

# QuickBooks™ Online: QuickBooks™ Online Nuts & Bolts



## QuickBooks Online Nuts and Bolts

QuickBooks Online was designed for small businesspeople, not accountants. But it carefully follows the rules and processes associated with standard accounting. This eBook looks at three areas where the site's tools help users set up sales tax, create budgets, and work with financial accounts and transactions.

### FEATURING:

- 1.) Setting Up Sales Tax in QuickBooks Online
- 2.) Working with Downloaded Transactions in QuickBooks Online
- 3.) Don't Have a Budget? QuickBooks Online Can Help
- 4.) Getting Started with Accounts in QuickBooks Online, Parts 1 & 2



*Giving you the tools you  
need to succeed ...*

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We are consultants first. Our goal is to be a “trusted advisor” to our clients, offering accounting and software solutions for small to mid-size business. By understanding their needs, we help them acquire real value and wisdom from their data.

I am also a QuickBooks™ Solution Provider and Advanced Certified QuickBooks™ ProAdvisor.



**Giving you the tools you need to succeed ...**



I have been bringing financial health to Cape Cod, greater New England and various other parts of the country for over 30 years. It brings me great pleasure to help companies become financially stable and clear about their goals and objectives. Being able to offer each client QuickBooks help and assistance is our priority. We do this through education and all the very in-depth Quickbooks tools.

Today, Account Ability Consulting provides accounting system reviews and support for small to mid-market businesses across Massachusetts, Rhode Island, Cape Cod and the Islands and nationally via remote support..

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*QuickBooks™ Online:*

# **QuickBooks™ Online Nuts & Bolts**

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# Setting Up Sales Tax in QuickBooks Online

*Sales tax is one of the more complicated concepts supported by QuickBooks Online.*

QuickBooks Online was designed for *you*, the small businessperson. You've probably discovered that many of its features are fairly easy to use from the start.

But just because QuickBooks Online *can* do something doesn't mean you should attempt it on your own. Sales tax is one of those things. Depending on your geographical location, you may have to charge not only state sales tax, but also county and city/municipality taxes (and sometimes special taxes). If you're selling products or services to customers in other states, your situation can get very complicated.

We'll show you some of the mechanics involved, but we strongly recommend that you let us help you with this.

## Setting Up Sales Tax

We'll describe the process of setting up sales tax rates so you can see how it will work. Click the

**Taxes** link in the toolbar. The new screen should open to the **Sales Tax Center**; if it doesn't, click its link in the toolbar above. In the right vertical pane, under **Related Tasks**, click **Add/edit tax rates and agencies**. Then click **New** to open this window:

You'd enter the **Tax name**, **Agency name**, and **Rate** in the designated fields if you're just creating a **Single tax rate**. In some cases, you may have to enter a **Combined tax rate**. If so, click the button in front of that label. The window that opens contains fields that are similar to the ones in the above image, except that **Tax name** is replaced by **Component name**. You'll choose this option when you have to record individual elements of the tax separately. For example, **Ft. Myers | Lee County | Florida State**.

To muddy things up even more, some items in some situations are exempt from sales tax.

*Questions about the Combined tax rate? Contact us.*

### New Sales Tax Rate

Single tax rate [See an example](#)

Combined tax rate (when you file sales tax, you're required to report parts of this tax separately) [See an example](#)

*Tax name	*Agency name	*Rate
<input type="text" value="Florida Sales and Use Tax"/> <small>Example: New York City or Santa Clara County</small>	<input type="text" value="Florida Department of Revenue"/> <small>Example: Arizona Dept. of Revenue</small>	<input type="text" value="6.00 %"/>

\*Required

You can define either a **Single tax rate** or **Combined tax rate** in this window.



When you're done, click **Save**. You'll see the tax you just created in a table in the window that opens. To define a **New tax**, **Edit** an existing one, or **Deactivate** one in the list, click the appropriate button. If you've entered all you'll need for now, click **Return to Sales Tax Owed and Recent Payments**.

### Your Responsibilities

Once you've set up all the sales tax rates required for you, QuickBooks Online will calculate them for you in transactions where they need to be collected. You can see the running tally in the **Sales Tax Center**, but it's up to you to create and record payments on the prescribed schedule. You can also run related reports here.

The site bases its calculations on three things:

- The state(s) where you have obtained a sales tax permit(s),
- Your company's physical location, and,
- The customer address on the sales form.

But QuickBooks Online can't know the exact tax situation for all its users. You have to do some detective work before you even approach us for help setting up sales taxes. You'll need to know, for example, whether your state taxes the products or services you sell. Also, what's the sales tax rate(s) for the affected states? What agency collects it?

When are the payments you've collected from your customers due?

Your state government's website should cover all of this.

### Sales Tax Settings

Before you start working with sales tax, you'll also need to make sure your settings are correct. Go back to the **Sales Tax Center** and click **Edit tax settings** on the right side of the screen to open this window:

Click the button in front of **Yes** after **Do you charge sales tax?** if it's not already selected. If most of your transactions will use the same sales tax, you can set it as the default (but change it during transactions if necessary). If the majority of customers, products, and services will be subject to sales tax, you can check the boxes in front of the **Mark all...statements** (these designations, too can be edited in individual transactions).

You can see that using QuickBooks Online's sales tax tools requires research, decisions, and extreme accuracy (state revenue departments run occasional audits). We have to stress again the importance of consulting with us if you need to take this on. It's an exceptionally complex element of accounting, and we want to make it work for you.

**Edit Sales Tax Settings**

Do you charge sales tax?

Yes  
 No

Default sales tax

Mark all new customers taxable  
 Mark all new products and services taxable

*To save time, QuickBooks Online lets you set some default sales tax actions.*

**NEXT UP:**

# **Working with Downloaded Transactions in QuickBooks Online**

# Working with Downloaded Transactions in QuickBooks Online

*Downloading transactions into QBO is the easy part. You still have work to do once they're on board.*

Its ability to download financial transactions is one of the five best things about QuickBooks Online. Without it, you'd spend a lot of time on tedious data entry, verifying which checks and deposits had cleared and entering new ones.

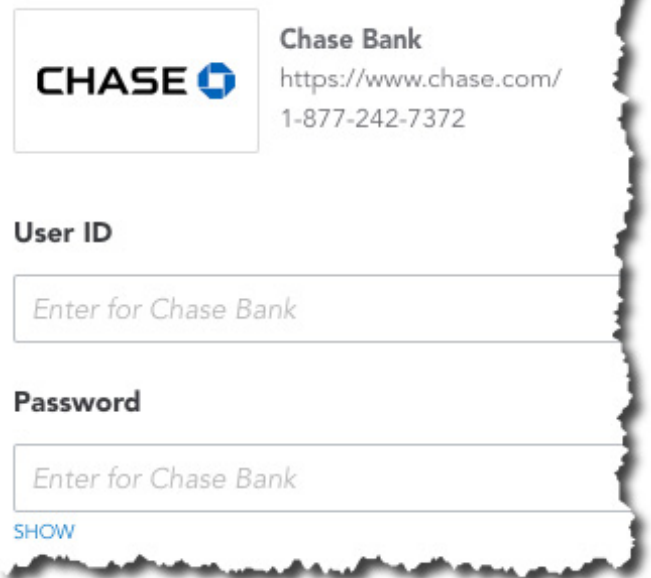
Instead, you can easily connect to your bank and bring in all your activity from the previous hours or day. QuickBooks Online stores this neatly in a register and provides tools for you to further describe and classify each transaction.


## Setting Up the Connection

Haven't connected your financial institution to QuickBooks Online yet? It's easy. Click the **Banking** link in the toolbar, then **Add Account** in the upper right. The **Find your bank** window opens. Start entering the name of your bank, credit card company, or service like PayPal in the blank field. A list of potential matches will drop down; you simply select the one you want. A window like this will open:

You will have to go through some security procedures, and then QuickBooks Online will download 90 days of transactions (you can shorten this if you'd like). You'll also be asked which QBO account should receive the transactions. After a few minutes, the register for that account will appear, displaying the transactions you just downloaded.

## Sign in to account



**CHASE** 

**Chase Bank**  
<https://www.chase.com/>  
1-877-242-7372

**User ID**

Enter for Chase Bank

**Password**

Enter for Chase Bank

[SHOW](#)

*All you need to do to start downloading transactions into QuickBooks Online is select your financial institution and enter the **User ID** and **Password** you use to connect directly to the site.*

## Warning:

The mechanics of connecting to your bank and downloading your first batch of transactions may sound easy, but if everything is not absolutely clear to you as you're going through the process, please contact us sooner rather than later.

## Working with Transactions

Once you've downloaded a set of transactions, you'll want to look at them. Again, click the **Banking** link in the navigation toolbar. Your accounts will appear in small boxes at the top of the page, along with two balances: the one that came from the financial institution and the one in QuickBooks Online. Select the one you want by clicking on it, and its register will open.

Let's look at one downloaded transaction to see what you can do with it. Make sure the **For Review** column is highlighted above the register. Select a transaction by clicking on it. A window like this will open below it:

### Tip:

*QuickBooks Online generally updates your accounts once daily. If you want to launch a manual update at any time, click on Update in the upper right corner.*

There are several options here, including:

- **Add to register.** If you're satisfied with the information as is, just click the **Add** button to the right (not pictured here).
- **Split.** If you want to split the amount/category (**Supplies, Tools, etc.**)/class of a transaction, click **Split** (also off to the right and not pictured). A window will open to let you specify that.
- **Assign categories.** QuickBooks Online may automatically make assignments to obvious categories, which you can change if incorrect. You can also click the down arrow to the right of that field and select your own from the list.
- **Bill an expense to a customer.** Did you purchase something that needs to be billed to a customer? Click in the box under **Billable** and select the correct one from the drop-down list that opens.

The screenshot shows a transaction entry window in QuickBooks Online. At the top, the date is 07/22/2017, the payee is USPS, and the amount is \$32.45. The transaction is categorized as 'Shipping and delivery expense'. Below this, there are three radio buttons: 'Add' (selected), 'Find match', and 'Transfer'. There are three dropdown menus: 'Select Payee (optional)' with 'Shipping and delivery expense' selected, 'Select Class (optional)' with 'Midwest' selected, and 'Billable' with 'Bridget O'Brien' selected. A green checkmark is visible in the Billable dropdown. Below the dropdowns is a text field containing 'USPS PO 2683380009 SAINT PAUL MN'. At the bottom, a message states: 'We'll set USPS to Shipping and delivery expense from now on. [Edit this setting](#)'.

*QuickBooks Online does more than simply download financial transactions: It lets you define them in greater detail.*



- **Find matches.** This can get complicated, and we recommend you let us work with you on it. Let's say you entered an invoice in QuickBooks Online, and an income item for that exact amount gets downloaded from your bank. QBO will assume that those two "match," and display them in the **In QuickBooks** column. You can click **Undo** if this is incorrect. But you can also click **Find match** in the transaction window, and QBO will open a list of possibilities.

As you can see from browsing the lists of downloaded transactions, there's a lot to learn here. We'd be happy to get together and walk you through your first explorations of these powerful features.

**NEXT UP:**

**Don't Have a Budget? QuickBooks Online Can Help**

# Don't Have a Budget? QuickBooks Online Can Help

*The hardest part of creating a budget is getting started. QuickBooks Online provides tools that can jump-start the process.*

You *know* you should have a budget. You're aware that it can help you stay on track with your company's income and expenses throughout the year. Maybe you've even tried to make one before, but you got discouraged by the mechanics or by the difficulty of estimating money in and out for the next 12 months.

June may not be the beginning of your fiscal year, but that doesn't mean you can't make a serious effort to start building a budget that can help you rein in expenses and set revenue goals.

Here's a look at QuickBooks Online's budgeting features.

## Creating the Framework

Before you begin, you'll want to make sure that your fiscal year is set correctly in QuickBooks Online. Click the gear icon in the upper right, then

click **Your Company | Account and Settings | Advanced**. If the **First month of fiscal year** isn't correct, click the pencil icon over to the right and change it. Then click **Save** and exit out of this window.

Click the gear icon again and select **Budgeting**, then click **Add budget** in the upper right.

The first thing you'll do is give your budget a descriptive name by entering it in the **Name** field. Next, open the drop-down list under **Fiscal year** and select the correct 12-month period. You can create your budget in one of three intervals: **Monthly**, **Quarterly**, or **Yearly**. If you want to populate your budget with numbers from this year or last, make that selection in the **Pre-fill data?** field.

There's one more option at the top of the **Budgets Grid** screen that's not shown in the image above. You can **Subdivide by Customer, Class, or Location**. This can be useful if you want to view budget data specific to a subset of entries in each of those categories. You could, for example,

ACCOUNTS	JAN	FEB	MAR	APR

*QuickBooks Online asks you the questions that need to be answered before you start filling in your budget grid.*

choose three customers and view only their numbers in the grid individually, one at a time.

### Providing Your Numbers

Once you're satisfied with the selections you've made, click **Create Budget** in the lower right. The screen will refresh and display a grid that you can edit.

Let's say you're working on a budget for the second half of 2018. QuickBooks Online brought in your numbers for January-May. You see that the numbers don't vary much from month to month on one specific line item, so you're going to assume that they will continue to be true (unless you know something that will affect it after May). You could enter a rough average of the first five months in the **JUN** field.

Hover your cursor over the arrow to the side of that field, and this sentence appears in a small bubble: **Click to copy the value across on the row**. QuickBooks Online will then enter that number in the **JUL** through **DEC** fields.

When you're done entering data in all of the fields relevant to your business, click **Save** in the lower right and close the window. Your budget will now show up in the list.

### The Hard Part

QuickBooks Online simplifies the mechanics of creating a budget, but it's up to you to supply the numbers. There's lots of common-sense advice that experts offer for this process, like:

- Remember seasonal upswings and downswings.
- Make your goals as realistic as possible. You might want to create separate budgets for "needs" and "wants."
- Track your expenses carefully for a period of time so you can estimate more confidently.
- Create reports regularly that compare your budget vs actuals.

QuickBooks Online can help you with that last piece of advice; it offers a report called **Budget vs. Actuals**. You'll find it in the **Business Overview** group.

We can help, too. Once we understand a little more about your business structure and goals, we can take a look at your income and expense history and make some personalized recommendations. Connect with us soon, and we can start you on the path to a more focused financial future.

MAR	APR	MAY	JUN	JUL	AUG	SEP
11,263.00	12,018.00	12,924.00	12,000.00			

QuickBooks Online can save you some time as you enter data in your budget grid fields.

## Tip:

If you have multiple blank rows and don't want them to be displayed, click the gear icon in the upper right corner of your budget page. Click in the box in front of Hide blank rows to create a checkmark.

**NEXT UP:**  
**Getting Started with Accounts in QuickBooks  
Online, Part 1**

# Getting Started with Accounts in QuickBooks Online, Part 1

*QuickBooks Online was built to work with transactions downloaded from your online financial institutions. Here's how to work with them.*

The ability to import transactions from financial institutions into QuickBooks Online is definitely one of the best things about the site. You may have even signed up for that very reason. By now, you've probably already set up at least one connection. But are you using all of the QuickBooks Online's account tools? There's a lot you can do once you've imported in data from your bank or credit card provider.

We'll explore these features in this column and the next.

## First Steps

If you're a new subscriber, you may not have established these critical links yet. It's an easy process. Start by clicking the **Banking** link in the left vertical navigation pane. In the upper right corner, click **Add Account** and enter the name of your financial institution if it's not pictured. Then follow the instructions you're given on the screen. These can vary depending on the bank or credit card provider, but you're always at least asked to enter the user name and password that you use to log into each online.

Need help with this? Let us know.

## Viewing Your Transactions

Once you've made a successful connection, you'll be returned to the **Bank and Credit Cards** page.

The screenshot displays the 'Bank and Credit Cards' page in QuickBooks Online. At the top, there are three tabs: 'For Review' (highlighted with a green bar), 'In QuickBooks', and 'Excluded'. Below the tabs, there is a 'Batch actions' dropdown menu, a filter icon, and a 'All' button. To the right, there are two buttons: 'All (34)' and 'Recognized (8)'. Below these buttons is a table with columns for 'DATE', 'DESCRIPTION', and 'PAYEE'. The table contains one row with the date '10/08/2018', description 'Lifeloc Ultimate Az', and payee 'Lifelock'. At the bottom of the table, there are three radio buttons: 'Add' (selected), 'Find match', and 'Transfer'.

	DATE	DESCRIPTION	PAYEE
<input type="checkbox"/>	10/08/2018	Lifeloc Ultimate Az	Lifelock

*When you first download transactions into QuickBooks Online, before you've done anything with them, many will appear under **For Review**.*



You should see a card-shaped graphic at the top of the screen for each account you've linked. Click on one. The table that opens is not your account register. The view here defaults to **For Review**, which refers to transactions you've downloaded. The **All** tab should also be highlighted; we'll get to **Recognized** transactions later.

There's a lot going on here, so don't be surprised if you're confused. Review each transaction by clicking on it. QuickBooks Online will have guessed at how it should be categorized, but you can change this by opening the list in the category field and selecting the correct one. It's critical that you get this right, since it will have an impact on reports and income taxes. If you need to **Split** it between multiple categories, click on that button found to the right.

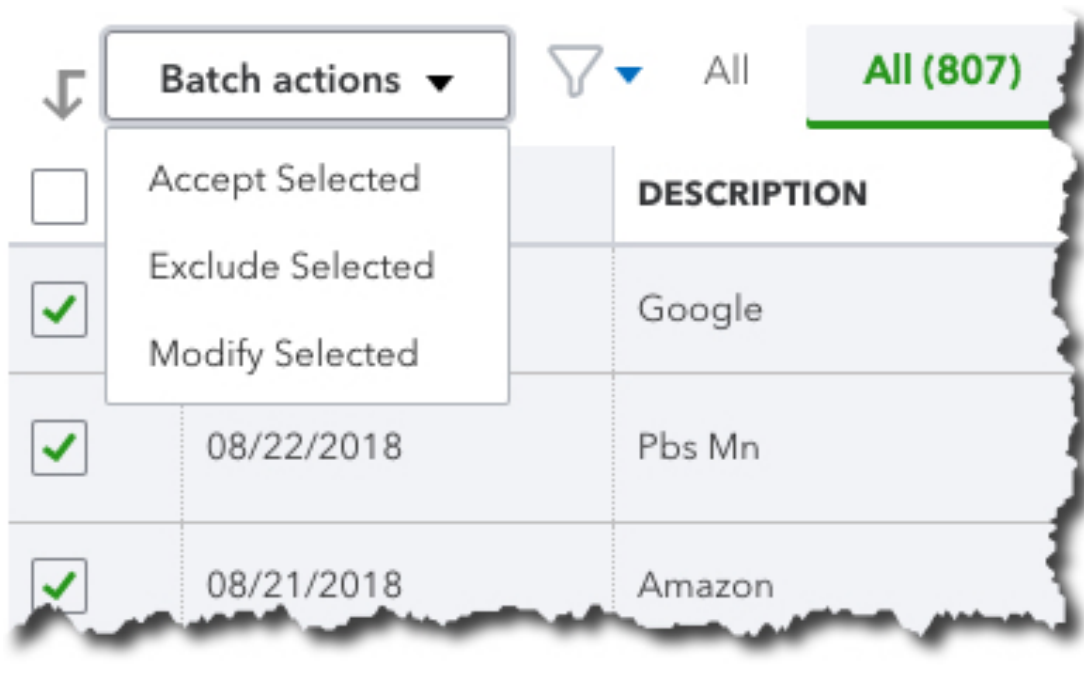
If the transaction is **Billable**, check that box and choose a customer from the drop-down list. If you don't see this box, click the gear icon in the

upper right and select **Account and Settings | Expenses**. Check to see that **Make Expenses and Items Billable** is turned **On** (click on **Off**, then check the appropriate box to turn it on).

Next, determine how you want to process the transaction by clicking on one of the three buttons at the top of the transaction box. Do you want to accept it and **Add** it to that account's register? Do you want QuickBooks Online to **Find (a) Match** for it (like a payment that matches an invoice, for example)? Or, do you want to **Transfer** it to another account? Once you've made one of these three selections, the transactions that you've added or matched will move under the **In QuickBooks** tab (where you can still **Undo** them) and will be available in the account's register.

### Other Options

Say you run a cross some duplicate or personal transactions that you don't want to appear in



You can save time by using QuickBooks Online's **Batch Actions** tool.

the current account's register. Check the box in front of each, then click the arrow in the **Batch Actions** box. Select **Exclude Selected**. They'll then be available under the **Excluded** tab. You can also **Accept** or **Modify** multiple transactions simultaneously by using this tool.

So far, you've been viewing **All** your transactions. Click on **Recognized** to the right of it. These are transactions that are already familiar to QuickBooks Online because they've appeared before and/or have been matched, or because you've created **Bank Rules** for them (we'll address that concept next month). You'll need to address these the same way you did the transactions in the **For Review** section; you can either **Add** or **Transfer** them.

If you're new to QuickBooks Online, this may all sound pretty complicated. It can be at first. But once you've worked with downloaded transactions for a while, you'll understand the flow much better. If you're not clear on the process from the start, it can lead to trouble. Contact us at your convenience. We'd be happy to sit down with you and go through it all using your own company's data; the familiarity may help.

**NEXT UP:**  
**Getting Started with Accounts in QuickBooks Online, Part 2**

# Getting Started with Accounts in QuickBooks Online, Part 2

We covered a lot of ground last month, but there are still some things to know about working with transactions you import from your banks.

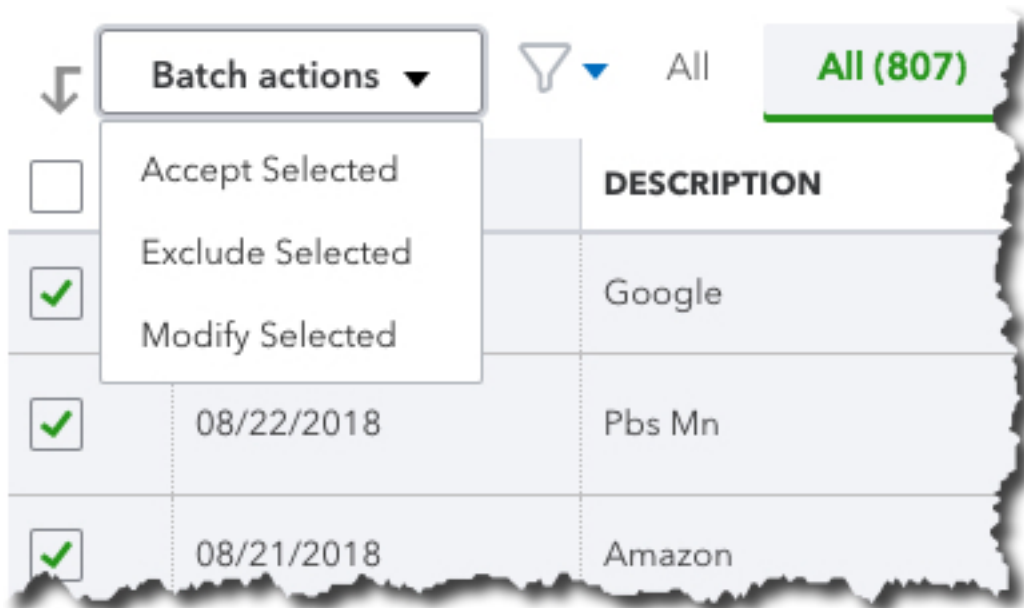
Last month, we went over the basics of managing financial transactions once you've downloaded them into QuickBooks Online. We walked you through the mechanics of connecting to banks and credit card companies online and described the process of reviewing imported transactions, exploring concepts like:

- Categorizing them, and marking them as billable
- Adding them to an account register; matching them to related transactions; or transferring them to another account
- Using **Batch actions** to process related groups

This month, we'll look at the process of setting up rules to automatically classify transactions as they come in from your banks. We'll also provide a brief overview of the **Chart of Accounts**.

## Bank Rules

We've already discussed QuickBooks Online's ability to guess how transactions should be categorized (it's not always right, but you can change incorrect ones). It also allows you to *memorize* transactions that recur on a regular basis; this also saves time and improves accuracy. There's another way the site also uses automation to help minimize keystrokes: **Bank Rules**. Based on your input, it will scan incoming items and classify them, so you don't have to. This can be very helpful when you regularly import transactions that share specific attributes.



We explored QuickBooks Online's **Banking** features last month, including the site's ability to work with related transactions as groups.

Let's look at how this works. Click **Banking** in the navigation toolbar, then click **Bank Rules**. Once you've created your own rule(s), they'll appear in a grid on this screen. For now, click **New rule** in the upper right corner. Basically, you're going to tell QuickBooks Online that when specific conditions are met, as you can see in the example below, it should take the specified action(s): assign a **Transaction type**, **Payee**, and/or **Category**. You can also have the transaction automatically added to your books.

**We suggest you meet with us if you're going to take on this task.** If your business processes a lot of transactions, **Bank Rules** can be incredibly helpful. But set them up incorrectly, and it could take many hours to untangle the errors.

### Account Registers, Chart of Accounts

In this column and the last, we've been working with transactions as they come into QuickBooks Online directly from your financial institutions, before they appear in your account registers. When you clicked **Add** after you looked at—and

perhaps modified—a transaction listed under **For Review** on the **Banking** page, you sent it to that account's register.

Notice that the site's registers look similar to their paper counterparts; you may remember recording checks and deposits in the back of your checkbook, if you've been in business long enough. There are two ways to see them in QuickBooks Online. When you're on the **Banking** page, look over to your right. You'll see a link labeled **Go to Register**. Click it, and you'll be taken to that page for the account that's currently active.

You can also open your account registers from the **Chart of Accounts**. We don't talk much about this element of financial management because it's not something you should be modifying. Nevertheless, it's the heart of your accounting system. It consists of a comprehensive list of your company's accounts, divided into assets, liabilities, income, expenses, and equity (along with subaccounts). Transactions are assigned to the appropriate account and recorded in the

When a transaction meets  of these conditions

<input type="text" value="Description"/>	<input type="text" value="Is exactly"/>	<input type="text" value="Midtown Property Management"/>
and <input type="text" value="Amount"/>	<input type="text" value="Equals"/>	<input type="text" value="\$1,100"/>

Set one or more of the following

You can create **Bank Rules** in QuickBooks Online that will automatically assign a **Transaction type**, **Payee**, and **Category** to imported items that meet specific conditions.

**General Ledger**, which is another element of accounting that we don't discuss because you don't have to deal with it in QuickBooks Online.

Click on the **Accounting** tab in the navigation toolbar, then **Chart of Accounts**. You'll see your individual bank accounts listed here, along with a **View Register** link.

### A Critical Concept

Again, you won't have to deal with the **Chart of Accounts**, but it's very important that you *understand* how to manage downloaded transactions as you move them into your bank accounts in QuickBooks Online. Mistakes here can trigger errors in reports and taxes, as well as create general confusion. We'd be happy to get you on the right path with this critical function.

Personal checking	Bank	Checking
Accounts Receivable (A/R)	Accounts receivable (A/R)	Accounts Receivable (A/R)
Inventory Asset	Other Current Assets	Inventory
Prepaid Expenses	Other Current Assets	Prepaid Expenses

You can view your company's **Chart of Accounts** in QuickBooks Online, but we recommend you don't modify it.