

Chapter 3

Customers and Sales Part I

▶ Lesson Objectives

In this chapter, you'll learn the steps necessary to set up customers, and enter sales in QuickBooks Online. In this chapter you'll learn:

- How to set up a customer on the customers list
- How to set up products and services
- Sales workflows, and when to use each
- How sales entered affect financial statements

▶ Setting Up Customers

Customers are the people you sell products and services to. Before you start entering sales in QuickBooks Online, you need to set up your customers on your customers list. When you set up a customer, there are five tabs for additional information. The Customers list shows information about the people and companies to whom you sell your products and services.

To view the Customer list and its details:

1. Click **Sales**.
2. Click **Customers**.
3. Click the **Customer name** to open a record.
4. Click the **Edit** button.

Customer information

Title

First name

Middle name

Last name

Suffix

AndersonClic

&

Associates

Email

Separate multiple emails with commas

Company

Anderson & Associates

* Display name as

Anderson & Associates

Print on cheque as

☒ Use display name

Anderson & Associates

Phone

Mobile

Fax

647-555-9999

Other

Website

☐ Is sub-customer

Enter parent custome

Bill with parent

Address

Notes

Tax info

Payment and billing

Attachments

Billing address [map](#)

1331 Dewy Crest

Markham

ON.

L6H 3K4

Country

Shipping address [map](#)

☐ Same as billing address

Street

City/Town

State/Province

Postal code

Country

Cancel

Make inactive

Privacy

Save

Address Tab

Enter your customer’s Billing address, and shipping address on this tab. If the Shipping address is the same as the Billing address, select ‘Same as billing address’.

Address	Notes	Tax info	Payment and billing	Attachments
Billing address map				
<input type="text" value="Street"/>				
<input type="text" value="City/Town"/>		<input type="text" value="State/Province"/>		
<input type="text" value="Postal code"/>		<input type="text" value="Country"/>		

Notes Tab

Enter any notes for the customer. These notes will only appear on the customer record, and will never be sent to the customer. You can update these as needed.

Address	Notes	Tax info	Payment and billing	Attachments
Notes				
<div></div>				

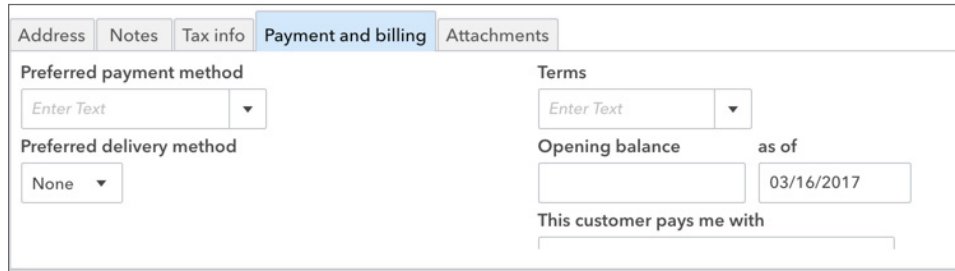
Tax Info Tab

Enter your customer’s Business number if required.

Address	Notes	Tax info	Payment and billing	Attachments
GST/HST Acct. No.				
<input type="text"/>				

Payment and Billing Tab

Here you can select your customer's preferred payment method, preferred delivery method (how they receive sales forms), terms, and opening balance. When you select the payment method, delivery method, and terms, QuickBooks will enter these on any sales forms you record for your customer. You can change this as needed when you record a sale.

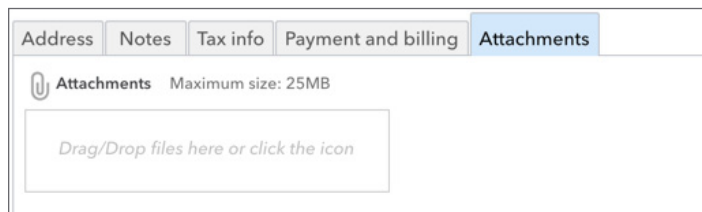


The screenshot shows the 'Payment and billing' tab selected. It contains the following fields:

- Preferred payment method:** A dropdown menu with 'Enter Text' and a downward arrow.
- Preferred delivery method:** A dropdown menu with 'None' and a downward arrow.
- Terms:** A dropdown menu with 'Enter Text' and a downward arrow.
- Opening balance:** A text input field.
- as of:** A date input field with '03/16/2017' entered.
- This customer pays me with:** A text input field.

Attachments Tab

Store any attachments for the customer here. These can be any file format, if the file size is less than 25MB.



The screenshot shows the 'Attachments' tab selected. It contains the following elements:

- Attachments:** A header with a paperclip icon and the text 'Maximum size: 25MB'.
- Drag/Drop files here or click the icon:** A large rectangular area for uploading files.

Once you have your customer set up on your customer list, QuickBooks will use that information when you select them on a sales form. If you need to make any changes to this information, e.g. address, contact information, etc., click on the customer name in the customers list, and click the Edit button.

To set up a customer:

1. Click **Sales**.
2. Click **Customers**.
3. Click **New Customer**.

4. Enter the appropriate information for the customer.

Customer information

Title

First name

Middle name

Last name

Suffix

Ingrid

Penelope

Freeley

Email

customerservice@crank.ca

Company

Crank Inc.

Phone

Mobile

Fax

647-555-9898

*Display name as

Crank Inc.

Other

Website

Print on cheque as

☒ Use display name

Crank Inc.

☐ Is sub-customer

Enter parent customer

Bill with parent

Address

Notes

Tax info

Payment and billing

Attachments

Billing address

map

388 Burlingame

Toronto

ON.

Postal code

Country

Shipping address

map

☒ Same as billing address

Street

City/Town

State/Province

Postal code

Country

Cancel

Privacy

Save

5. Click **Save** to save the customer record.

▶ Setting Up Products and Services

Products and services are the things you sell to your customers. You can make these as simple or complex as you need to based on your business needs.

While they provide a quick means of data entry, a much more important role for items is to handle the behind-the-scenes accounting. When you create an item, you link it to an account; when the item is used on a form, it posts an entry to that account and another entry to the appropriate accounts receivable, accounts payable, etc.

While items are easy to set up, you should spend some time deciding how they can best work for you before you start setting them up and using them. Use your current list of services and products as a starting point. Consider how much detail you want on your invoices or statements and set up your items with that level of detail in mind.

To view the **Products and Services** list, click the **Gear** icon and then click **Products and Services**.

Product/Service information

Select a type:

- Non-inventory**
Products you buy and/or sell but don't need to (or can't) track quantities of, for example, nuts and bolts used in an installation.
- Service**
Services that you provide to customers, for example, landscaping or tax preparation services.
- Bundle**
A collection of products and/or services that you sell together, for example, a gift basket of fruit, cheese, and wine.
- Inventory**
Products you buy and/or sell and that you track quantities of.
To start using inventory items, turn on inventory tracking.
[Turn on inventory tracking](#)

There are four types of products and services in QuickBooks.

Inventory

In QuickBooks, an inventory part is one of the types of line items you can use when you're filling out a sales form or purchase form. You use inventory items to track merchandise your business purchases, keeps in stock as inventory, and then resells. For each inventory item, QuickBooks tracks the current number in stock and the value of your inventory after every purchase and sale.

Non-inventory

In QuickBooks, a non-inventory part is one of the types of line items you can use when you are filling out a sales form or purchase form. Use non-inventory part items to track merchandise that:

- You purchase but do not resell.
- Materials that are used in the delivery of your services.
- You purchase and resell but do not stock in inventory or track as inventory.

Service

Services you charge for or purchase. Examples include specialized labour, consulting hours, and professional fees.


Bundle

Bundles are groups of products and/or services you sell together. For example, gift baskets or services that are always performed together.

▶ Setup a Service

1. Click the **Gear** icon and click **Products and Services**.
2. Click **New**.
3. Select the **Service** type.
4. Enter the **Name** and **SKU** (optional) for the service.
5. (Optional) Select a **Category** for the service.

Product/Service information

 Service [Change type](#)




Name*

Lawn cutting

SKU

Category

Choose a category


 | 

Sales information

☒ I sell this product/service to my customers.

One-time lawn cut.

Sales price/rate

50

Income account

Sales

☐ Inclusive of tax

Tax

HST ON

Purchasing information

▼ SHOW MORE

Save and close

6. Enter a **Description** to display on sales forms.
7. Enter the **Sales price/rate**.
8. Select the appropriate **Income account** to track revenue for this service. This is the most important part of the setup of the service. Choosing an income account in this field means that every time this service is used on a sales transaction, QuickBooks will credit this income account.
9. Choose the **Tax** to be added to the sale of this item.
10. Click **Save and close** to complete the setup of the item.



NOTE If a subcontractor performs this service, enter the Purchase information for the service.

Setup a Non-inventory Item

1. Click the **Gear Icon** and click **Products and Services**.
2. Click **New**.
3. Select the **Non-inventory** type.
4. Enter the **Name** and **SKU** (optional) for the product.

5. (Optional) Select a **Category** for the product.

Product/Service information

Non-inventory [Change type](#)

Name*

Concrete

SKU

Category

Choose a category

Sales information

☒ I sell this product/service to my customers.

Concrete

Sales price/rate

Income account

Sales

☐ Inclusive of tax

Tax

HST ON

Purchasing information

SHOW MORE

Save and close

6. Enter a **Description** to display on sales forms.
7. Enter the **Sales** price.
8. Select the appropriate **Income** account to track revenue for this product.
9. Choose the **Tax** rate.
10. If you purchase this product from a supplier, enter the purchase information.
11. Click **Save and Close**.



NOTE A category is a means of classifying products and services you sell to customers. Categorizing what you sell can help you better understand sales volume and what people are buying. Additionally, categories save you time when completing transaction forms, since you can search for items by category.

▶ Entering Sales

There are two main workflows to enter sales in QuickBooks Online. Which one you choose depends on whether your customer is paying you now, or if they pay later.

Invoices vs. Sales Receipt

If your customers don't pay you in full at the time you provide your service or product, or if they pay in advance, you need to track how much they owe you. Using an invoice helps you keep track of what your customers owe you (or your "accounts receivable").

If your customers pay in full at the time they receive your service or product, then you don't have to track how much they owe you. However, you might want to track each sale, calculate its sales tax, or print a receipt for the sale. In that case, use a sales receipt.

Invoice Workflow Overview

Use the invoice workflow when your customer pays you later for a product or service. Start by entering the sale on the invoice form, then record the customer payment in the Receive Payment window. Finally, record the deposit of the customer payment in the bank account.

Invoice → *Receive Payment* → *Bank Deposit*

In QuickBooks, an invoice is a form on which you record details about a sale to a customer who owes you money. It lists the services you're providing or the products you're selling. It also shows the quantity and price or rate of each item. If you need to make automatic adjustments to prices (for example, discounts or markups), invoices will work for you.

Step 1: Enter Customer Invoice

1. Click the **Create** menu and click **Invoice**.
2. Click the **Customer drop-down** and select the customer name.
3. Enter the **Date** of the sale.
4. In the **Product/Service** area of the form, select the appropriate products and/or services.

5. Save the invoice.

Invoice

Joe Young

joe@young.cc

Send later

Payment Options

Get set up

☐ Credit card

BALANCE DUE

\$5,474.57

Billing address

Joe Young
2893 Main
Burlington ON.

Terms

Net 30

Invoice date

16-03-2017

Due date

15-04-2017

Amounts are

Exclusive of Tax

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	SALES TAX	
1	Sales		1	4,844.75	4,844.75	HST ON	
2							
3							

Add lines

Clear all lines

Add subtotal

Message displayed on invoice

Subtotal

\$4,844.75

HST (ON) @ 13% on 4,844.75

629.82

Total

\$5,474.57

Balance due

\$5,474.57

Statement memo

Cancel

Clear

Print or Preview

Make recurring

Customize

Save

Save and send



NOTE Click **Print or Preview** to review and print an invoice.

You can email an invoice to a customer when you click **Save and Send**.

Send email

Email

joe@young.cc

Subject

Invoice 1001 from Green Tree Landscapes

Body

Dear Joe Young,

Here's your invoice! We appreciate your prompt payment.

Thanks for your business!

Green Tree Landscapes

Payment Options

☐ Credit card

Green Tree Landscapes

getmatthewpeterson+5@gmail.com

INVOICE

INVOICE TO

Joe Young
2893 Main
Burlington ON.

INVOICE # 1001

DATE 16-03-2017

DUE DATE 15-04-2017

TERMS Net 30

ACTIVITY	QTY	RATE	TAX	AMOUNT
Sales	1	4,844.75	HST ON	4,844.75
SUBTOTAL				4,844.75
HST (ON) @ 13%				629.82
TOTAL				5,474.57
BALANCE DUE				

Cancel

Send and close

After you enter the invoice, the customer's Accounts Receivable balance is increased, and the income account(s) linked to the products and services on the invoice increase. You can see this on the customer record, sales reports, and the Profit and Loss and Balance Sheet reports.

<input type="checkbox"/>	CUSTOMER ▲ / COMPANY	PHONE	OPEN BALANCE
<input type="checkbox"/>	Joe Young		\$5,474.57

Step 2: Receive Customer Payment

1. Click the **Create** menu and select **Receive Payment**.
2. Click the **Customer drop-down** and select the customer name.
3. Select the **Invoice(s)** to receive payment against.
4. Enter the **Amount** of the payment.
5. Select the **Payment method**.
6. Enter a **Reference number** (if applicable).
7. Select the appropriate **Deposit to** account.

Receive Payment
? ×

Joe Young ▼

joe@young.cc

Find by invoice no.

☐ Send later

AMOUNT RECEIVED

\$5,474.57

Payment date

17-03-2017

Payment method

Cheque ▼

Reference no.

344

Deposit to

Undeposited Funds ▼

Amount received

5,474.57

[Accept payments in QuickBooks](#)

Outstanding Transactions

Find Invoice No.

Filter ▼ All

<input checked="" type="checkbox"/>	DESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
<input checked="" type="checkbox"/>	Invoice # 1001 (16-03-2017)	15-04-2017	5,474.57	5,474.57	5,474.57

< First Previous 1-1 of 1 Next Last >

Amount to Apply

\$5,474.57

Amount to Credit

\$0.00

Clear Payment

Memo

Cancel

Clear

Print

Save and new ▼



NOTE Select Undeposited funds if the payment will be deposited with other payments. This will ensure that the deposit amount in QuickBooks matches the deposit amount on your bank statement. Any payments you receive from customers can be recorded in this holding account until you deposit the payment into a QuickBooks bank account. The Undeposited Funds account acts as a holding account, like holding money in a drawer until you make a deposit to your bank.

8. Save the payment.



NOTE You can see the customer payment balance amount in the undeposited funds account.

Uncategorized Asset	Current assets	Other current assets		0.00	Account history ▼
Undeposited Funds	Current assets	Undeposited Funds		5,474.57	Account history ▼
GST/HST Payable	Other Current Liabili...	GST/HST Payable		629.82	Account history ▼

Step 3: Deposit Customer Payment

1. Click the **Create** menu and select **Bank Deposit**.
2. Select the appropriate **Deposit to** account.
3. Select the payments to deposit.
4. **Save** the deposit.

Deposit
? ×

Chequing ▼

Balance \$0.00

Date 17-03-2017

AMOUNT
\$5,474.57

Select Existing Payments

	RECEIVED FROM	DATE	TYPE	PAYMENT METHOD	MEMO	REF NO.	AMOUNT
<input checked="" type="checkbox"/>	Joe Young	17-03-2017	Payment	Cheque ▼		344	5474.57

1-1

Select all

Clear all

Total

5474.57

Selected Payments Total

5474.57

Add New Deposits

Amounts are Exclusive of Tax ▼

#	RECEIVED FROM	ACCOUNT	DESCRIPTION	PAYMENT METHOD	REF NO.	AMOUNT	SALES TAX
1							
2							

Add lines

Clear all lines

New Deposits Total

\$0.00

Cancel

Clear

Print

Make recurring

Save and new ▼



NOTE You will see an updated balance in the Undeposited Funds account and the Chequing accounts after the deposit is recorded in QuickBooks.

NAME	TYPE ▲	DETAIL TYPE	TAX RATE	QUICKBOOKS BALANCE	BANK BALANCE	ACTION
Chequing	Bank	Cash on hand		5,474.57		Account history ▼
Accounts Receivable (A/R)	Accounts receivable (...)	Accounts Receivable (...)		0.00		Account history ▼
Inventory Asset	Current assets	Inventory		0.00		Account history ▼
Prepaid expenses	Current assets	Prepaid Expenses		0.00		Account history ▼
Uncategorized Asset	Current assets	Other current assets		0.00		Account history ▼
Undeposited Funds	Current assets	Undeposited Funds		0.00		Account history ▼

Sales Receipt Workflow

Use the sales receipt workflow when your customer pays you at the time of the sale. Because the customer does not owe anything on the sale later, a customer name is optional.

Sales Receipt → *Bank Deposit*

Step 1: Enter a Sales Receipt

1. Click the **Create** menu and click **Sales Receipt**.
2. (Optional) Choose a **Customer** name.
3. In the **Product/Service** area of the form, select the appropriate products and/or services.
4. Enter the **Rate** and **Sales Tax**.
5. Enter the **Payment method** and **reference number** (if applicable enter a #cheque).
6. Select the appropriate **Deposit to** account (see information about **Undeposited Funds** above).

- Click **Save** to complete the transaction.

Sales Receipt
? ×

Choose a customer

Email (Separate emails with a comma)

☐ Send later

Cc/Bcc

AMOUNT
\$158.20

Billing address

Sales Receipt date
17-03-2017

Payment method
Cheque

Reference no.

Deposit to
Chequing

Accept payments in QuickBooks

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	SALES TAX
1	Lawn Maintenance		4	35	140.00	HST ON
2						

Add lines
Clear all lines

Message displayed on sales receipt

Subtotal
\$140.00

HST (ON) @ 13% on 140.00
18.20

Total
\$158.20

Amount received
\$158.20

Cancel
Clear
Print or Preview
Make recurring
Customize
Save
Save and send

Step 2: Deposit Customer Payment

- Click the **Create** menu and choose **Bank Deposit**.
- Choose the appropriate deposit to account.
- Select the payments to deposit.
- Save** the deposit.

Deposit
? ×

Chequing

Balance \$5,474.57

Date 17-03-2017

AMOUNT
\$5,474.57

Select Existing Payments

	RECEIVED FROM	DATE	TYPE	PAYMENT METHOD	MEMO	REF NO.	AMOUNT
<input type="checkbox"/>							
<input checked="" type="checkbox"/>	Joe Young	17-03-2017	Payment	Cheque		344	5474.57

1-1 of 1

Select all
Clear all

Total
5474.57

Selected Payments Total
5474.57

Add New Deposits

#	RECEIVED FROM	ACCOUNT	DESCRIPTION	PAYMENT METHOD	REF NO.	AMOUNT	SALES TAX
1							

Cancel
Print
Make recurring
More
Save and new

► Sales and Customer Reports

There are several default reports to help you understand the sales and accounts receivable in your business. Choose from the following reports that provide the information you need for your business.

Sales by Customer Detail

This report shows the total sales to each customer and job, broken down by transaction. It includes income from parts, services, and other charge items recorded on an invoice or sales receipt. It does not include income from sales tax or reimbursed expenses.

1. Click **Reports** and then click **All Reports**.
2. Click **Review Sales**.
3. Click **Sales by Customer Detail**.

[Back to report list](#)

Report period
This Month-to-date ▼ 01-03-2017 to 17-03-2017

Customize Save customization

Rows/columns
Group by Customer ▼

Accounting method
☐ Cash ☒ Accrual

Run report

Sort ▼ Add notes Edit header

Green Tree Landscapes
SALES BY CUSTOMER DETAIL
March 1-17, 2017

DATE	TRANSACTION TYPE	#	PRODUCT/SERVICE	MEMO/DESCRIPTION	QTY	SALES PRICE	AMOUNT	BALANCE
▼ Bruna Cagliari								
17-03-2017	Invoice	1003	Sales		1.00	320.00	\$320.00	320.00
Total for Bruna Cagliari							\$320.00	
▼ Joe Young								
16-03-2017	Invoice	1001	Sales		1.00	4,844.75	\$4,844.75	4,844.75
Total for Joe Young							\$4,844.75	
▼ Tom Jackson								
17-03-2017	Invoice	1002	Lawn Maintenance		1.00	3,009.00	\$3,009.00	3,009.00
Total for Tom Jackson							\$3,009.00	
TOTAL							\$8,173.75	

A/R Aging Summary

This report summarizes the status of unpaid invoices in the accounts receivable. For each customer who owes money, the report shows:

- What the customer owes for the current billing period
- What the customer hasn't paid from previous billing periods
- Subtotal balances for each job (if the customer has multiple jobs with your company)

1. Click **Reports** and then click **All Reports**.
2. Click **Manage Accounts Receivable**.
3. Click **A/R Aging Summary**.

[Back to report list](#)
 Report period: Today as of 03/17/2017

Show non-zero or active only: Active rows/active columns

Aging method: ☐ Current ☒ Report date

Days per aging period: 30

Number of periods: 4

[Customize](#) [Save customization](#) [Run report](#)

Collapse Sort Add notes Edit header

Green Tree Landscapes
 A/R AGING SUMMARY
 As of March 17, 2017

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
Alba Fay	367.25	15,424.50		681,544.26		\$697,336.01
Alfonso Kirlin	10.50		-1,130.00	288.04		\$ -831.46
Amos Hickie				175.15		\$175.15
Anderson & Associates		44.95				\$44.95
Angus Funk		5,650.00		145.95		\$5,795.95
BigTime Construction	19,118.47	24,492.76		20,707.25		\$64,318.48
Brad Smith				211.38		\$211.38
Burlington Home Builders		28,090.38				\$28,090.38
Charlene Karlson	508.50					\$508.50
City of Calgary				8,588.00		\$8,588.00
Community Church					-422.62	\$ -422.62



NOTE To see a list of the transactions that make up a balance, click any balance amount in the report.

Open Invoice Report

1. Click **Reports** and then click **All Reports**.
2. Click **Manage Accounts Receivable**.

3. Click **Open Invoices**.

[Back to report list](#)
Report period
Today as of 03/17/2017
Customize Save customization

Aging method
☒ Current ☐ Report date
Run report

Sort Add notes Edit header

Green Tree Landscapes

OPEN INVOICES
As of March 17, 2017

DATE	TRANSACTION TYPE	#	TERMS	LOCATION	DUE DATE	OPEN BALANCE
Alba Fay						
12/15/2016	Invoice	1145	Net 30		01/14/2017	681,544.26
01/28/2017	Invoice	7760	Net 30		02/27/2017	565.00
02/09/2017	Invoice	1139	Net 30		03/11/2017	14,859.50
02/17/2017	Invoice	1141	Net 30		03/19/2017	169.50
03/08/2017	Invoice	7765	Net 30		04/07/2017	197.75
Total for Alba Fay						\$697,336.01
Alfonso Kirlin						
12/06/2016	Invoice	1048	Net 30		01/05/2017	288.04
02/07/2017	Credit Memo	1137			02/07/2017	-1,130.00
03/13/2017	Invoice	7766	Net 30		04/12/2017	10.50