

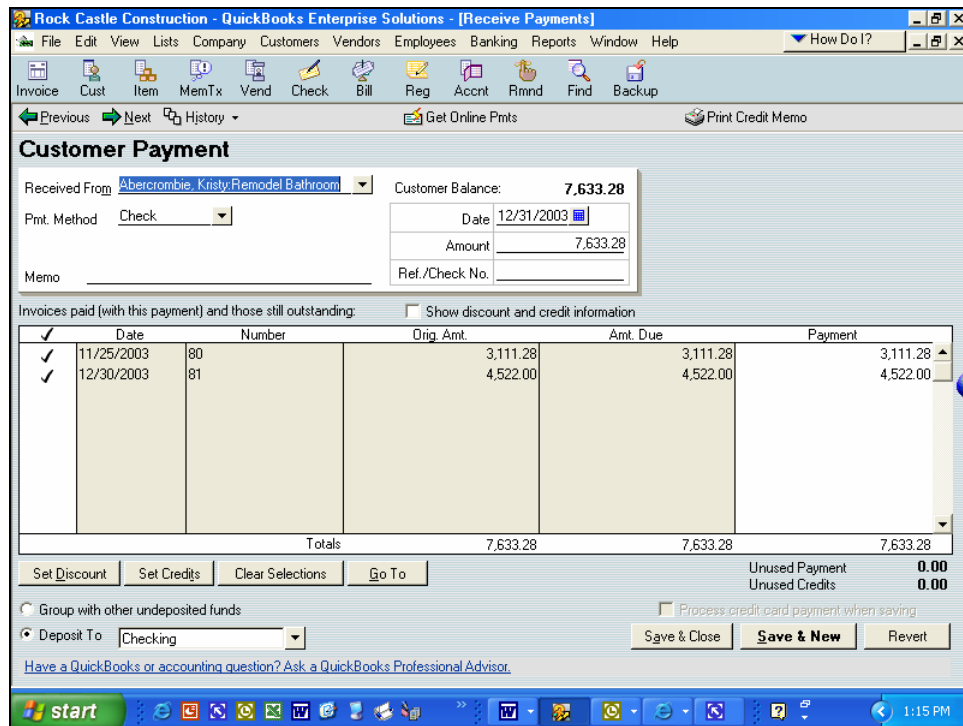


QUICKBOOKS IN-DEPTH

RECEIVING CASH & ACCEPTING CREDIT CARDS

CHAPTER 11

QuickBooks for CPAs 2005



There are several options for recording an invoice payment. When you receive payment on an invoice you've sent to a customer, you should use the Receive Payments window to apply the payment to the invoice. When the customer pays in full at the time of the sale, you should enter a sales receipt instead.

If the payment is for a particular job on your Customer: Job list, make sure you choose the job as well as the customer's name in the Received From or Customer: Job field. If you received one payment that covers multiple jobs, find those jobs in the Applied To list, and click in the column next to the jobs to which you want to apply the payment.

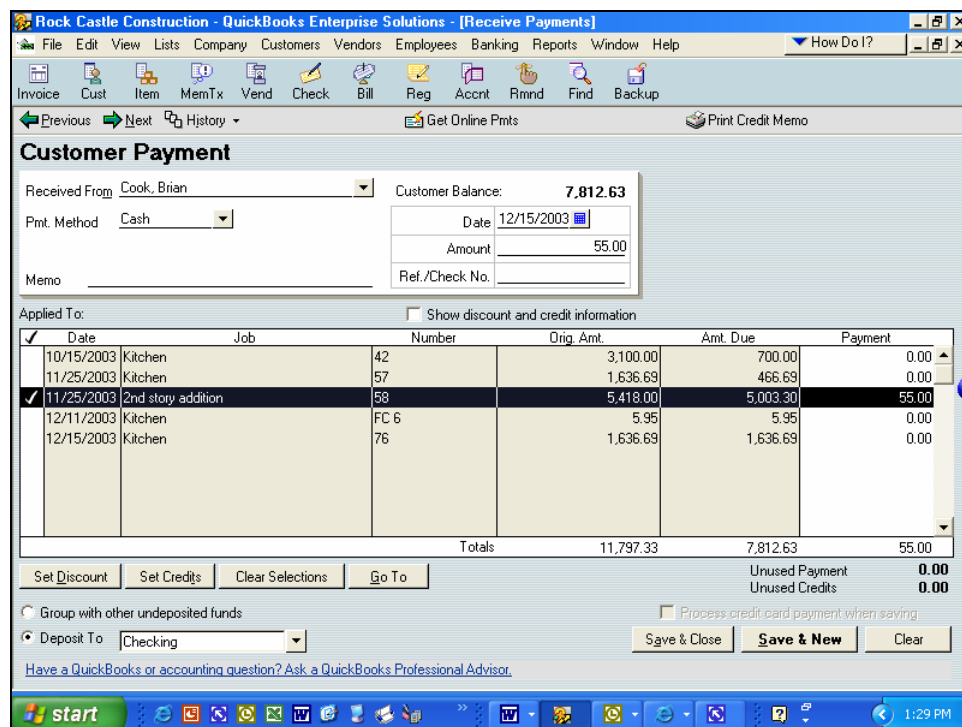
When receiving cash or checks, you can indicate whether you want QuickBooks to group this payment with other undeposited funds, or deposit it directly into a bank account. Think for a moment about how your bank statement shows deposits. If the statement shows a lump sum for each deposit, group your payments for later deposit. On the other hand, if your statements show each individual check you deposited, have QuickBooks deposit the payment directly in a bank account. It's easier to reconcile your QuickBooks accounts with your bank statements when the accounts show deposits the same way that your statements do. If you choose to group with other undeposited funds, QuickBooks "holds" all your customer payments in a special account named Undeposited Funds. To move the payments to your bank account, you must use the Make Deposits window to group the payments into one deposit. This method works best when you hold the money you've collected for a period of time before you deposit it, or receive several payments that you deposit together in a lump sum. If you choose the "Deposit To" method, QuickBooks deposits the payment in the bank account of your choice when you record the payment. The payment does not go into the Undeposited Funds account, and you do not have to use the Make Deposits window to deposit the payment.

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You can also redistribute the payment by creating a payment item with a zero amount; then enter the payment item on the invoice. Next enter the amount of the payment in the Rate column on the invoice as a negative number. This reduces the balance due on the invoice by the amount of the payment.

Applying Payments - Normally, QuickBooks is set to apply the payment to the oldest invoice first, then to the next oldest, and so on. If you are applying one payment to multiple jobs, QuickBooks uses the same logic, applying the amount to the oldest invoice first and the rest to the next invoice, and so on. To apply to multiple jobs, click Auto Apply and the jobs will be marked for you. If you want to distribute the amount of the payment differently, do the following:

Each time you select an invoice, QuickBooks automatically inserts the amount to be applied to the invoice in the Payment column. When the undistributed amount of the customer's payment is greater than the amount due, QuickBooks pays the invoice in full. When the undistributed amount is less than amount due, QuickBooks applies the entire amount to the invoice, leaving a balance due on the invoice as shown below:



Automatically Apply Payments - This preference causes QuickBooks to automatically apply a customer's payment to the outstanding invoices for that customer. If the amount received is less than the customer's outstanding balance, QuickBooks applies the payment to the oldest invoices first. When this preference is off, QuickBooks does not automatically apply customer payments. You must specify how to apply each payment when you are in the Receive Payments window.

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Example Of Payment Application - When QuickBooks applies the customer's payment automatically, it begins with the oldest invoice first. For example, if a customer has these outstanding invoices:

Date	Amt. Due	Payment
5/1	\$100.00	
5/17	\$200.00	
6/2	\$300.00	

and you receive a payment of \$500.00, QuickBooks applies the payment as follows:

Date	Amt. Due	Payment
5/1	\$100.00	\$100.00
5/17	\$200.00	\$200.00
6/2	\$300.00	\$100.00

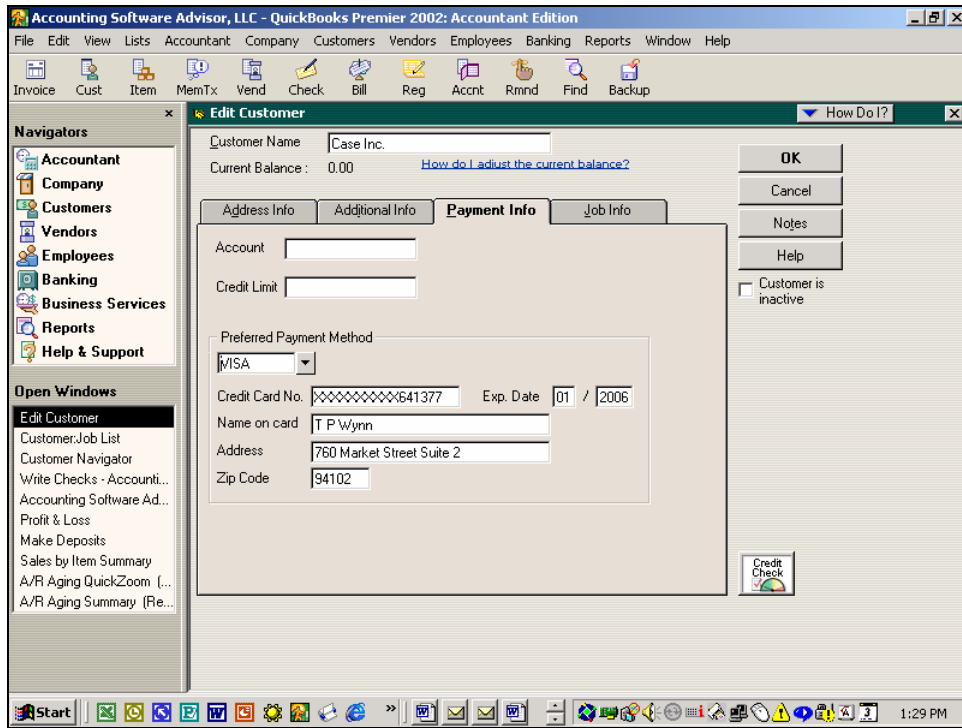
Note that the 6/2 invoice has a balance of \$200.00 after application of the payment. The next time the customer sends in a payment, the Receive Payments window will show a balance of \$200.00 due for the 6/2 invoice.

Entering A Sales Receipt (if you track customers and jobs) - Use this procedure when you make a sale for which you receive full payment at the time of the sale. Sales receipts can include payments by cash, check, or credit card. Make sure you select the payment method. Later, when you make deposits to your bank account, you will want to group deposits by the type of payment method.

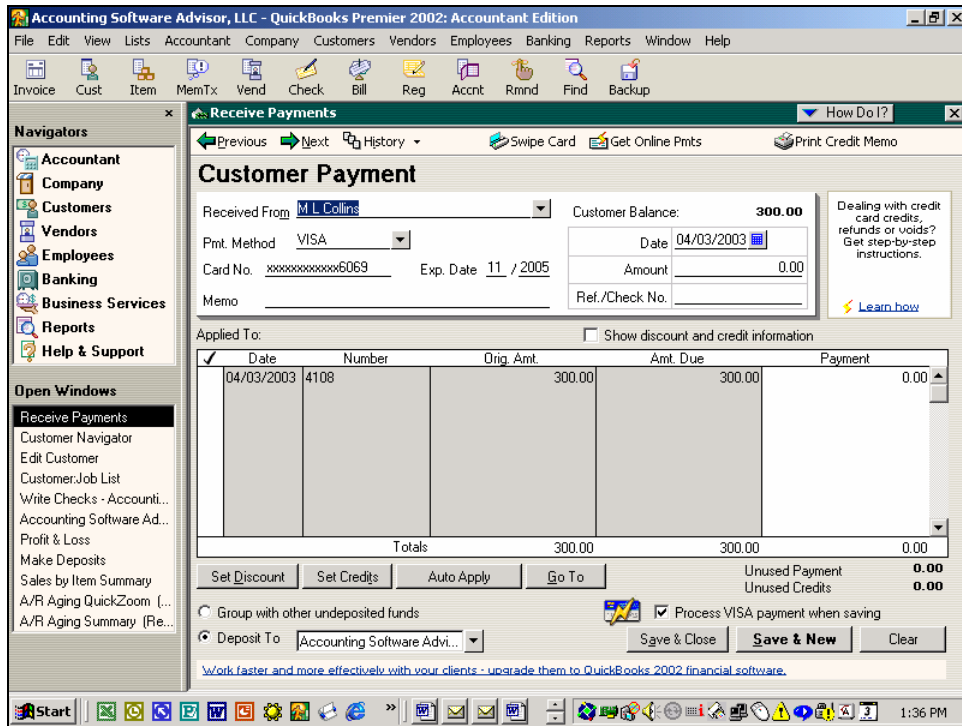
Early Payment Discounts – You should Use the Set Discount button in the Receive Payments window to apply a discount for early payment for any customers whose payment terms include a discount for payment before the due date. Even if the customer has sent you a payment for the full amount of the invoice (or statement charges), you can apply a discount. QuickBooks holds any credit amount in accounts receivable until you apply it to an invoice or issue a refund check. If you are offering a discount for something other than early payment (a sales promotion, for example), use a Discount item instead. QuickBooks calculates a suggested discount amount based on your payment terms with the customer and the payment date. You can enter any discount amount you choose; you don't have to use the suggested amount. However, the amount of the discount can't be higher than the original invoice.

Assessing Finance Charges - When you assess finance charges, QuickBooks creates an invoice for each charge. Customers and jobs marked with an asterisk (*) have credits in the form of payments or credit memos that you have not yet applied to any invoice. The overdue balance shown in the Assess Finance Charges window does not reflect these credits. You can change any finance charge amounts by typing over the amounts shown in the Fin. Charge column. You can also change the interest rate by clicking “Settings” and entering the new rate. If you plan to print the finance charge invoices to send to customers, you should select the "Mark invoices to be printed" checkbox. If you send statements, leave this checkbox cleared. The finance charges will be included the next time you print statements.

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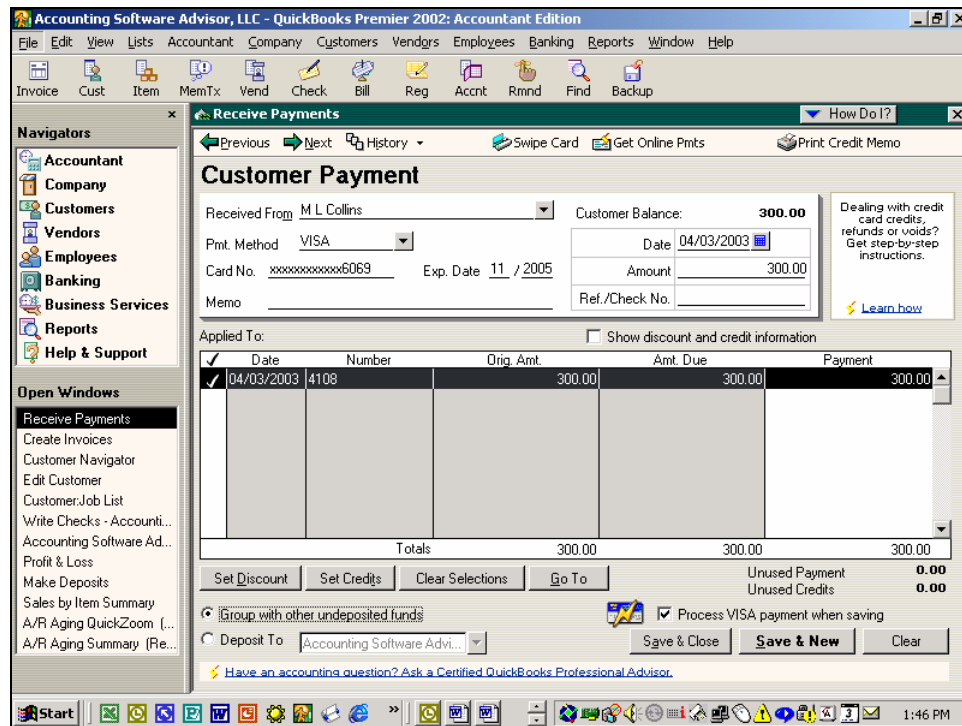


Credit Card information is entered in the Customer Information screen one time. This information is automatically available for payment of future invoices for this customer.



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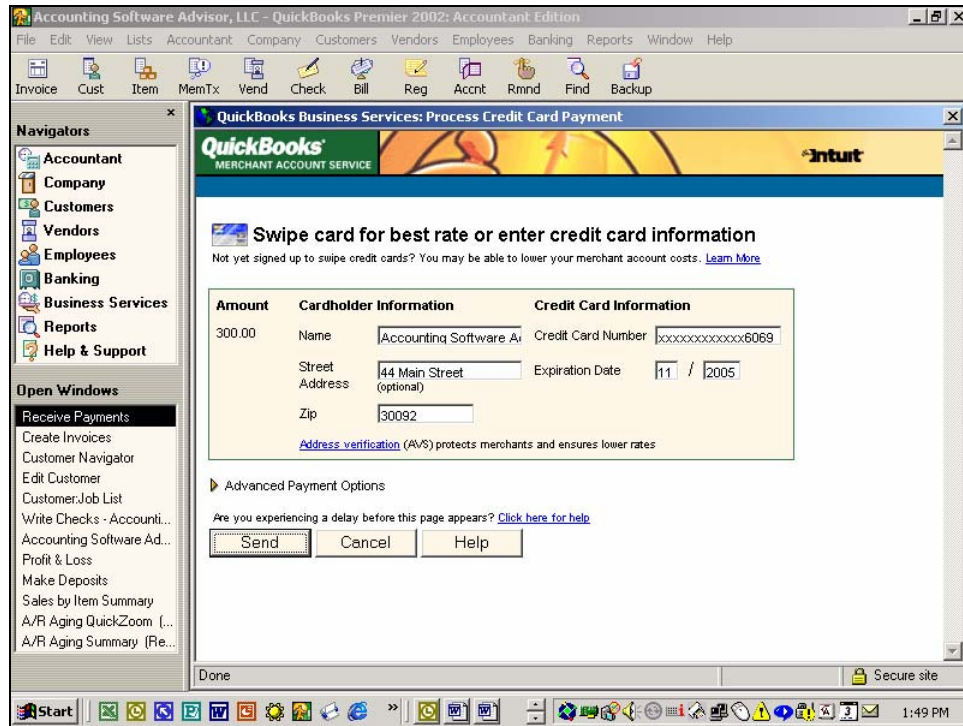
To pay an invoice using the customer's credit card, select Receive Payments under the Customer menu. The customer's credit card information automatically is shown in the Receive Payments screen. The Payment Method line item automatically shows the credit card information on file. Enter the amount of the payment to be processed and select Save & New. The payment will be applied to the invoices selected. This screen gives you the option to have the payment entered directly into the appropriate checking account as a deposit, or group the payment with Undeposited Funds. Due to the fact that there is a delay in the funds being transferred into the checking account and also merchant processing fees apply, it is advisable to select the Group with other Undeposited Funds option. Once a month the associated credit card processing fees need to be deducted from the appropriate checking account. You will receive a statement summarizing the credit card deposits and processing fees each month.



Note the button at the bottom is automatically selected that states Process VISA payment when saving. If you prefer to process the credit card at a later time, this option needs to be unselected.

When the payment is saved and the screen closed, QuickBooks will automatically launch the web browser connection to process the credit card payment. The screen below will then appear:

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The credit card processing screen appears and all information can be verified a final time before the credit card payment is processed. Once the Send button is selected, the credit card authorization approval code will appear on screen. This page should be printed and filed in case the transaction needs to be accessed in the future. The credit card approval process takes only seconds.