn about...	Search the QuickBooks Help index for...
Importing data from a Timer file into the QuickBooks company file	Timer, importing timed activities from
Viewing a report of the imported Timer activities or the imported items on lists	Timer, reports about imported activities
Editing an imported activity in QuickBooks	time, entries
Viewing a report on activities exported to or recorded in Quick-Books	time, reports about

Using the Stopwatch to time an activity

Use the Stopwatch on the Time/Enter Single Activity window in QuickBooks Pro or better when you want to time an activity—simply start the Stopwatch, work, and stop it when you've completed the work.

■ From the **Employees** menu, select **Time Tracking**, then **Time/Enter Single Activity**.

Once recorded, the time shows up in both this window and in the Weekly Timesheet window.

To see how much detail to include when you time an activity, see "How much detail should I track for time activities?" on page 223.

Entering time manually into QuickBooks

If you want to enter time data a week at a time and you generally don't enter a lot of detailed notes about your activities, use the Weekly Timesheet window to enter time data manually.

On the weekly timesheet, the far-right column shows whether the time is billable, not billable, or already billed.

If you enter a lot of detailed notes about your activities or prefer to enter time data as you complete each activity, use the Time/Enter Single Activity window.

When you fill in and record a Time/Enter Single Activity window, you can later view the information on a weekly timesheet.

Conversely, when you fill in and save a weekly timesheet, you can view Time/Enter Single Activity windows that each show the work on one job on one day. The two are simply different views of the same data, similar to views of individual cheques versus your cheque register.

To learn about...	Search the Help index for...
Blank timesheets	timesheets, blank
Filling out a weekly timesheet	timesheets
Entering details for a single activity	single activity entries
Using the Stopwatch to time an activity	Stopwatch

Paying for time worked

QuickBooks does not track whether you have paid workers for time or not, only whether you have passed time costs on to your customers.

If you pay a worker (employee, owner, or subcontractor) for time and then edit the time data or import new information from the Timer, QuickBooks does not track which time has been paid for and which has not. All it tracks is the end date of your last payment for time to the worker.

To avoid paying for the same time twice, make sure your worker has submitted all his or her time data for a period before you create a pay cheque covering that period — that is, pay a worker only for work that takes place after the end date of your last time payment to him or her. If you accept late time data, print a Time by Job Detail report and mark the activities you are paying for.

QuickBooks automatically transfers time data when you create pay cheques for employees who are set up for transferring time data. That is, it fills in the number of hours for each payroll item for salary or hourly wages included in the time data for the payroll period.

If customers or jobs, service items, or classes are assigned to an employee's time activities, this detail is also included. For example, out of 40 hours altogether, 19 may be assigned to Job A, 11 to Job B, and the remaining 10 hours to Job C. QuickBooks then splits the payroll expenses for the employee according to how you assigned the time.

Paying nonemployees for time worked

Some businesses need to pay people who are not employees (such as owners, partners, or subcontractors) based on time worked. QuickBooks can transfer time data for a specified date range to your payment. That is, it can fill in the number of hours worked and the rate you pay for that type of work.

To pay a subcontractor or other vendor, you can either write a cheque (if you want to pay immediately) or enter a bill (to be paid at a later time). To pay an owner or partner (someone on your Other Names list), you can write a cheque.

Tip: Always set up subcontractors as vendors and use their vendor names when you track time and pay them. Then QuickBooks will show payments to subcontractors for time worked on reports.

Remember when you set up a subcontractor as a vendor, select the T4A tracking checkbox in the vendor profile so you can create reports to make it easier to create year-end T4A slips. If you have the Contractor edition of QuickBooks Premier, you can track T5018 data the same way.

To learn about...	Search the Help index for...
Setting up an owner or partner	■ owners
	■ partners, setting up
Adding a name to the Vendor list	vendors, adding
Setting up a vendor for T4A forms	T4A forms

Service items for nonemployee time data

If you plan to transfer time for nonemployees to a cheque or bill, the time data should have a service item assigned to it. QuickBooks uses the rate for "purchases" of the service item when calculating how much to pay a nonemployee for the hours worked.

■ Service items for subcontractors (vendors)

When you pay a subcontractor set up as a vendor, the payment is an expense to the business. Therefore, you need to have at least one service item that affects an expense account when used in payments to the person. This service item should not be used for owners or partners.

When tracking time for a vendor, assign the time to a service item set up to track costs in an expense account.

■ Service items for owners or partners

When you pay an owner or partner, the payment is a draw against equity, rather than an expense to the business. Therefore, you need to have at least one service item that affects the person's equity account when used in payments to the person. This service item should not be used for vendors.

When tracking time for an owner or partner, assign the time to a service item set up to track costs in the person's equity account.

To learn about...	Search the Help index for...
Setting up a service item that includes both costs and income	service items, billing work by subcontractors or owners

Transferring nonemployee time to a cheque or bill

When you pay a nonemployee for time worked, use the Write Cheques window. (To pay employees, always use the payroll system!)

When you write the cheque or enter the bill, QuickBooks alerts you if there is time data for the payee for dates after the end period for the last-time payment to this payee. If you answer that you want to pay for time, you can specify the date range of the time to pay for. Then QuickBooks prefills the Items tab of the cheque with the service item, customer and job (if any), rate, number of hours, and amount.

> **QuickBooks does not track whether time is paid for.**
>
> If you pay for time and then edit the time data (or import data from the Timer), Quick-Books does not track which time has been paid for and which has not. All it tracks is the end date of the last payment for time.
>
> If you always pay for time dated after the end date of the last payment, you will not pay for the same time twice. Otherwise, print a time by job detail report and mark the activities you are paying for.

To learn about...	Search the Help index for...
Paying nonemployees for time worked	time, paying nonemployees for

Charging customers for time worked and other costs

Charging your customer for the actual time and costs for a job is a two-step process:

1 Track the time and costs, assigning them to the specific job.

2 Transfer the time and costs to a sales form (with or without a markup) or to the register for the job.

The following table shows what you must do to track time or costs so that you can charge for them.

To track...	You must...
All expenses incurred for the job Miscellaneous costs incurred for this job (costs you prefer not to record by using items) (QuickBooks Pro and better only)	Record a bill, cheque, or credit card charge, using the Expenses tab or Time/Costs tab to identify the accounts and amounts for other costs incurred for this job.
Time billable to this job (QuickBooks Pro and better only)	Record hours spent on this job, using the Timer, the Stopwatch, or entering time manually into QuickBooks. ■ Assign the hours to the service item that should be used on the invoice. ■ To show the service date for each time entry on the invoice, customize the invoice to add a Service Date column. ■ Be sure to mark the hours as billable.
Subcontracted services, products, materials, and other charges bill-able for this job (QuickBooks Pro and better only)	Record a bill, cheque, or credit card charge, using the Items tab to identify goods and services purchased for this job. Be sure to mark these items as billable.

You can transfer time data to invoices and statement charges as long as the time data has a customer:job and service item and is currently marked as billable.

As you create an invoice, you can display the unbilled time for the job and select which time to include. When you record the invoice, QuickBooks marks the time you selected as billed, so you won't bill for it again by mistake. (You can also charge for time as a statement charge instead of writing an invoice.)

Reimbursable expenses in QuickBooks

When you have billable expenses in QuickBooks and are ready to invoice for them, click the Expenses button on an invoice for the customer or job. (If you are using QuickBooks Pro or better, see "Reimbursable time and costs in QuickBooks Pro and better" on page 240.)

QuickBooks displays the Choose Reimbursable Expenses window. It shows the expenses you have marked billable but have not yet billed to this customer or job. In this window you mark which billable expenses to add to the invoice.

This window is in QuickBooks Basic only, not QuickBooks Pro or better.

To hide a markup on an invoice, be sure to select this checkbox.

For a percentage markup, add a % sign after the number. QuickBooks prefills your preset markup percentage if you set one up in sales and customer preferences.

Most people use an income account for markup.

Click the **Hide** field only if you don't ever want to charge this customer for the expense. (The bill is unaffected.)

To make the marked expenses taxable on the invoice, select this checkbox.

After you click OK in the window, QuickBooks puts all the marked expenses on the invoice.

Note: You can set up QuickBooks so that it assigns income for a reimbursed expense to an income account. If you don't do this setup, the income cancels the original expense in the expense account. See "Items for reimbursable costs (QuickBooks Pro and better)" on page 38.

Reimbursable time and costs in QuickBooks Pro and better

In QuickBooks Pro and better, when you click the Time/Costs button on an invoice for a customer or job, it displays a window with three separate tabs, one for billable items, billable expenses, and billable time.

On the Items tab, you mark which billable items to add to the invoice.

This window shows all billable but not-yet-billed time and job costs for this particular job.

Time tab displays only if time tracking is on.

Click the **Hide** field only if you don't ever want to charge this customer for the item. (The bill is not affected.)

Each of the three tabs displays the dollar total for the lines that have a mark in the **Use** field. These amounts will be added to the invoice.

To use all lines on this tab, click Select All. To unmark all lines, click Clear All (the button name changes).

Select this checkbox to print only the overall total and a general description for the group of marked items on all three tabs.

To print an overall total but no detail for one tab alone, mark the lines on only one tab, select the checkbox, and click OK.

Choose Billable Time and Costs

Time and Costs For: Melton, Johnny:Dental office

| Items | $2,250.00 | Expenses | $0.00 | Time | $0.00 |

Select All

Use	Date	Item	Description	Qty	Rate	Amount	Hide
✓	11/10/199	Subs:Drywal	Install drywall	1	1,000.00	1,000.00	
	11/14/199	Subs:Metal \	Metal Work	1	400.00	400.00	
✓	11/24/199	Subs:Drywal	Install drywall	1	750.00	750.00	
	11/30/199	Subs:Electric	Electrical work	1	1,500.00	1,500.00	
	12/05/199	Equip Renta	Equipment Rental	1	550.00	550.00	
	12/08/199	Permit	Building permit	1	175.00	175.00	
	12/11/199	Subs:Plumbi	Plumbing	1	1,200.00	1,200.00	
	12/12/199	Subs:Paintin	Painting	1	600.00	600.00	
	12/12/199	Subs:Roofin	Roofing	-1	850.00	-850.00	

☐ Print selected time and costs as one invoice item   Total billable time and costs   2,250.00

OK   **Cancel**   **Help**

The **Description** and **Rate** fields show the sales description and rate for each item from the item setup. They may differ from the purchase description and rate.

This is the total amount for marked items on all three tabs.

On the sales form, QuickBooks Pro and better use the sales price, not the cost, for each inventory part and for each resale non-inventory part, subcontracted service, and reimbursable other charge item. You can change the price on the sales form. If you set up the item with a sales price of 0.00 because costs vary, be sure to enter a sales price on the sales form.

On the Expenses tab of QuickBooks Pro or better, you mark which billable expenses to add to the invoice. You may add a markup to your actual expenses.

For a percentage markup, add a % sign after the number. QuickBooks prefills your preset markup percentage if you set one up in sales and customer preferences.

Most people use an income account for markup.

To make the marked expenses taxable on the invoice, select this checkbox.

To hide the markup on an invoice, be sure to select this checkbox.

This total includes the markup.

Note: You can set up so that QuickBooks assigns income for a reimbursed expense to an income account. If you don't do this setup, the income cancels the original expense in the expense account. (Your net income is the same in either case.)

Finally, on the Time tab of QuickBooks Pro or better, you mark which billable time to add to the invoice.

The Time tab shows all time that is billable for this job but has not yet been billed.

Click Change to specify the following:

- Whether to copy your time notes or the description of the service item into the **Description** field of the sales form.
- Whether to show each activity as a separate line or to combine all activities for the same service item.

The rates shown are the rates set up for each service item.

In this window and on the sales form, QuickBooks Pro and better use the hourly rate for the service item you assigned to the activity, not the payroll rate of the employee. If the service item has the subcontractor checkbox marked, QuickBooks uses the sales price. You can change the rate on the sales form.

To change how time activities are grouped and described on a sales form, click Change.

After you click OK in the window, QuickBooks puts all the marked time and costs on the invoice. If you return to the window *before* recording the invoice, the items already on the invoice have an invoice symbol in the Use field.

The invoice symbol in the **Use** field indicates that the item has already been added to the invoice.

Items	$0.00	Expenses		$0.00	Time		$0.00

Select All
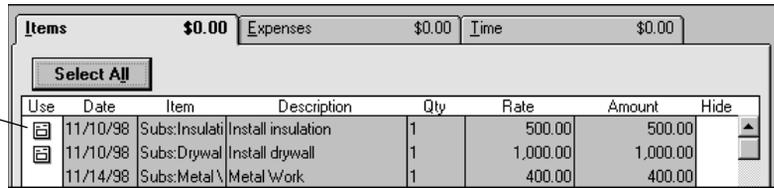
Use	Date	Item	Description	Qty	Rate	Amount	Hide
▣	11/10/98	Subs:Insulati	Install insulation	1	500.00	500.00	
▣	11/10/98	Subs:Drywal	Install drywall	1	1,000.00	1,000.00	
	11/14/98	Subs:Metal \	Metal Work	1	400.00	400.00	

⚠️ **You can put given job costs on a sales form only once.**

If you record a sales form that has actual job costs on it and then discover you made a mistake, the actual job costs you used previously are no longer available to use again. The only way you can reinstate such costs is to go to the original record (that is, weekly timesheet, single activity, bill, cheque, or credit card charge). Click the Billable field to make the cost billable again.

To learn about...

Transferring time to invoices and statement charges

Making time billable again if you billed for it mistakenly

Search the QuickBooks Help index for...

- invoices, time and cost
- statements, time and cost

time, making billed time billable again

Recording the cost of work vs. invoicing for it

> ⚠️ **Don't make both a worker's time *and* your payment to that worker for the time billable.**
>
> - If you make a subcontractor's bill for time worked billable, you can invoice your customer in turn for the subcontractor's charges. When you invoice the customer, open the Choose Billable Time and Costs window and select the subcontractor's bill from the Expenses or Items tab (whichever you used on the subcontractor's bill). This is the recommended method.
> - If you pay a subcontractor, owner, or partner for time worked by using the Write Cheques window, you can make the service items on the cheque billable. Then, when you invoice your customer, open the Choose Billable Time and Costs window and select the time from the Items tab.
> - If you make the time itself billable, you can invoice for the time from the Time tab of the Choose Billable Time and Costs window.
> - If you make both the time and the bill or payment billable, you are in danger of invoicing the customer twice for the same work!

When you record time, you are not recording any costs. To record costs, you have to take additional action. (The same is true when you bill your customer for time worked: you are not recording its cost to you.) The following table shows how you record costs for time worked and what you have to do to invoice customers for work.

The work is done by ...	You record the cost of the work when you ...	To invoice other people for the work...
Employees	Pay the employees.	Make the time billable.
Subcontractors (vendors)	Enter bills from the subcontractors (or write cheques or enter credit card charges for the work).	On the bills, cheques, or credit card charges, make the items or expenses billable. OR Track the time and make the time billable.
Owners or partners	Payments to owners or partners for time worked are a draw against equity, not an expense, and therefore do not affect net the profit.	Make the time billable. OR Write a cheque to pay for the time worked, and make the items on the cheque billable.

Because recording time has no direct effect on costs, the reports about time show hours but they don't show costs.

If you enter bills for subcontractors or if you pay subcontractors, owners, or partners for time worked, you must guard against making their work billable twice.

Timer Reference Sheet

The Timer and QuickBooks
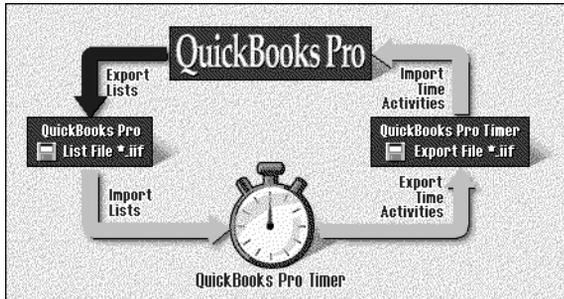
- Before you can use it, the Timer needs to import information from QuickBooks.
- Then use the Timer to time your activities.
- Finally, export a file of time data for Quick-Books Pro and QuickBooks Premier editions to import.

Installing from the QuickBooks CD-ROM

Other users can only install the Timer from the QuickBooks CD-ROM.

1 Insert the Installation CD-ROM in your CD-ROM drive.

2 If the Installer asks you if you want to install QuickBooks, select **No**.

Open the Timer Installer from the CD:

- Select **Run** from the **Start** menu.
- Type the letter of your CD-ROM drive, then **:\qbtimer\install.exe**
  For example: D:\qbtimer\install.exe
- Click **OK**.

3 Follow the instructions on your screen.

Installing from 3.5-inch disks

1 Insert the first Timer install disk in your 3.5-inch disk drive.

2 Select **Run** from the **Start** menu.

3 Type the letter of your floppy drive, then **\:install** (for example, a:\install), then click **OK**.

4 Follow the instructions on your screen.

Starting the Timer

Click **Start**, **Programs**, then **QuickBooks Pro** (or whatever name you chose for the program group during installation), then **QuickBooks Timer**.

Setting up the Timer

1 In the Open Timer File window (displayed the first time you start the Timer), choose **Create New Timer File**, then click **OK**.

2 Type a name for the Timer file and the location to save it, then click **OK**.

3 From the **File** menu of the Timer, choose **Import QuickBooks Lists**.

4 Select the name of the .IIF file to import from QuickBooks. (You may have to navigate to a new drive or folder.) Click **OK**.

The person who works with QuickBooks must make this IIF file available to you.

5 From the **File** menu of the Timer, choose **Preferences**, then **Default Name**.

6 Choose your own name from the drop-down list.

7 If your time is always billable to a customer or job, select the checkbox, then click **OK**.

8 Fill in the fields you need and click **OK**.

For help with this window, click **Help**.

Setting up an activity to time

1 In the main Timer window, click **New Activity**.

2 Fill in the fields you need and click **OK**.

Timing an activity

1 If the activity you want to time is not already in the Current Activity field, choose it from the drop-down list.

- If you choose from Today's Activities, the Timer will add time to the time already shown for today.

- If you choose from Activity Templates, the Timer will start with zero time.

2 To start timing, click **Start** (or **Resume**).

3 To stop timing, click **Stop**.

Entering time manually

1 Choose the activity from the Activity Templates section of the drop-down list in the Current Activity field.

If the activity is not on the list, set it up first.

2 When the activity is in the Current Activity field, click **Edit**.

3 In the Edit Activity window, change the date if you did not perform the work today.

4 In the Duration field, type the time.

You may enter time in any of the following formats:

- Hours and minutes (for example, 01:30)

- Hours as decimals (for example, 1.5)

- Hours as fractions (for example, 1 1/2)

- Number of minutes (for example, 90)

No matter which format you use, the Timer displays hours and minutes when you tab out of the field.

5 Click **OK** to record the activity and its time.

Shrinking the Timer

- Click the **Resize** button (to the right of the Start button).

- To make the timer full size again, click the **Resize** button on the shrunken Timer.

Exporting Timer data for QuickBooks

1 From the **File** menu of the Timer, choose **Export Time Activities**.

2 In the Export Activities window, change the date through which to export all unexported activities if the date is not correct.

3 Click **Export**.

4 In the Create Export File window, specify a name, drive, and folder (or directory) for the IIF file you are creating.

5 Click **OK**.

Using the Timer's Help system

For onscreen help while using the Timer, press **F1** or choose **Help** for this Window from the Help menu.

To find out how to use other Timer features (such as entering notes or viewing your activity data), choose **Help Contents** from the **Help** menu.

System requirements for the Timer

The Timer requires the following hardware and software:

- 486 PC (or higher) with a minimum of 8 MB (megabytes) of RAM (random access memory); 16 MB is recommended.

- Hard disk with at least 8 MB of free disk space (plus space for your data file)

- Windows 3.1 or later

- VGA monitor or better

Contacting Intuit

Getting your questions answered

If you're unable to solve a problem, you can get assistance through the help built into your software, via the Internet, or by phone. Intuit Canada also offers services to help you make the most of your software.

QuickBooks Support

We have added many help enhancements to QuickBooks 2006 to help you get your questions answered. These include a Follow-Me-Help window and an exhaustive search engine that accesses the Frequently Asked Questions (FAQ) knowledge base on our Web site. If you are experiencing a problem with your software, be sure to look to this new Help system before contacting a QuickBooks Product Expert. It could save you money! See"Using the Help system in QuickBooks" on page 96 for more details.

Telephone support

To find out more about this these telephone support options, visit our Web site at **http://www.quickbooks.ca** or see "QuickBooks product support" on page 253 to get contact information.

Before you call a QuickBooks Product Expert about a problem you have with QuickBooks, read through the section "Solving problems on your own" on page 249.

Free consultation call

You receive one free consultation call to a QuickBooks Product Expert from 60 days of the purchase of QuickBooks. With this free consultation call, you get help up front, when you need it most to get your business up and running as quickly as possible. See "QuickBooks product support" on page 253 for contact information.

QuickBooks support plans

With the QuickBooks support plan you receive unlimited telephone support from a QuickBooks Product Expert for you and your employees, email support, live-chat support and priority service. As part of your support plan, you also have unlimited access to our members-only Web site with training materials and tips for your business; and future upgrades and enhancements at no extra cost.

Pay-per-incident telephone support

If you choose not to purchase a QuickBooks support plan, we also offer pay-per-incident support. With this plan, you pay for each call that you make.

Web-based support

QuickBooks.ca (**http://www.quickbooks.ca**) is the official site for Canadian QuickBooks users. Visit the QuickBooks Web site to get answers to many QuickBooks questions from our knowledge base (FAQs) where you can search for questions. We also have a user-to-user forum where you can get advice from other QuickBooks users.

You can access the QuickBooks Web site from within QuickBooks under the Help menu.

Miscellaneous services

Data recovery

If your QuickBooks company file becomes unreadable, a data recovery service is available. (Depending on the support options you choose, a fee may be charged for this service.) See "QuickBooks product support" on page 253 for contact information.

Password removal

If you forget your password, a password removal service is available. (Depending on the support options you chose, a fee may be charged for this service.) See "QuickBooks product support" on page 253 for contact information.

Solving problems on your own

Note: We recommend you back up your data on CD-ROMs or to the Internet before you start. For more information, see "Backing up your company data" on page 107.

Guidelines for solving typical problems

Use the following examples as a guide to solving the problems you are having.

Try the procedure again

Start at the beginning. Examine windows where you filled in fields to be sure you are asking the program for what you want.

For example, if invoices you just entered are not showing on your Profit and Loss statement. You should ask questions such as:

- Does the date of the report include those invoices?
- Do the invoices appear if you change the report from Cash to Accrual basis?
- Does this problem occur with only invoices for one particular customer?
- Have you changed any filters on the report? (Try to create a new report from scratch to see if the problem is solved.)

Try a related procedure

For example, if you have a printing problem:

- Ensure the printer is working by trying to print something else. If you have trouble printing cheques, try printing a report. If you can't print one of the sales forms, try printing a similar form.
- If you can't print from QuickBooks, try printing from another program such as Microsoft's Notepad. If nothing prints from Notepad, you know the problem is related

to the printer, not the software. Check the printer connections, the printer driver, the print queue, and so forth.

Think about what has changed

If something used to work but no longer works, think about what's changed.

- Have you changed or added other programs on your computer recently?
- Have you added a new printer?
- Have you moved the QuickBooks company file to a new location?
- Have you changed a setting in the Preferences window?

If the program "hangs" or locks up on you

There can be a number of reasons why your system freezes while using QuickBooks or any program. Try restarting your computer to see if that solves the problem. If restarting doesn't help, go through the following list of questions and take any related action:

- Does your computer system (and network) meet the minimum requirements necessary for QuickBooks? (See the hardware and software requirements section in the "Installing & Learning to Use QuickBooks Guide" that came with your software.)
- Are you making the best use of available system resources by shutting down other programs that may be running? (Check for programs that may be running in the background without your knowledge.)
- Do you have enough hard disk space available? (This is particularly common for those working in a multi-user, peer-to-peer network situation.)
- Do you have any conflicts with sound or video drivers?

Note: If you encounter system freezes while using QuickBooks, you may want to call for technical support. See "QuickBooks product support" on page 253. But first see "Speaking with a Quick-Books Product Expert", below.

Note: The Rebuild utility requires that you back up your company first. If a technical support representative asks you to run Rebuild, you will need to have formatted disks on hand for the backup.

Speaking with a QuickBooks Product Expert

Be prepared when you call

If you need to call for assistance, you can speed up the time it takes to get an answer by doing the following before you call:

- Please have your License Key and Customer Number available. To display this information, choose **My License Information** from the **Help** menu.
- Be at your computer with QuickBooks running.

- Make notes of the windows you opened and the tasks you did prior to encountering the problem. Know the exact wording of any message that appeared on the screen.
- Have a pencil and paper handy to take notes.
- If your company file is set up for multiple users who have access to different areas of QuickBooks, you'll need to have access to most of the software. You might also want to switch to single-user mode.
- Have the following information available:
    - Model of computer, amount of memory (RAM) and available hard disk space
    - Accessory manufacturer, type, and model (monitor and printer, for example)
    - Operating system type and version
    - Network configuration and software version

Using the QuickBooks utilities

A QuickBooks Product Expert may ask you to run the Verify Data or Rebuild Data utility to recover damaged transactions. The Verify utility detects most data errors; the Rebuild utility attempts to correct data errors, but some errors cannot be corrected.

Because Rebuild can cause additional problems to your company file that can increase the difficulty of recovering your data, we do not recommend running Rebuild on your own.

Intuit Contact Information

Ordering QuickBooks products and services

If about...	Try...	Or call...
Ordering QuickBooks products and services ■ QuickBooks services ■ Payroll support plans ■ Support plans	Visiting **www.intuit.ca**	**1-888-333-8580** Mon. - Fri., 9 a.m. - 8 p.m. Eastern Time
Ordering QuickBooks supplies ■ Cheques ■ Business forms & statements ■ Other small business supplies	Visiting **www.intuitsupplies.ca**	**1-877-445-3233** Mon. - Fri., 9 a.m. - 8 p.m. Eastern Standard Time

QuickBooks activation

If about…	Try…	Or call…
Activating QuickBooks	From the File menu, choose **Activate QuickBooks**, then follow the onscreen instructions.	**1-888-333-8580** Mon. - Fri., 9 a.m. - 8 p.m. Eastern Time

QuickBooks delivery, billing, and account inquiries

If about…	Call…
Billing inquiries ■ General billing inquiries ■ Updating credit card information ■ Updating banking information	**1-888-333-8580** Mon. - Fri., 9 a.m. - 8 p.m. Eastern Time
Other service inquiries ■ Order and shipping status ■ Exchanges ■ Replacement CDs	

QuickBooks product support

If about...	Try...	Or call...
QuickBooks product support or how to use Quick-Books	**QuickBooks in-product help** ■ Many windows in QuickBooks have an "Ask a help question" area at the top. Type your question there, then click **Ask** for the answer. ■ For step-by-step instructions about tasks most commonly performed in a window, click the **How do I** menu at the top. ■ The new Follow-Me Help window displays help topics related to what you are doing in QuickBooks. Refer to it when you need help with a task. ■ Use the 1-2-3 Help to search the in-product help. You can also search the knowledge base on our Web site which has hundreds of FAQs and tips. ■ For Help on a specific subject, search the Help Index from the Help menu. The Index is also accessible from the Follow-Me Help window. **QuickBooks Learning Centre** ■ The Learning Centre provides interactive tutorials to help you learn some of the basic features in QuickBooks. To open the Learning Centre, from the Help menu, choose **Learning Centre**. **Installing & Learning to Use Quick-Books Guide** Read this guide to install QuickBooks, set up your company file, and learn more about some of QuickBooks essential features such as adding customers/vendors, setting up sales tax tracking and setting up payroll.	**1-877-772-9158** Mon. - Fri., 8 a.m. - 8 p.m. Eastern Time (product support or membership fees may apply)

Glossary of terms

accounts payable

The record of outstanding bills a business must pay. Called A/P for short.

accounts receivable

The record of money owed to a business, that is, outstanding invoices or statement charges for which the business has not received payment. Accounts receivable is called A/R for short. (Even though the word accounts is plural, QuickBooks uses a single account on the chart of accounts to track all the money that different people owe you.)

accrual basis

A method of bookkeeping in which you regard income or expenses as occurring at the time you ship a product, render a service, or receive a purchase rather than at the time you pay or receive cash. With this method, the first time you enter the transaction into your records and the moment when you pay or receive cash may be two separate events.

accrual hours

Time that your employees accrue ("earn") as they work. Examples include sick time and time off in lieu of paid overtime.

aging

The tracking of due dates and amounts of outstanding invoices (and of your unpaid bills). QuickBooks has preset accounts receivable and payable aging reports.

assets

Assets include what you have and what people owe you. Examples include:
- cash on hand and in your chequing account
- money you are owed
- furniture
- vehicles

total assets = total liabilities + equity

balance sheet

A report that summarizes the financial position of a business. A balance sheet shows the value of your company's assets, liabilities, and equity as of a particular day. It is called a balance sheet because the value of the assets is always exactly equal to the combined value of the liabilities and equity.

billable

Time worked or purchases made for a particular customer or job, that you want to charge back to that customer or job in QuickBooks.

After you put the time or purchase on a sales form, QuickBooks marks it non-billable, so you won't charge twice for the same thing.

cash basis

A method of bookkeeping in which you regard income or expenses as occurring at the time you actually receive a payment or pay a bill.

CRA

Canada Revenue Agency, formerly Canada Customs Revenue Agency.

class

Anything in your business (other than a customer or job) for which you need to track both income and expenses.

condense

To remove detail you no longer need from older transactions in your QuickBooks company file, with the result that your company file shrinks in size and QuickBooks performs better.

corporation

A business organization that has been incorporated. A corporation is owned by its stockholders.

customer

Any person, business, or group that buys or pays for the services or products that your business or organization sells or provides

equity

The net worth of a company, equal to the total assets minus the total liabilities. All the equity belongs to the owners.

equity = assets - liabilities

inventory

The most common kinds of inventory are: merchandise or stock in trade; raw materials; work in process; finished products; and supplies that physically become a part of the item intended for sale.

item

A service you provide or a product you sell, which you set up on your Item list. In addition, you can have items for miscellaneous charges and for various calculations on your sales forms.

job

A project for a particular customer.

liabilities

Liabilities include what your company owes to other people or your company debts. Examples include:

■ unpaid bills or credit card accounts
■ loans
■ money you collect for the government, like income tax from employee pay cheques or GST/PST from customers.

maintenance release (R)

Also called an update or a patch.

A revision of QuickBooks that you download or install over an existing version of QuickBooks. Maintenance releases are offered free of charge throughout the year (some shipping and handling charges may apply) and can include bug fixes, latest payroll or legal requirements, and feature additions.

When we publish a maintenance release, a number is associated with it (for example, R4, R5 etc.). This number is important when it comes time to install a newer version of QuickBooks, as it is a way for Quick-Books to determine which maintenance release you have installed. To see what version and release you currently have installed on your computer, press CTRL+1 with QuickBooks open.

multicurrency

A feature that, when turned on, gives you the ability to deal in foreign currencies.

multi-user mode

More than one person can access your company file at the same time.

net profit

The sum remaining after all expenses have been met or deducted, synonymous with net earnings and net income or net loss.

online banking

Doing bank transactions through the Internet.

partnership

An unincorporated company owned by two or more persons.

patch

See maintenance release.

payroll taxes

A blanket term for all deductions you withhold from an employee's pay cheque and remit to a level of government. Examples are income tax deductions, Employment Insurance premiums, and Canada or Québec Pension Plan contributions.

payment item

A type of item on your Item list. You can set up a different payment item for each method of payment.

Use payment items on cash sales receipts only when you need to show two or more kinds of payments on the same receipt.

profit and loss statement

This report shows how your cash position changed over a period of time. It shows the amount of cash earned from profit, where you received additional cash, and where your cash was spent.

progress invoice

One of a series of invoices all based on the same estimate for the same job. Use progress invoices when you want to invoice for the job in phases—that is, by milestone or by percentage complete.

QuickBooks keeps track of the amount you have already invoiced and the amount not yet invoiced.

QuickReport

A report that shows a list of transactions you are likely to want to see for the name you have selected. The particular report depends not only on the name you select but also where you select it.

realized gains and losses

For transactions that involve foreign currencies, the difference between what the foreign currency was worth when the customer paid you and what it was worth when you converted it to your home currency (by depositing it into your financial institution) or, if you haven't converted the foreign currency to your home currency, what it is worth today. Contrasts with "unrealized gains and losses".

reconcile accounts

An analysis explaining the difference between a company's book balance of cash and it's bank statement balance.

reimbursed expenses

Expenses you have incurred on behalf of a customer, and for which you have requested reimbursement.

restore

To expand a company file from a compressed backup into a functioning company file again.

retained earnings account

An equity account that QuickBooks automatically adds to your chart of accounts when you set up a new QuickBooks company. QuickBooks uses the account to track profits from earlier periods that have not been distributed to owners. At the beginning of a new fiscal year, QuickBooks automatically transfers net income into your Retained Earnings account.

sales tax

A tax you collect from a customer when he or she pays for the sale. There are several types of sales tax in Canada: the Goods and Services Tax (GST), the Harmonized Sales Tax (HST), and provincial sales taxes such as the Québec Sales Tax.

single-user mode

Only one person can access your company file at any time.

sole proprietorship

An unincorporated company owned by one person.

start date

The date QuickBooks will have complete information about your company finances. The start date can be in the past if you enter historical records; it can be the current date; or it can be some day in the future if you prefer to enter information gradually.

time tracking

Keeping a record of the hours that you, your employees, or your subcontractors work so that you can then pass the expense on to your customers.

trial balance

In traditional accounting, a document that adds up all the debits and credits so that mistakes can be traced if debits don't equal credits. Because QuickBooks always adds correctly, you do not need to do a trial balance. Nevertheless, QuickBooks provides a trial balance report if you want to see your data in this format.

unrealized gains and losses

For transactions that involve foreign currencies, the difference between what the foreign currency was worth when the customer paid you and what it was worth when you received it or, if you haven't received it, what it is worth today. Contrasts with "realized gains and losses".

Many accountants prefer you take your unrealized gains and losses into account when you create reports about your company's net worth.

upgrade

The process by which you promote an earlier version of QuickBooks to a newer version. For example, if you currently have QuickBooks 2000 and you bought QuickBooks 2006, you would be *upgrading* to the QuickBooks 2006 version.

update

(noun) A newer release for the version of QuickBooks that you're currently using. This is also referred to as a maintenance release and it typically contains bug fixes. (verb) The process of converting the format of an existing company file so that it can be opened with a newer version of QuickBooks.

version (v)

An annual release of QuickBooks which is available through stores. Versions include enhancements and new features. (For example, QuickBooks version 2001, 2002, etc.)

wage base

The total amount of employee wages or earnings on which a payroll tax is calculated.

zero rated

Under the GST, certain goods and services are taxed at a rate of 0% instead of the usual 7%. These items are called zero rated.

Zero-rated items are not tax exempt. If you sell a zero-rated item, you charge your customers 0% GST on it. This means that you do not collect any GST to remit to the government. However, because the item is taxable, you can claim input tax credits (the GST you paid on the materials you needed to produce the item) for it.

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