Chapter 7

Customers and Sales Part II

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In this chapter, you'll learn how QuickBooks handles advanced features and transactions in the area of sales and customers. In addition to basic sales invoices, sales receipts there are advanced transactions to help you manage sales in QuickBooks

Lesson Objectives

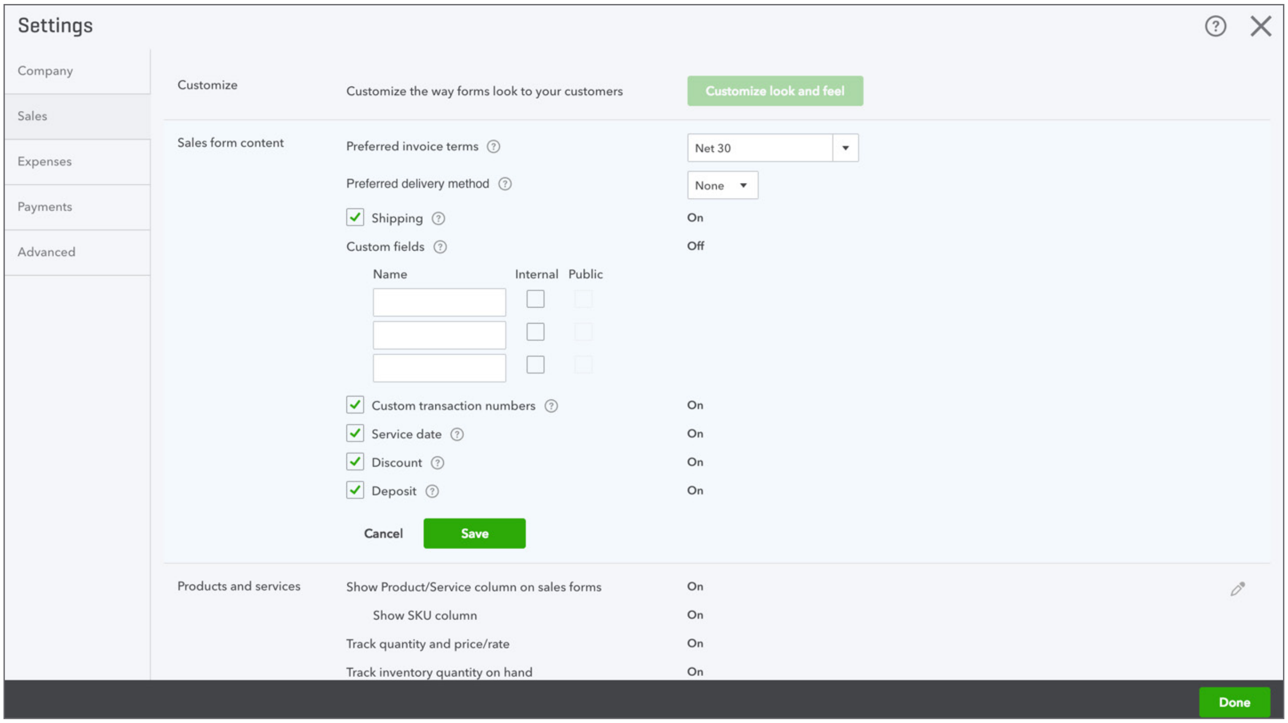
In this chapter, you'll learn how to:

- Use advanced options on sales transactions
- Credits and Refunds
- Customer Statements
- Delayed Charges & Delayed Credits
- Estimates
- Invoicing & Reimbursable Expenses

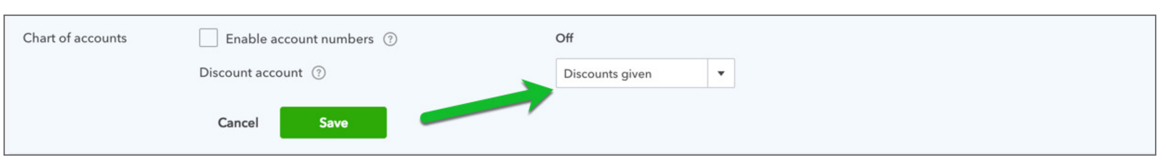
Advanced Invoicing Options

There are several options available to you when creating sales invoices. They may be useful in different situation when creating sales invoices for your customers. To access these features, you can enable them in the **Company Settings**.

1. Click the **Gear** icon.
2. Click **Company Settings**.
3. Click **Sales**.



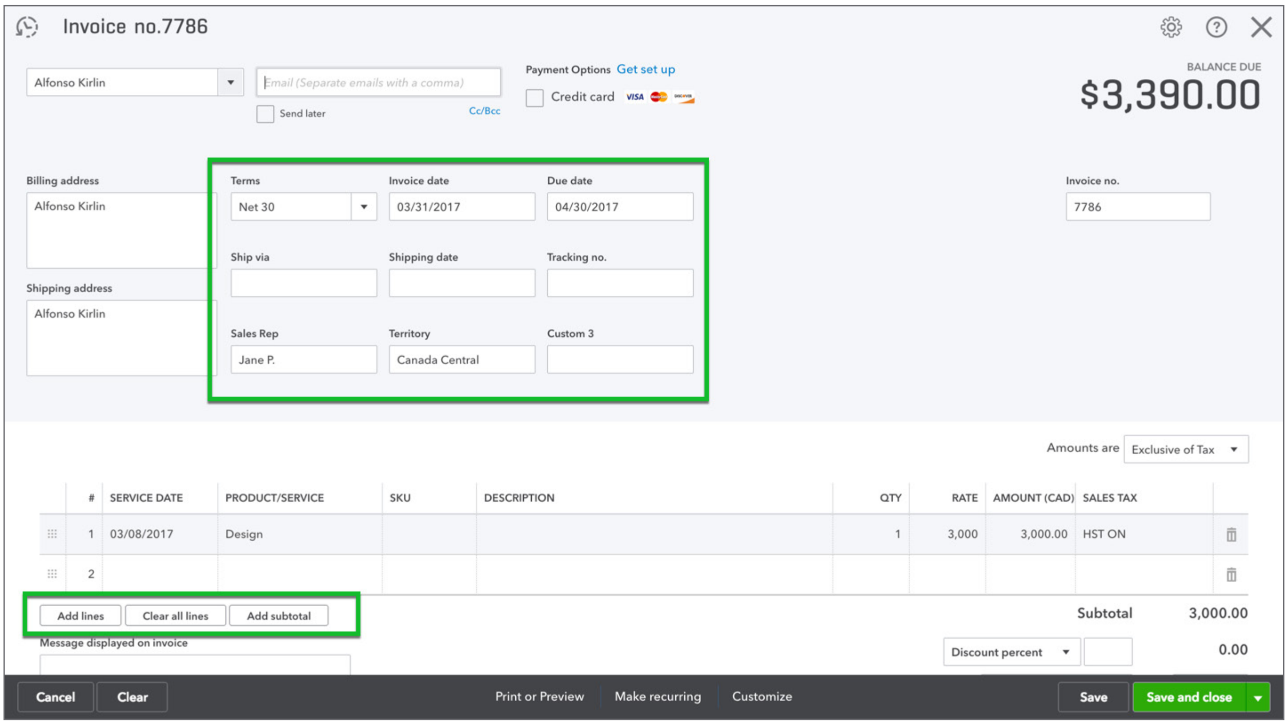
- **Preferred Invoice terms—**Determines the default terms to be added to customer invoices.
- **Preferred Delivery Method—**The delivery method default determines the way you'll deliver sales forms to newly-created customers.
- **Shipping—**Adds shipping fields (date, tracking number, destination, subtotal) to sales forms.
- **Custom fields—**Adds extra fields to sales forms. Select "**Internal**" to show the field in QuickBooks; select "**Public**" to show the field on customer forms.
- **Custom Transaction Numbers—**Lets you use your own numbering system. If left blank, invoice numbers are automatically assigned by QuickBooks.
- **Service Date—**Adds a **Service date** field if you need to track the date a service was performed separately from the invoice date.
- **Discount—**Adds a **Discount** field to invoices and other sales forms. In a related setting under Advanced → Chart of Accounts, you can assign what account to track the discount to.



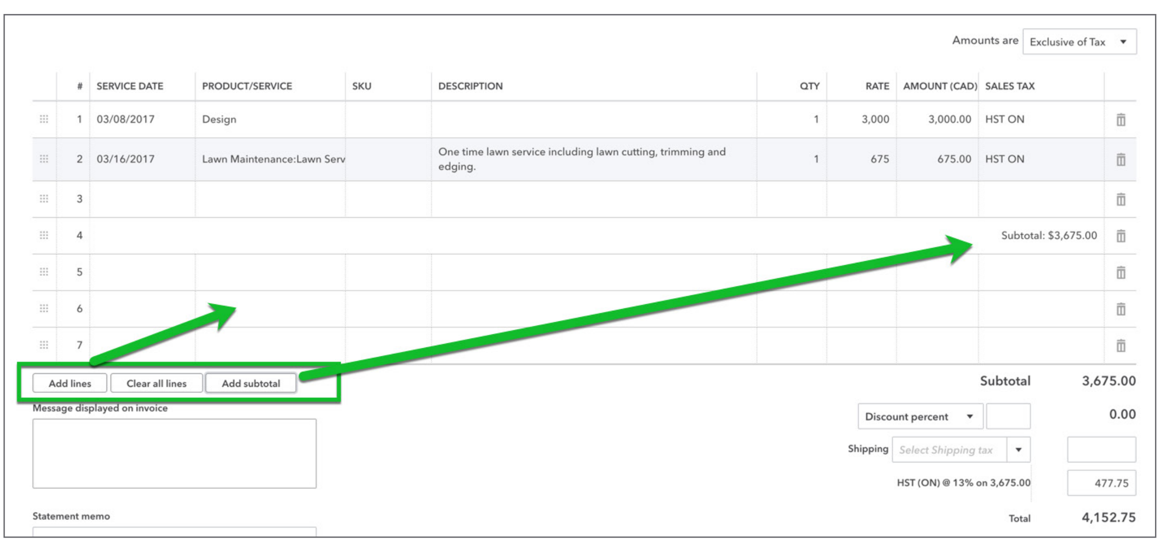
- **Deposit—**Adds a Deposit field to invoices so you can subtract a customer deposit from the total to calculate the balance due.

Now let's review some of these options in action on the sales invoice. You'll see several new options in the header of the invoice form. You see the following:

- Terms
- Shipping information
- Sales Rep and Territory (custom fields)
- Invoice Number

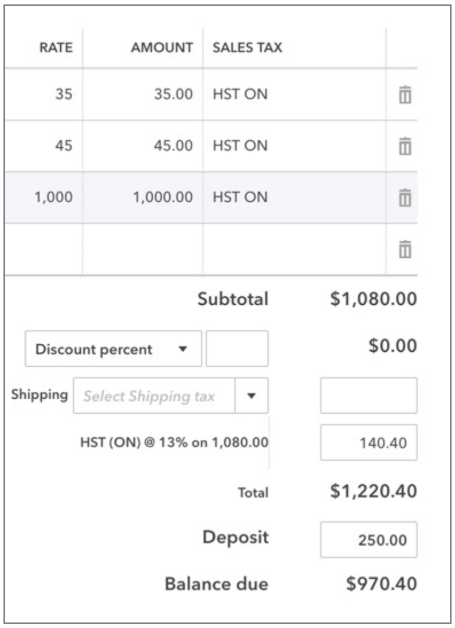


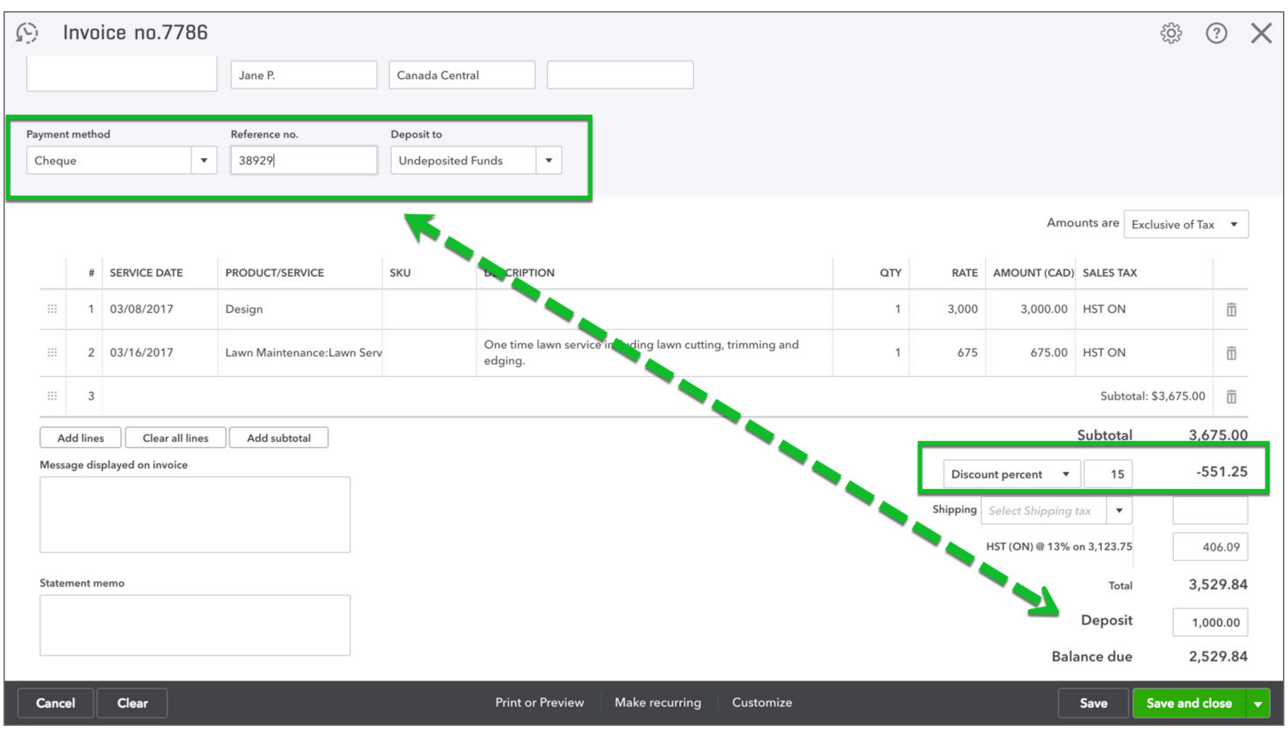
In the body of the invoice, you have several options to work with the information in the body section. You can click **Add lines** to add lines for more products and services. Click **Clear All Lines** to clear the section and click **Add subtotal** to add a subtotal to the invoice.



In the footer section of the invoice you can add a **Discount**. You can add a % discount or a flat rate discount. QuickBooks will calculate the amount and adds a line to the footer.

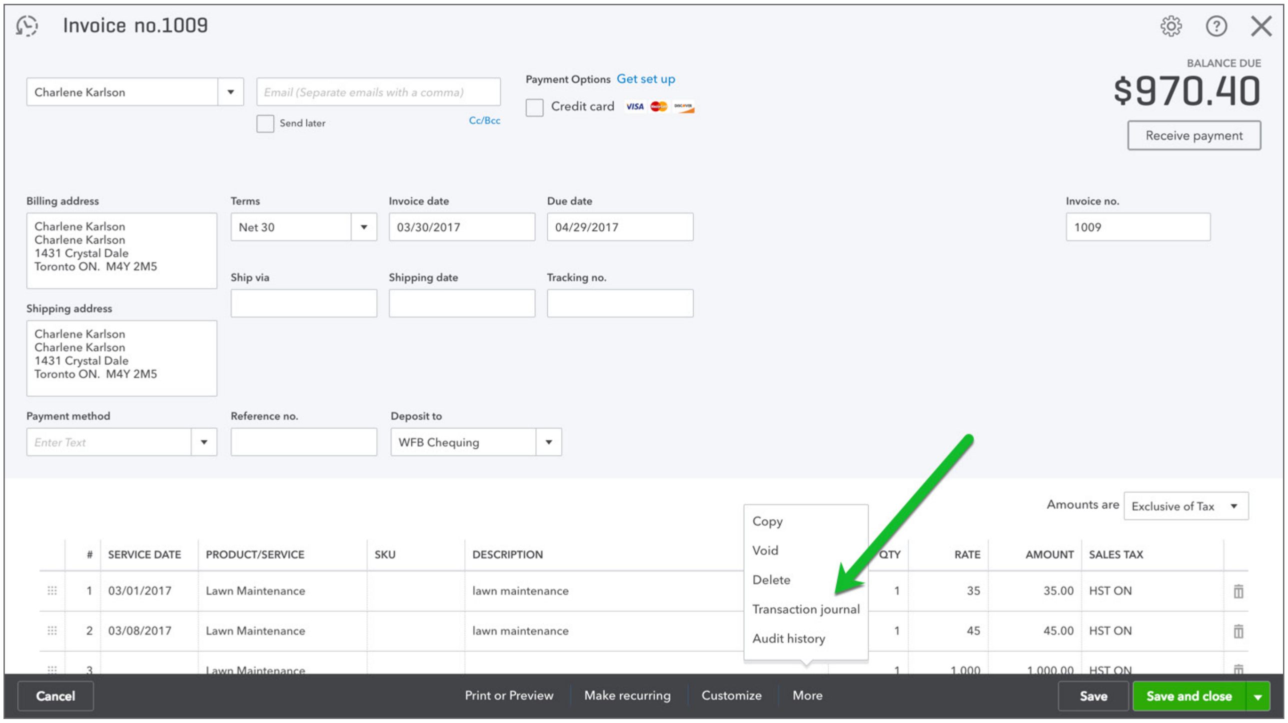
You can also receive a **Deposit** against this invoice. This acts as a payment against the invoice and reduces the amount owing by the amount of the deposit. Since your customer is giving you a deposit, you must tell QuickBooks how you received the payment and what account you're depositing the funds to. These fields are activated after you enter the **Deposit** amount.





More Menu

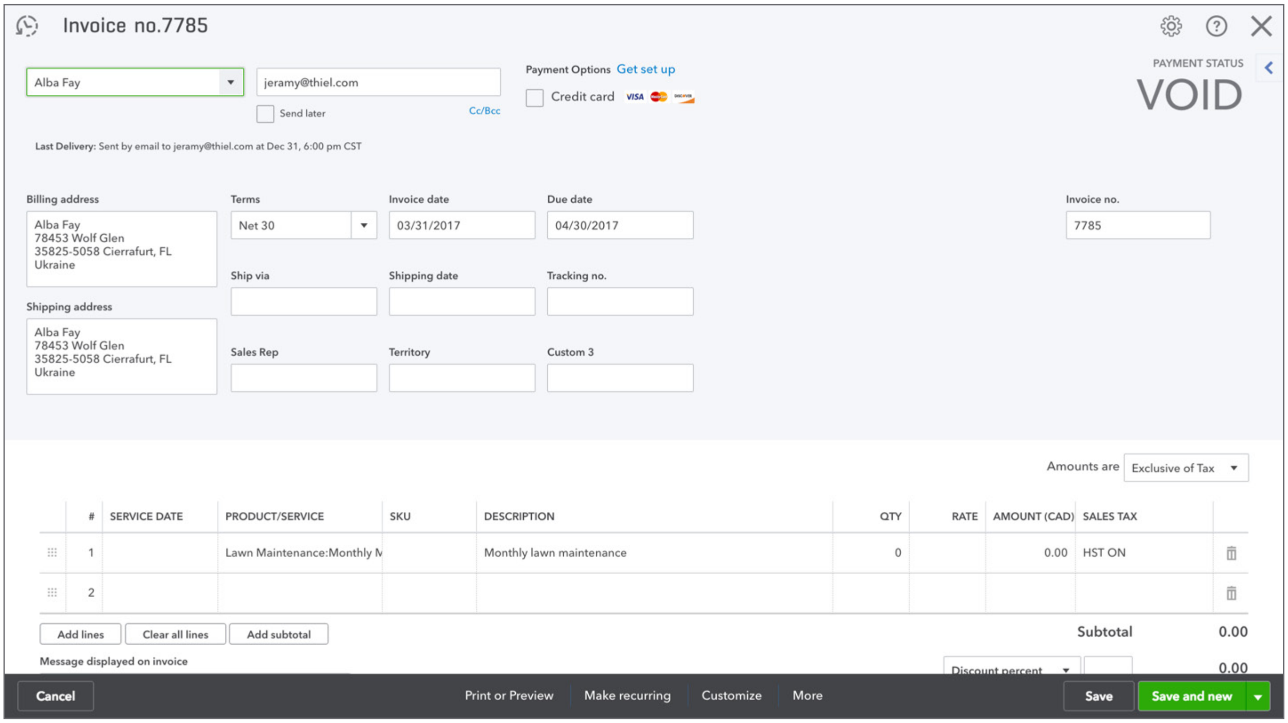
After you save a transaction you can access more information about the save transaction. After clicking save, QuickBooks adds a **More** menu to the bottom of the saved transaction.



From this menu, you can do the following functions:

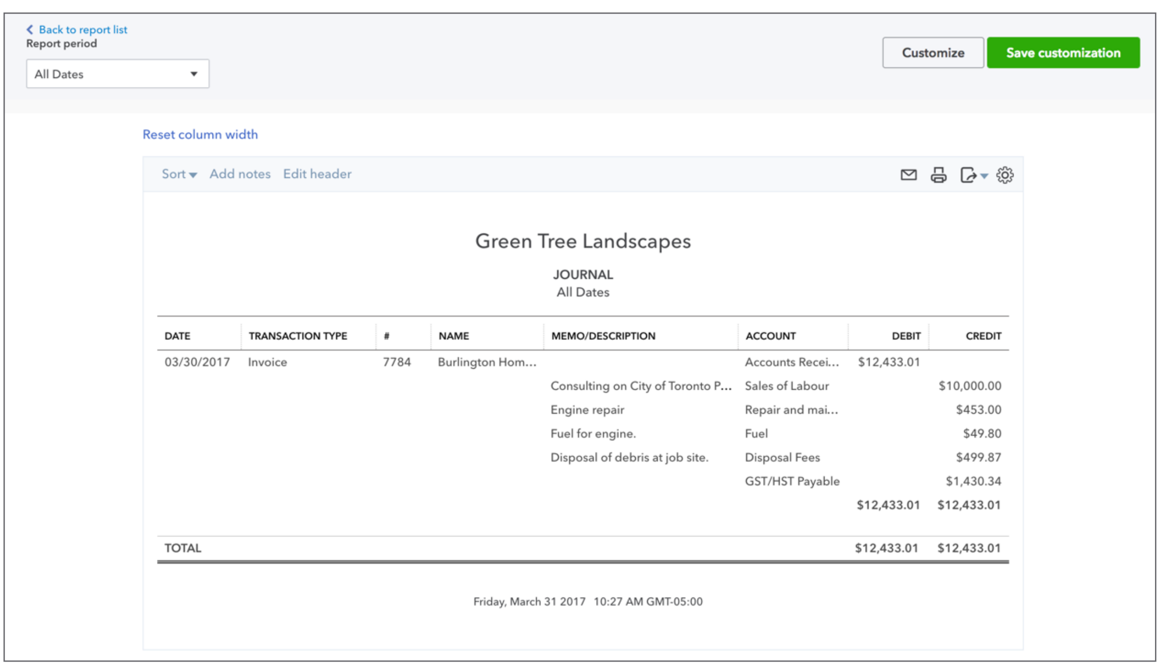
- **Copy—**Duplicate the transaction. Copy the transaction if you need to create a duplicate or similar transaction for a customer.

- **Void—**Click **Void** to void the invoice. Clicking **Void** will make the sales invoice a $0.00 transaction while maintaining the history of the invoice number and other details.



- **Delete—**Click **Delete** the remove the transaction from QuickBooks. QuickBooks removes the transaction QuickBooks but it keeps a history of the transaction in the Audit log. You can see the transaction history in the **Audit log**.

- **Transaction Journal—**Click the **Transaction journal** to discover the journal entry QuickBooks makes when you save a transaction. The transaction journal includes the debit and credit of the transaction.



Green Tree Landscapes

JOURNAL

All Dates

DATE	TRANSACTION TYPE	#	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
03/30/2017	Invoice	7784	Burlington Hom...		Accounts Recei...	$12,433.01	
				Consulting on City of Toronto P...	Sales of Labour		$10,000.00
				Engine repair	Repair and mai...		$453.00
				Fuel for engine.	Fuel		$49.80
				Disposal of debris at job site.	Disposal Fees		$499.87
					GST/HST Payable		$1,430.34
						$12,433.01	$12,433.01
TOTAL						$12,433.01	$12,433.01

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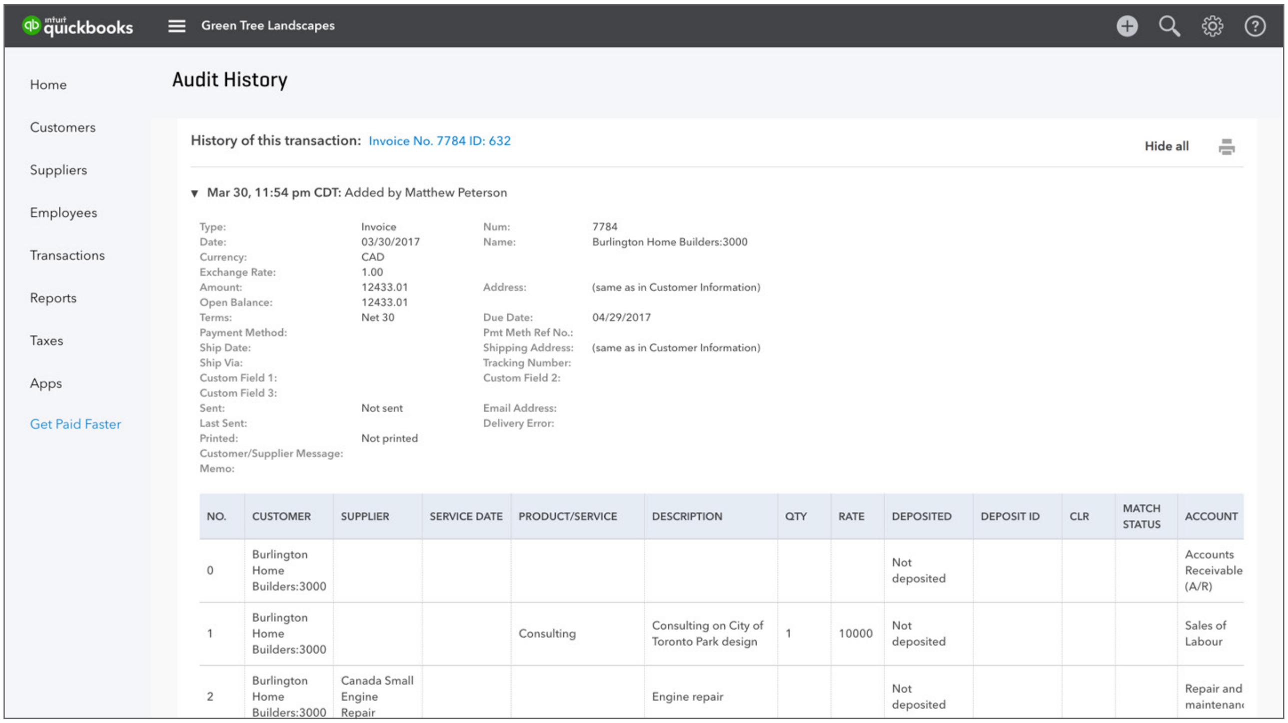
- **Audit History—**Click the **Audit History** on the **More** menu to view the history of the transaction.



Credit Memos vs. Refund Receipt

There are times where you'll be required to issue credit and refunds back to customers for a variety of reasons. These may include faulty products, overcharging, poor service, etc. There are two ways to handle this type of situation in QuickBooks.

1. **Credit memo—**Create a credit memo in QuickBooks if you want to issue a credit and apply the credit against an outstanding or future invoice. If you have created an invoice for the customer you typically issue a credit memo. The workflow will be the following:

Invoice → Credit Memo → Apply Credit Memo

2. **Refund Receipt—**Create a Refund Receipt to refund a customer for a payment they've made for products or services. If you have created a Sales Receipt for the customer you typically issue a Refund Receipt. The workflow will be the following:

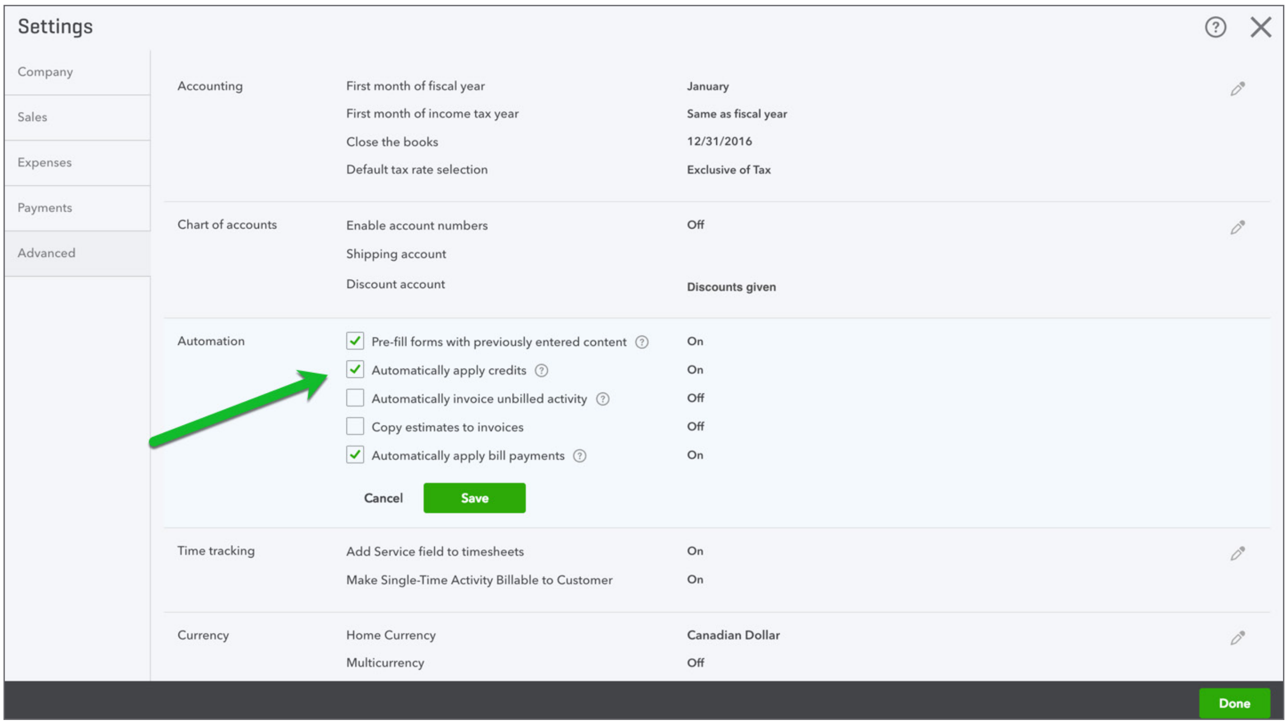
Sales Receipt → Refund Receipt → Print Cheque (optional)

Credit Memo

You can give a credit memo to immediately post the transaction. Or if you prefer to include the credit as a line on the customer's next invoice, enter a delayed credit.

A credit memo affects the customer's balance. However, QuickBooks does not apply the credit memo to a particular invoice.

It's important that you review and enable the **Automatically Apply Credits** setting. Go to the **Gear icon** and click **Company Settings**.

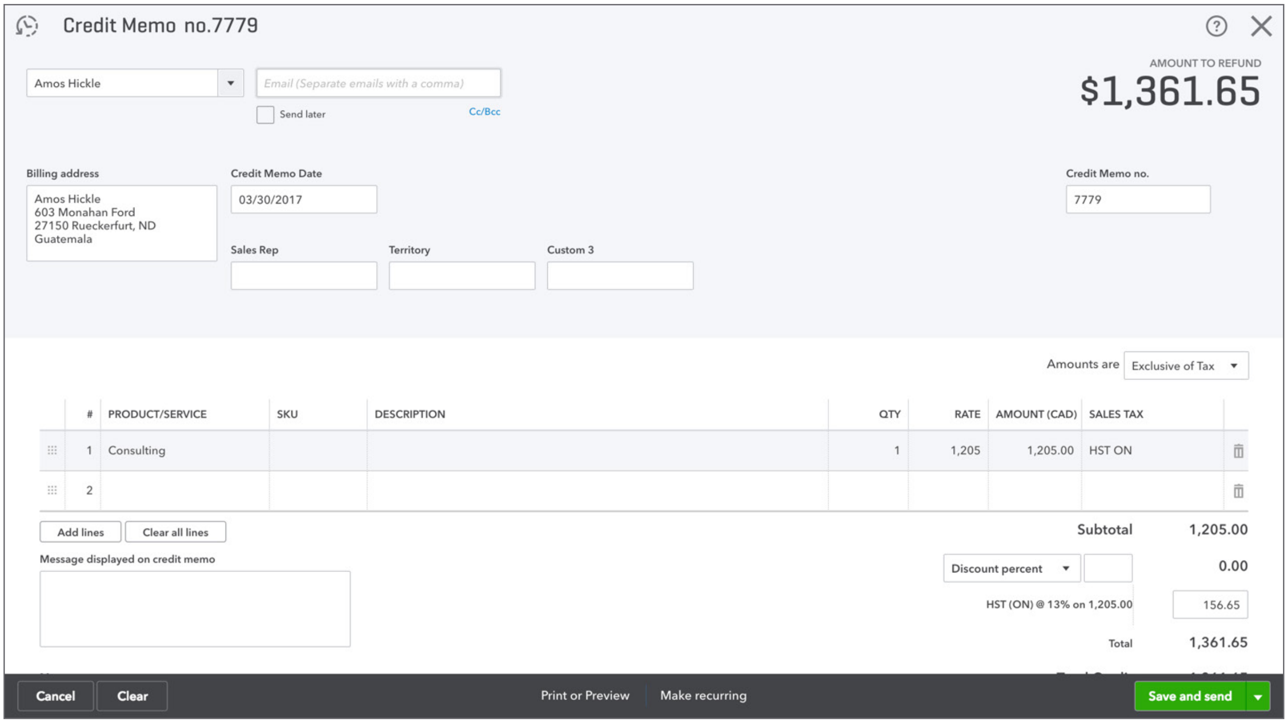


NOTE Select **Automatically Apply Credits** if you want QuickBooks to immediately apply the credit to the oldest outstanding invoice. If you want to be able to apply a specific credit against a specific invoice.

To create the credit memo:

1. Click the **Gear** icon.
2. Click **Credit memo**.

3. Complete the Credit memo in the same way as you create an invoice.

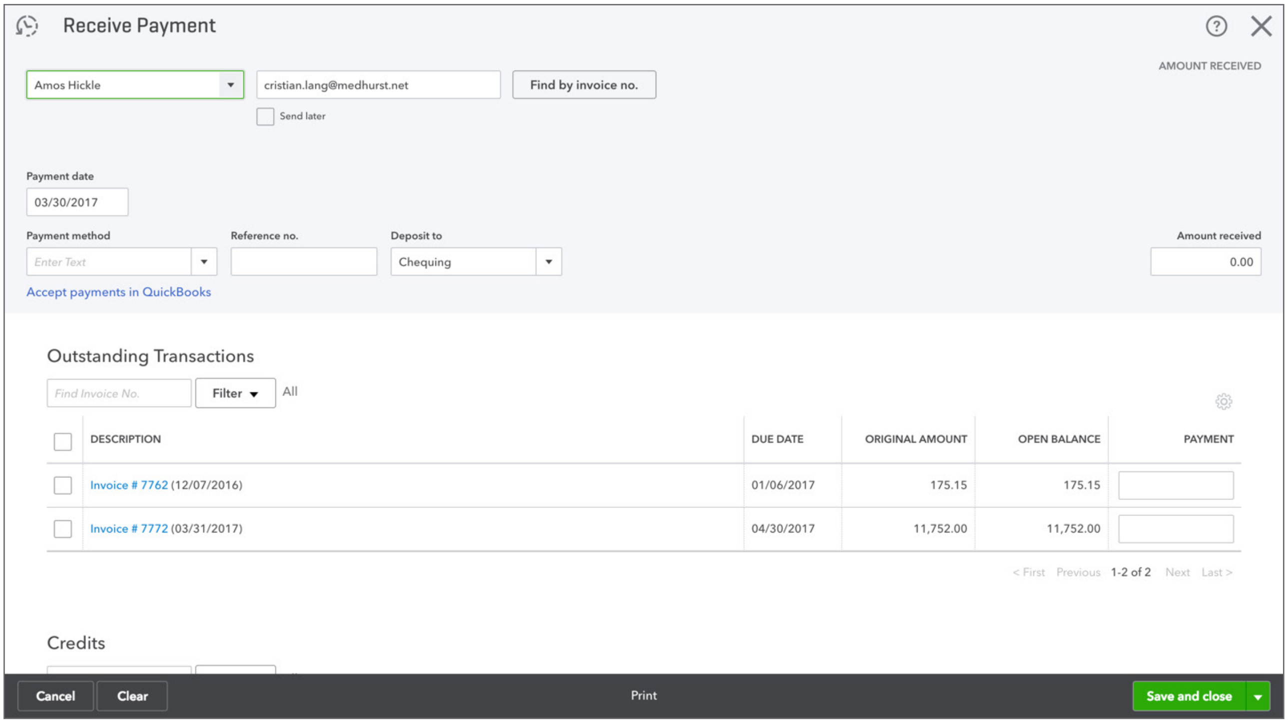


NOTE Make sure that you use the same **Product/Service** item as you added to the original invoice. This will ensure that you affect the same account that was used on the original transaction.

4. The next step is to apply the **Credit memo** against an outstanding invoice(s). Click the **Gear** icon.

5. Click **Receive Payments**.

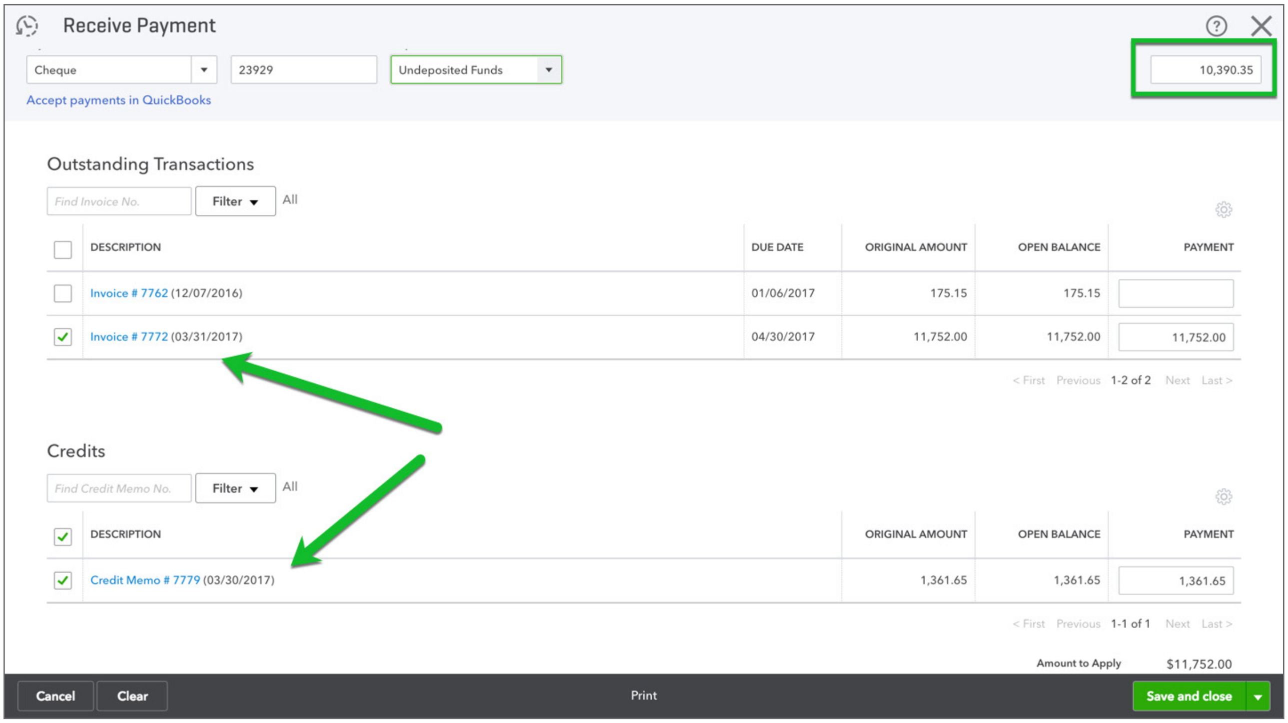
6. Enter the **Name** of customer. QuickBooks displays the **Outstanding Transactions** and **Credits**.



7. Select the outstanding invoices to apply the credit against.

8. Select the **Credits** to apply.

9. QuickBooks applies the amount against the invoice and leaves the difference in the **Amount received**. At this point you can choose to Receive the payment of just apply the credit. If you only choose to apply the credit, make sure that you enter $0.00 in the **Amount received**.



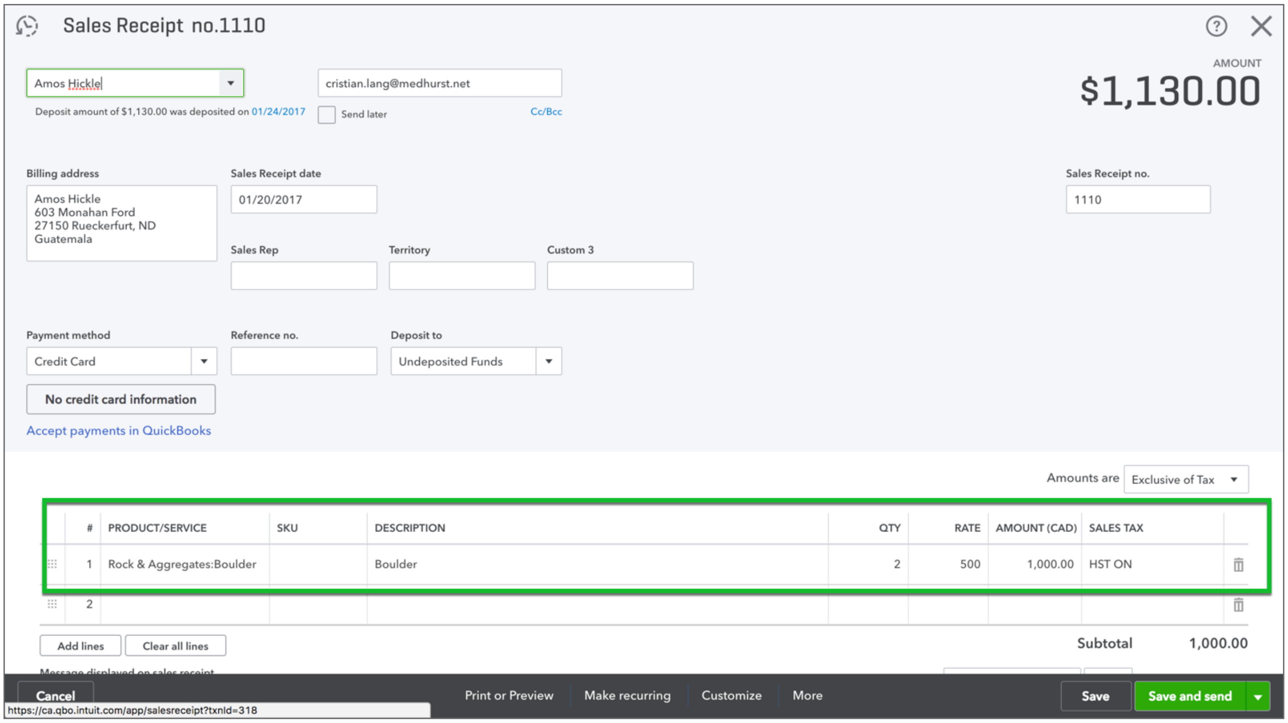
10. Click **Save** to apply the credit against the outstanding invoice(s) and receive a payment if you choose.

Refund Receipts

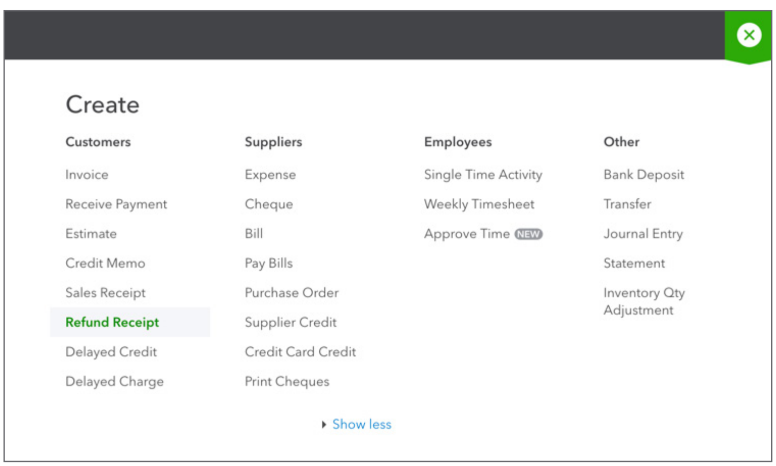
When a customer has paid for products and services on a sales receipt in QuickBooks you will use the **Refund receipt** to create a refund transaction.

The refund receipt is similar to the sales receipt. In the case of the refund receipt, you will tell QuickBooks what product or service you're issuing a refund for and add the refund information at the time of the refund.

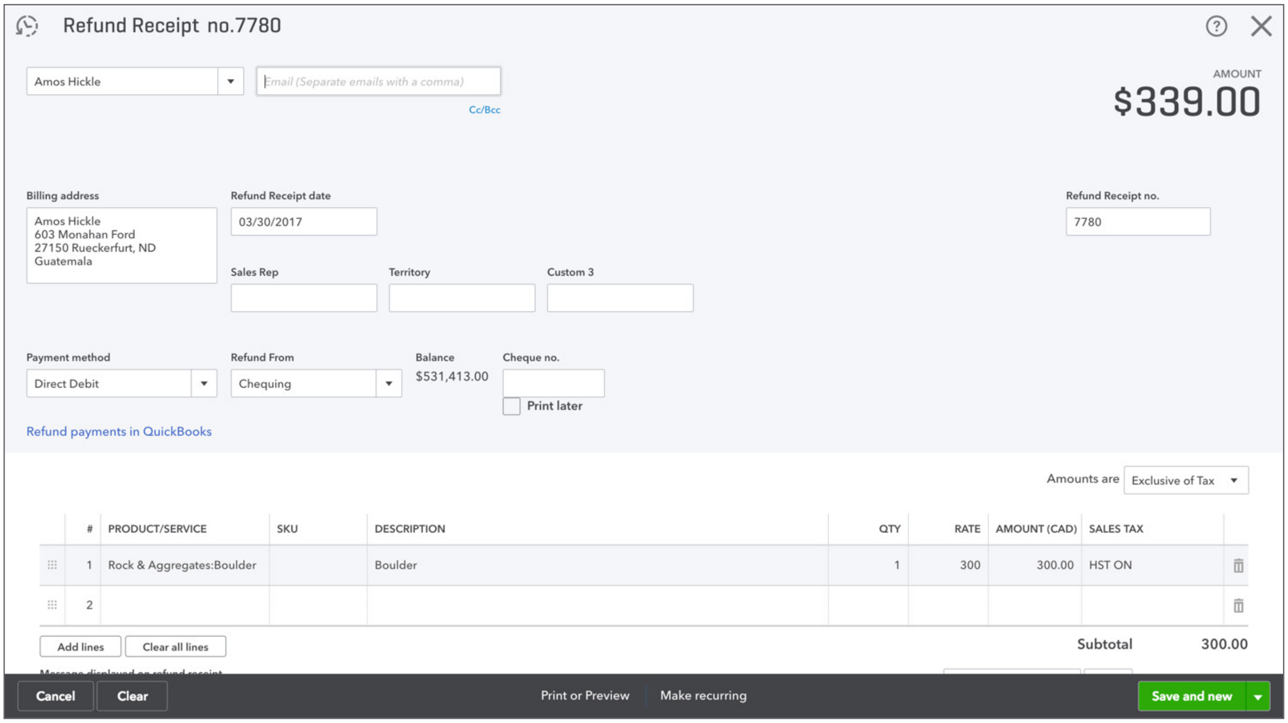
1. Review the original **Sales Receipt** to make sure that you issue a refund for the appropriate products or services.



2. Click the **Gear** icon click **Refund Receipt**.

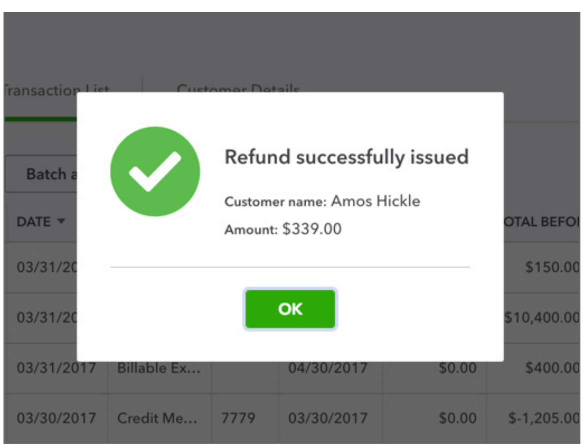


3. Complete the **Refund Receipt** as you would a **Sales Receipt**.



4. Add the payment information for the refund using the **Payment method**, **Refund From**, and **Cheque** (optional).

5. Click **Save**. QuickBooks displays confirmation that the refund was successful.



Customer Statements

A customer statement is the status of a customer’s account at a particular point in time. Customer statements in QuickBooks don’t offer as much detail on each individual sales transaction as an invoice or sales receipt would.

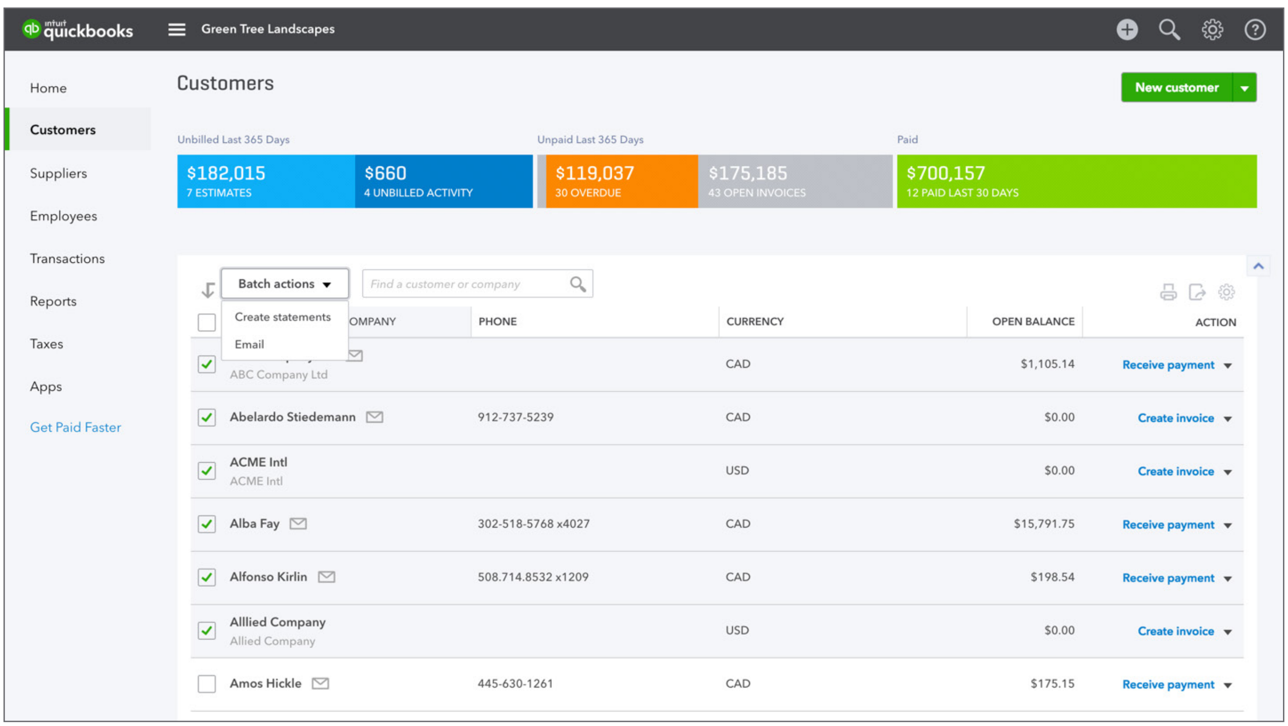
Statements are often sent out on a regular, say monthly, basis to let your customers know where they stand and if they still owe you any money. Each line item on a statement represents sales transactions, credits, and payments for the time period of the statement.

You can create a balance forward, open item, or transaction statement.

- **Balance Forward—**Displays all activity dated between Start and End dates. Will show a Balance Forward amount at the top.
- **Open Item—**Displays all open invoices from a specific date back.
- **Transaction Statement—**Doesn't show a balance, just the amount of transactions and the amount received for each individual transaction.

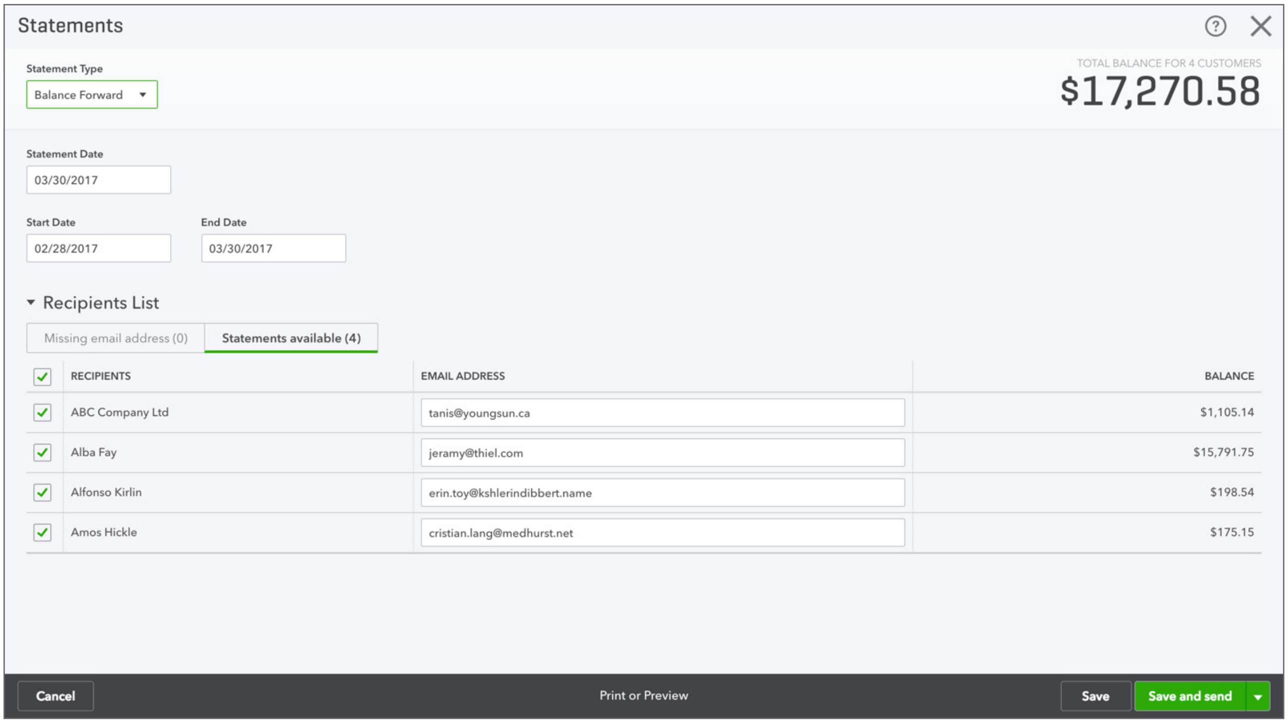
To create statements for multiple customers:

1. Click **Customers**.
2. Select the customers you'd like to create Statements for in the left-hand checkbox.
3. Click **Batch Actions**.



4. Under **Choose statement type** click to select **Balance Forward, Open Item,** or **Transaction Statement** depending on your preference.
5. Enter **Statement Date**, **Start Date,** and **End Date**.
6. Set additional statement criteria, if needed.

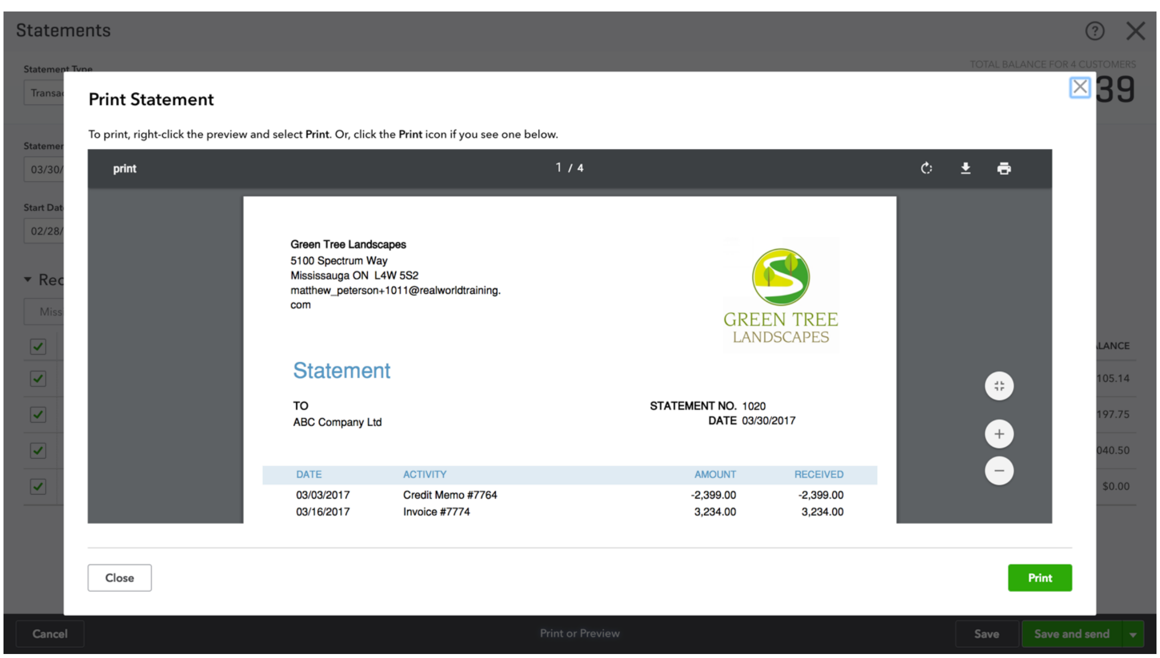
7. Click **Apply**.



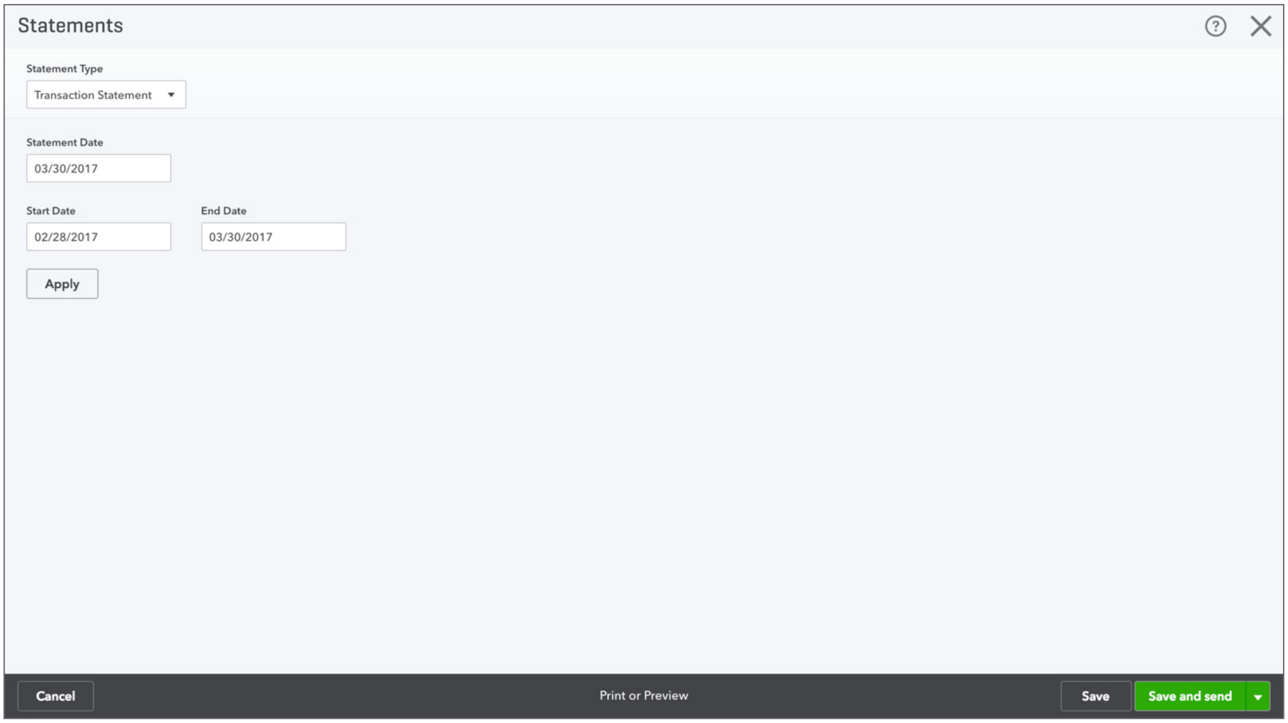
8. The **Statements** window displays. Read the instructions at the top, select the appropriate customer(s) and click **Create/Send Selected Statements**. This will send any statements that you've chosen to email.

9. To print statements, click Print or Preview (or **Print Statements)** then click **Print**.

10. The Adobe preview window will open so you can look at the statements before sending to the printer.



NOTE To send a **Transaction Statement** or **Open Item** statement choose the appropriate statement type and then follow the same instruction as above.



Delayed Charge

A delayed charge is something that you will be creating an invoice for but are not quite ready to create the invoice just yet. You create the charge and it will show up in the **Customers** tab but won't affect their balance. The Delayed Charge is a non-posting transaction in QuickBooks.

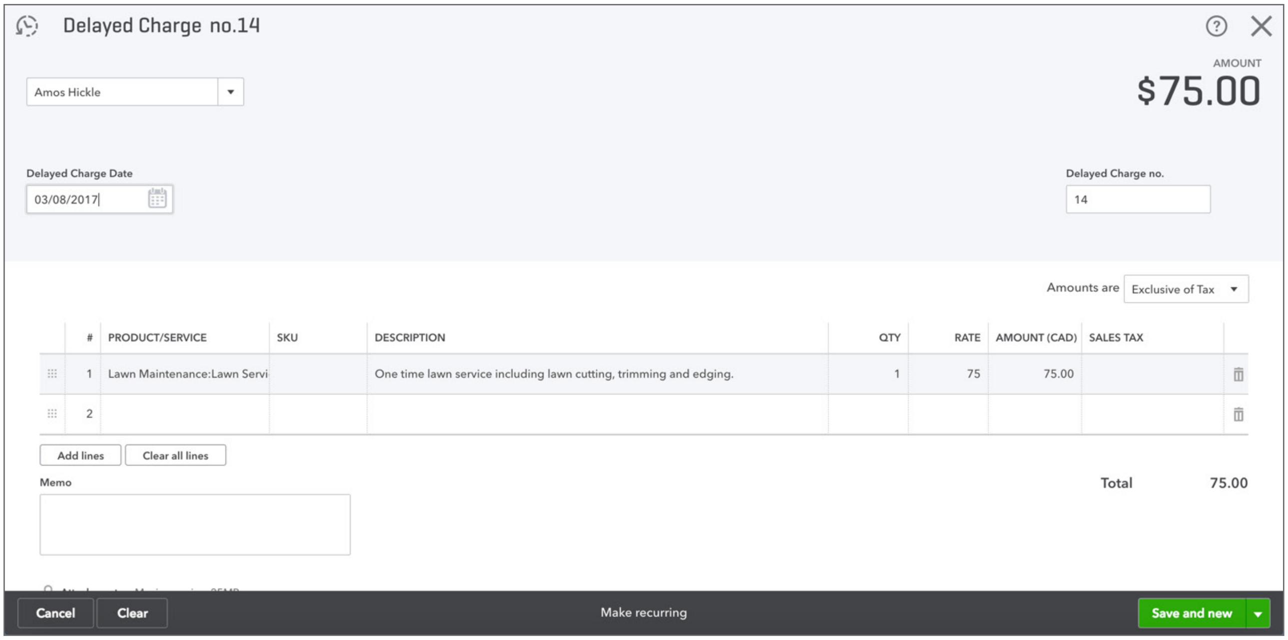
You will create charges over a period of time and add those charges to invoices at a later date.

NOTE Delayed charges are only available in the QuickBooks Online Plus version.

To create a Delayed Charge:

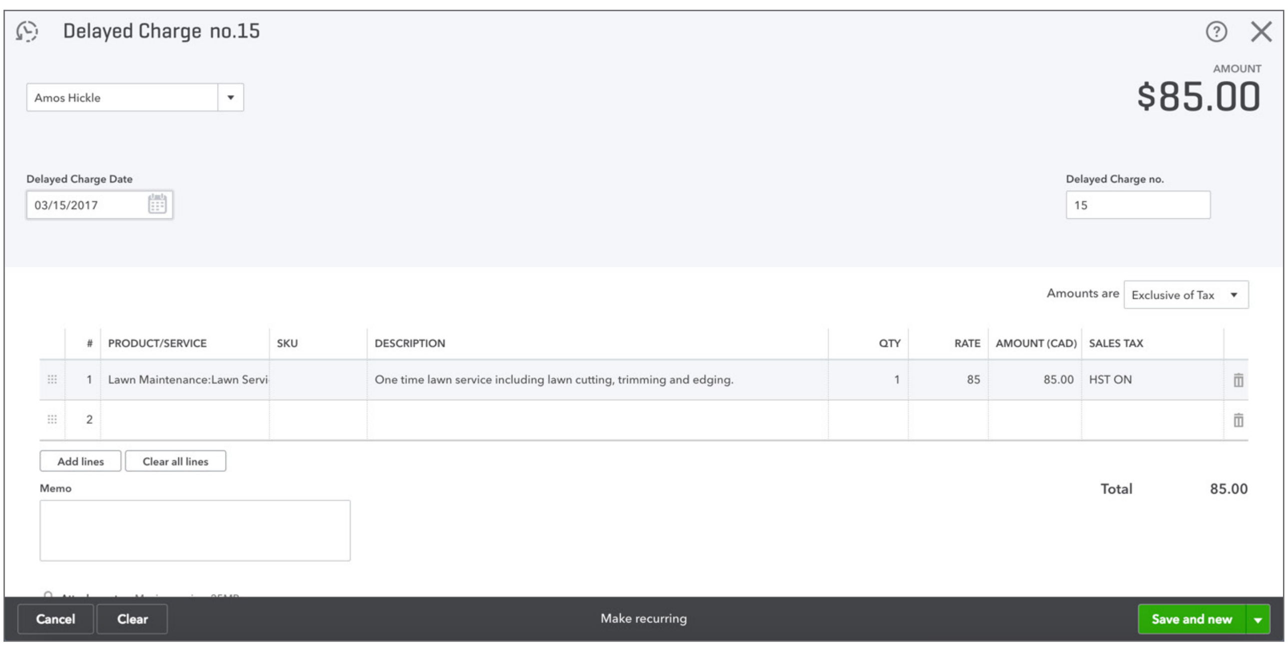
1. Click the **Create** icon.
2. Click **Delayed Charge**.

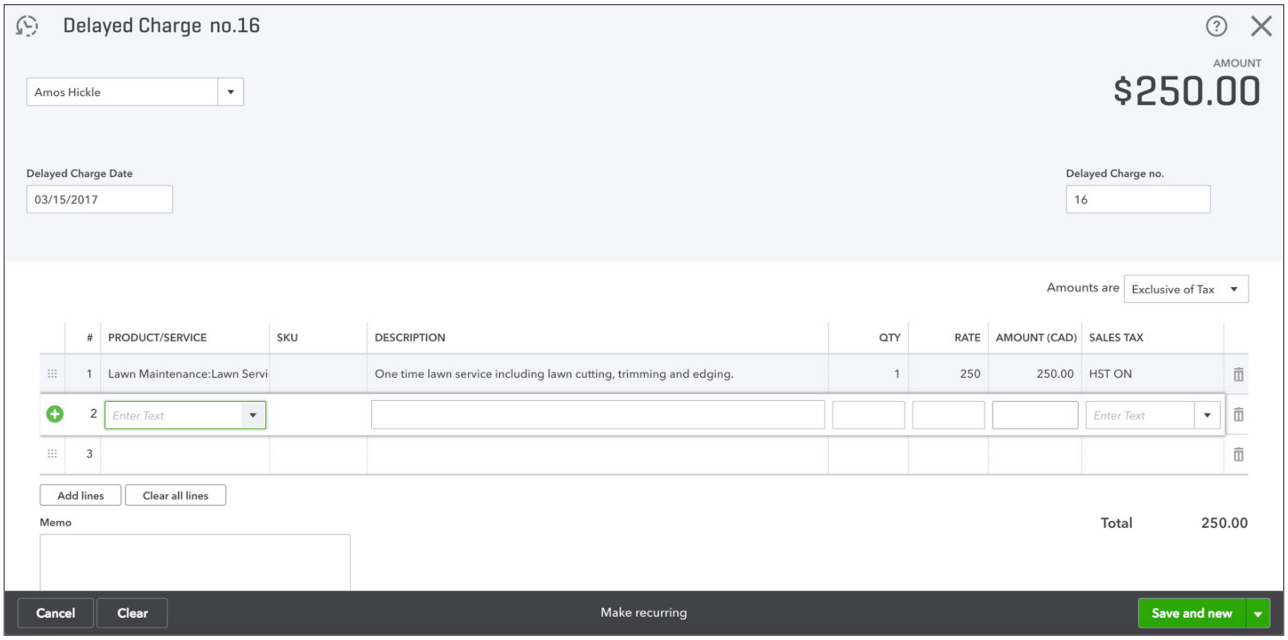
3. Complete the Delayed Charge form just like an invoice form.



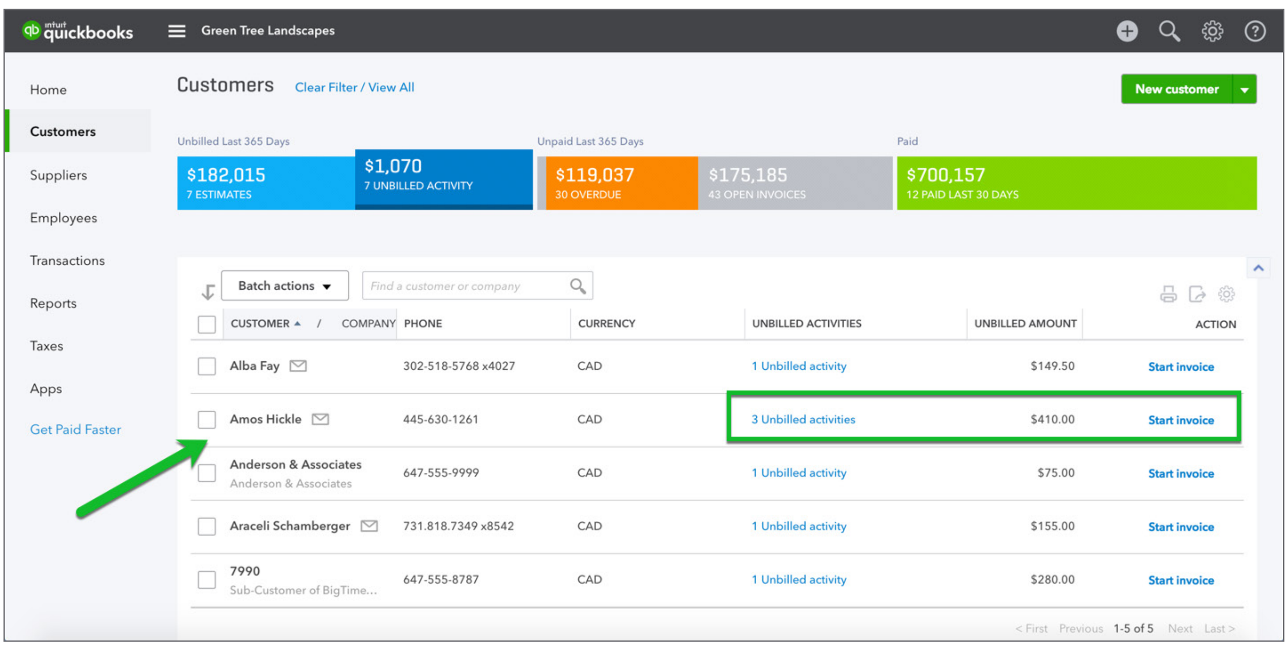
4. Click **Save**.

5. Repeat the process for each additional charge.





You can view the **Delayed Charges** on the Customer centre. Click the **Unbilled Activities** section.

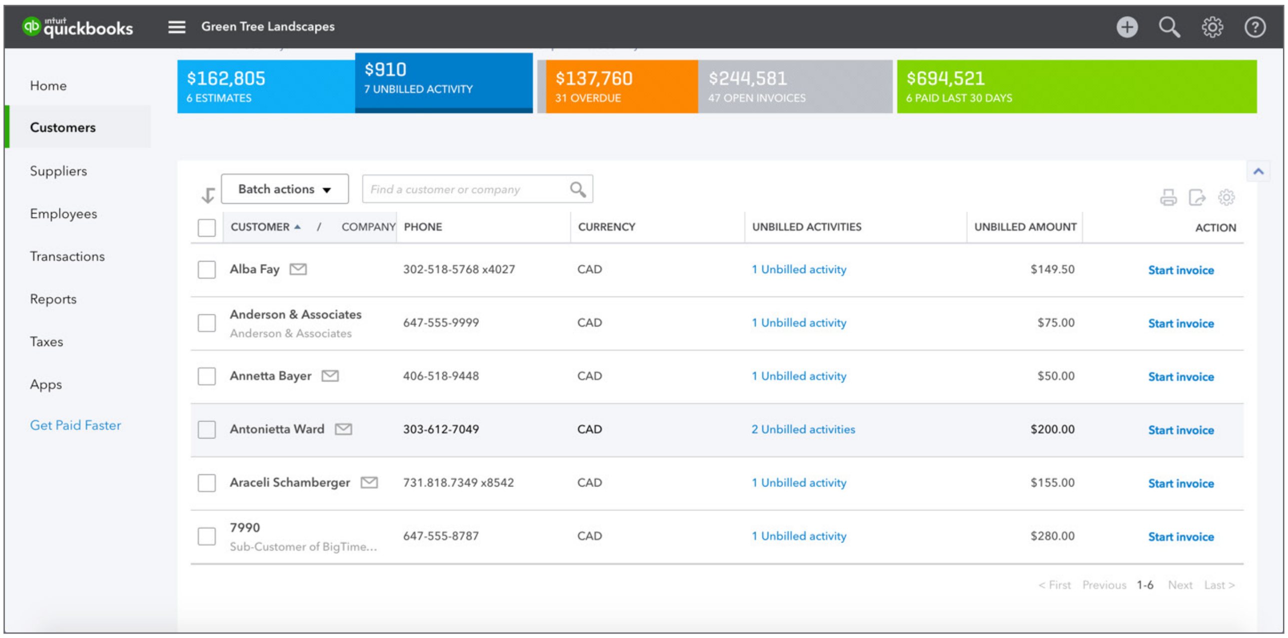


Create Invoices from Delayed Charges

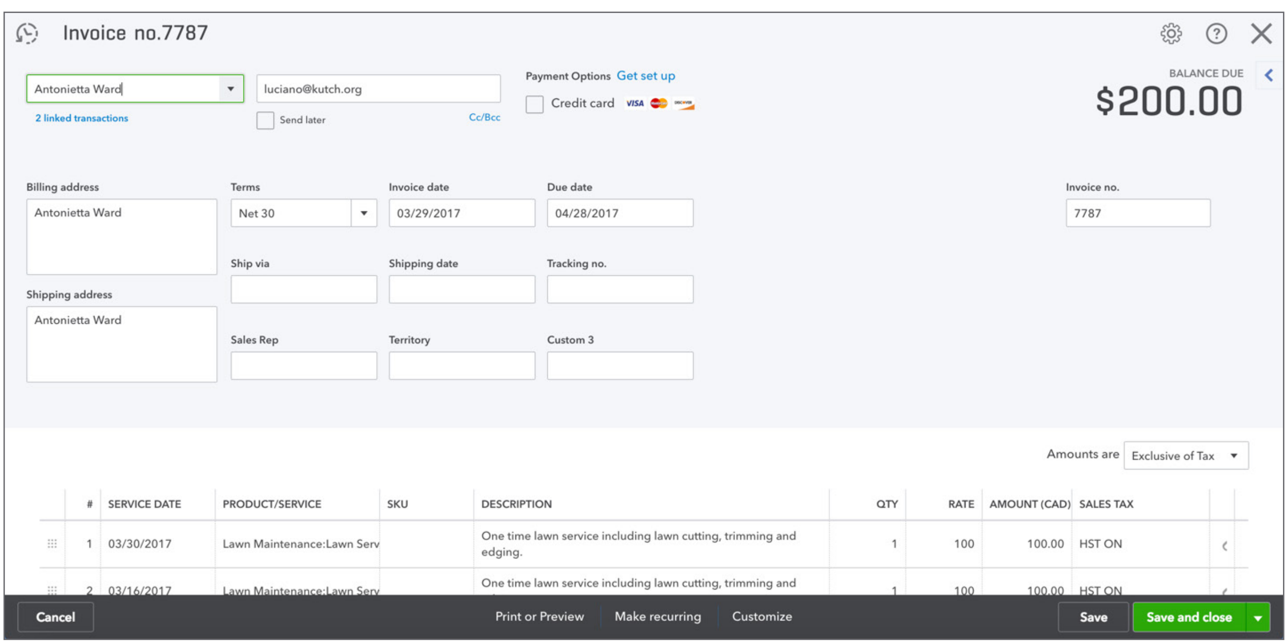
You can add as many delayed charges as you want over any period. You can transfer one or more delayed charge to an invoice. You can add delayed charges to invoices in two different ways.

Method #1 Customer Centre

1. Go to the **Customer** Centre.
2. Click **Unbilled Activities**.



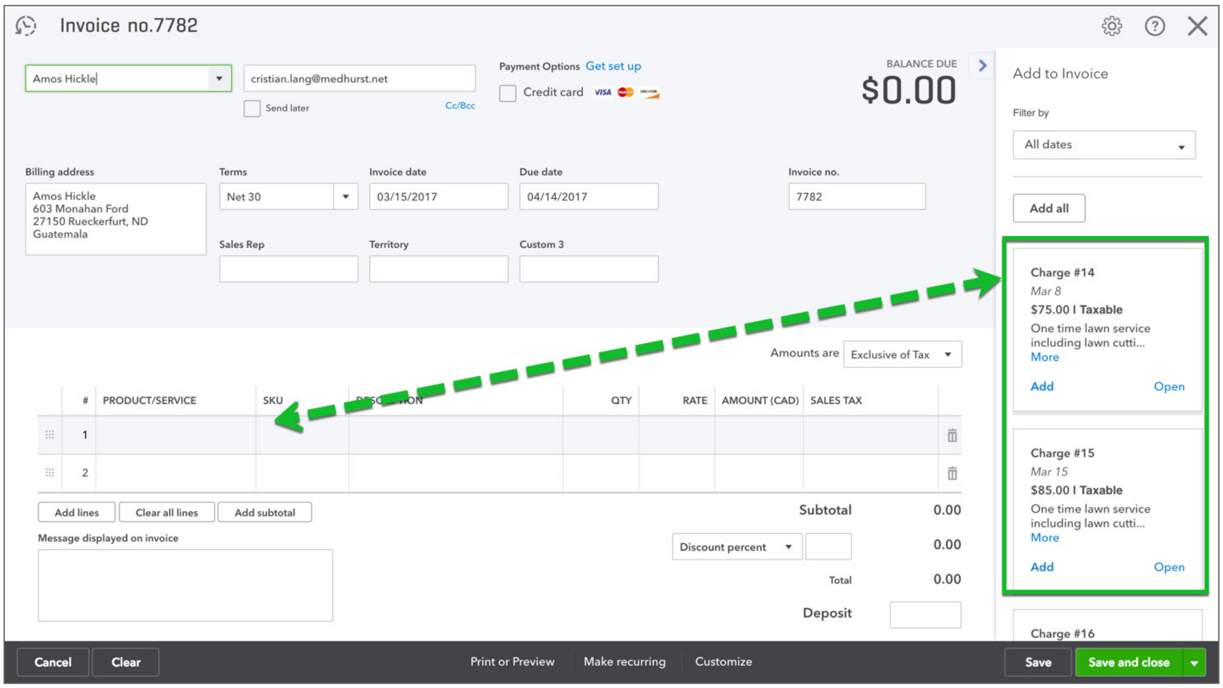
3. Click **Start Invoice.** QuickBooks transfers the information from the delayed charge to the invoice.
4. Click **Save**.



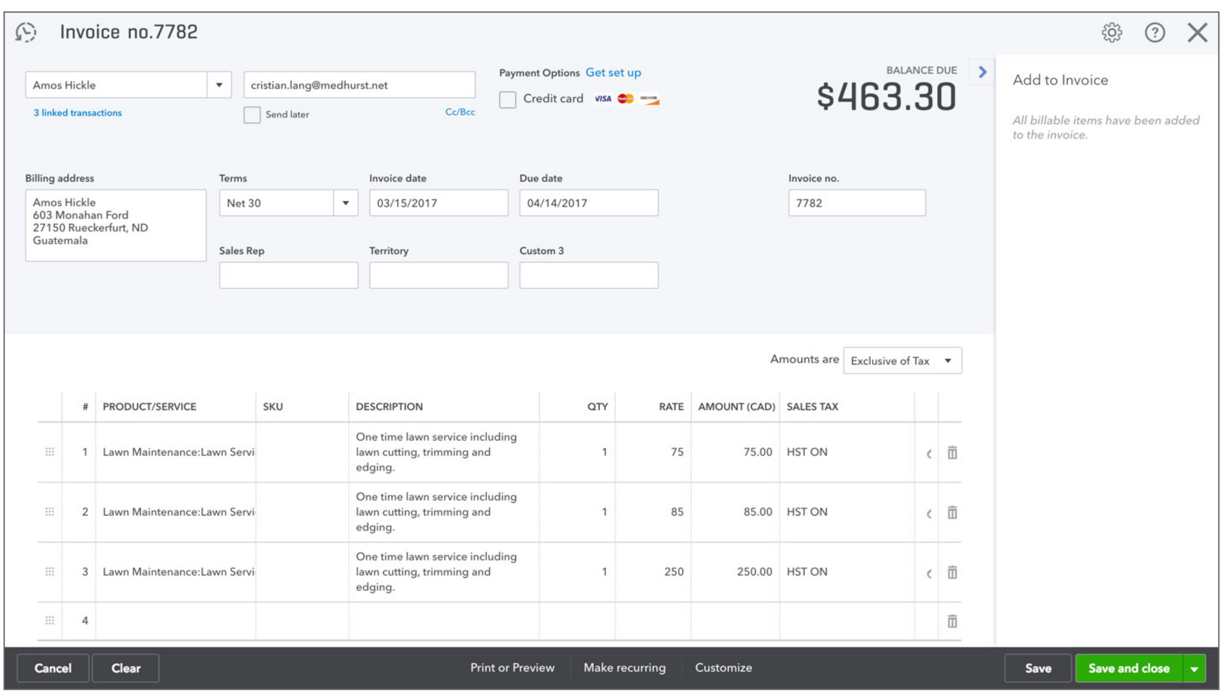
Method #2 Invoice

You can also transfer the delayed charge(s) directly from the invoice window.

1. Click **Create**.
2. Click **Invoice**.
3. Choose the **Customer** and then click Tab. QuickBooks immediately displays the outstanding **Delayed Charges** on the right-side of the **Invoice** window.



4. Edit the transaction as needed. Click **Save**.

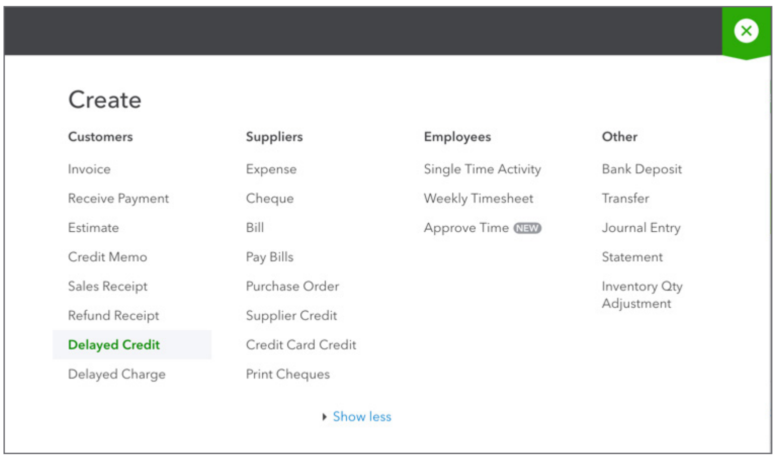


Delayed Credit

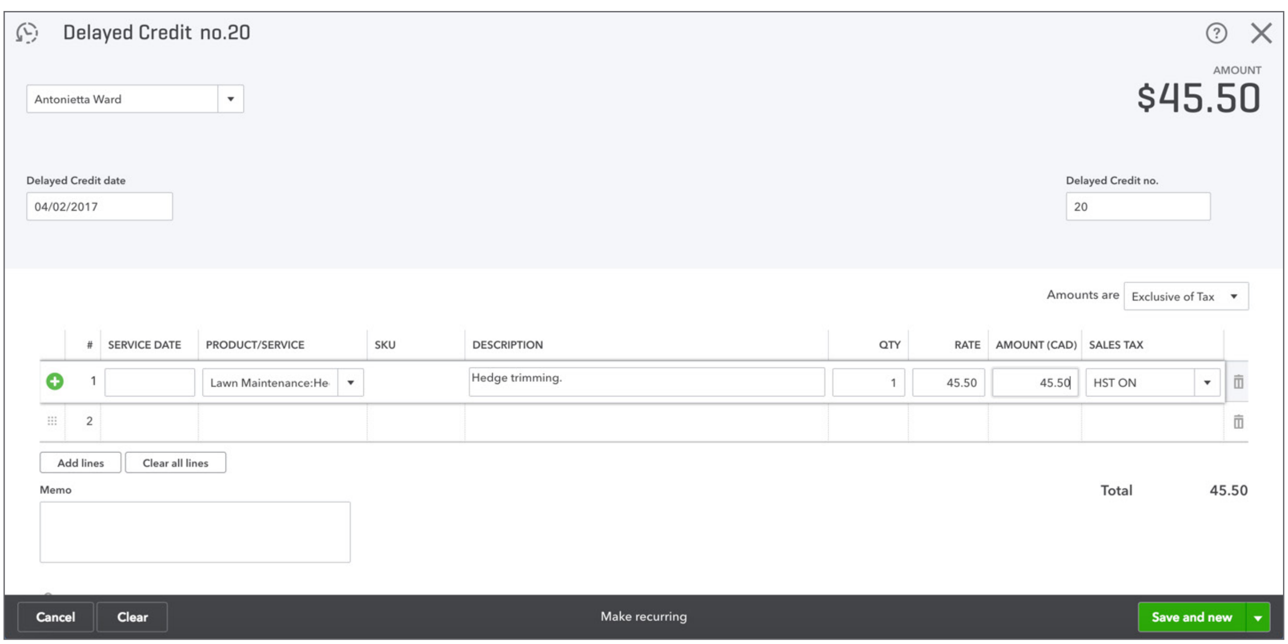
The delayed credit is like the Delayed Charge. It is a credit that can be applied at a later time. The delayed credit is also a non-posting transaction. This means that it will not post to an account until you apply the credit to a transaction.

To create a Delayed Credit:

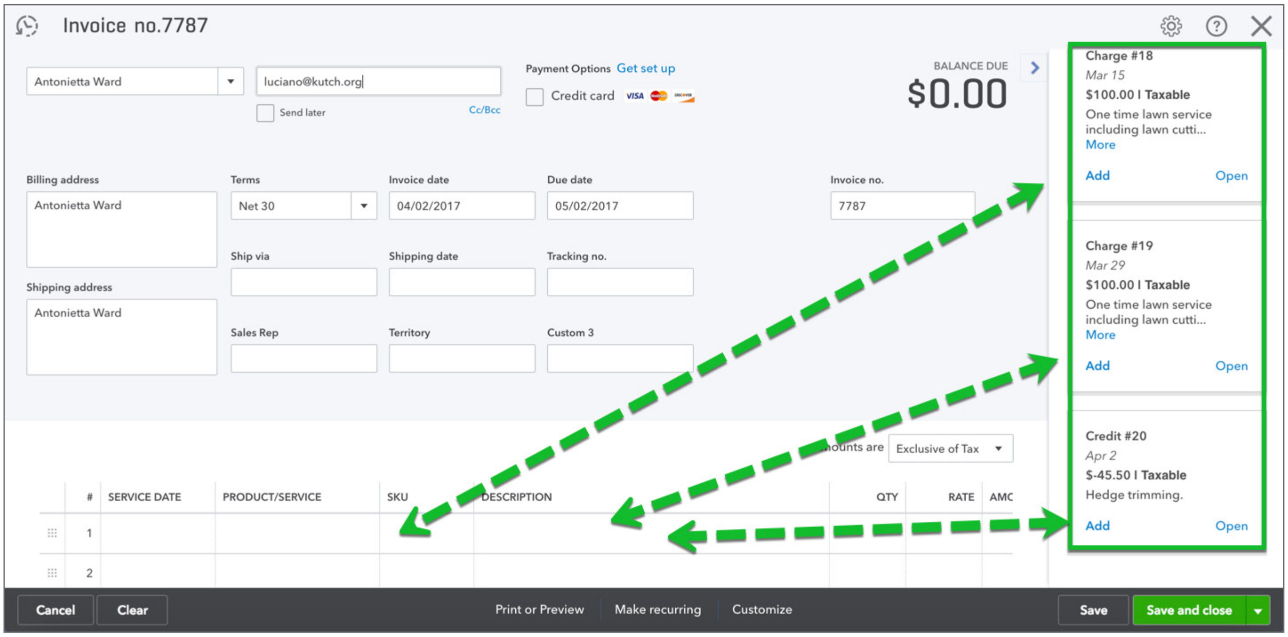
1. Click **Create**.
2. Click **Delayed Credit**.

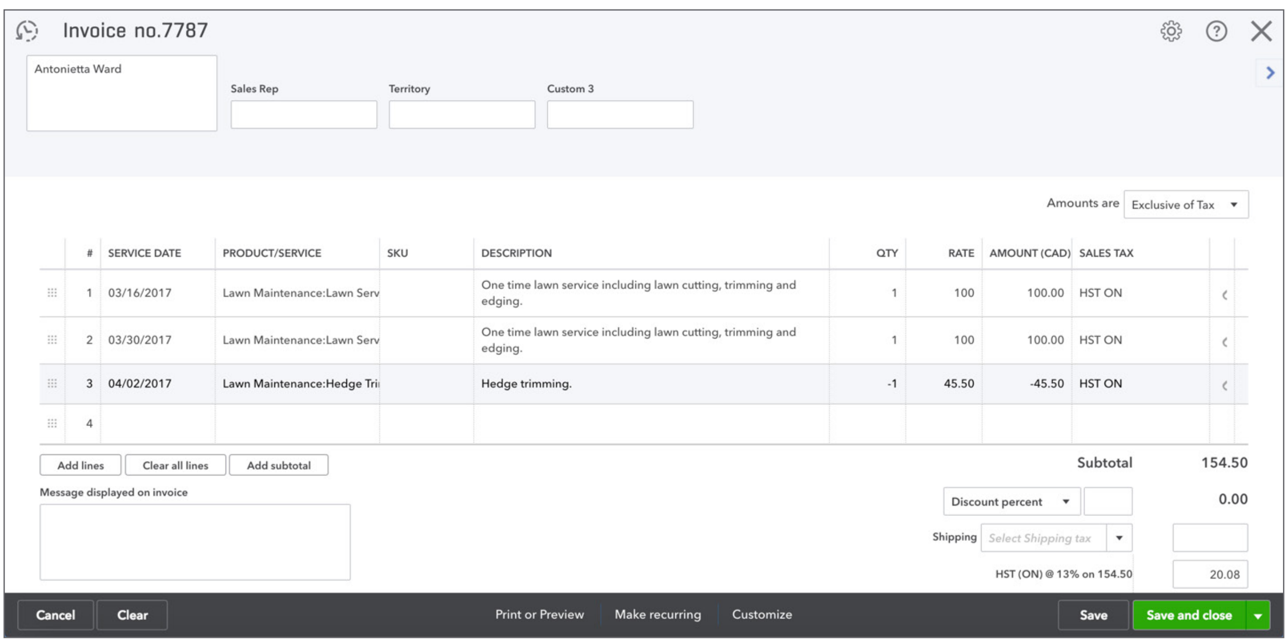


3. Complete the **Delayed Credit** like a **Delayed Charge**.
4. Click **Save**.



Follow the same instructions as above to transfer the delayed credits to the invoice.



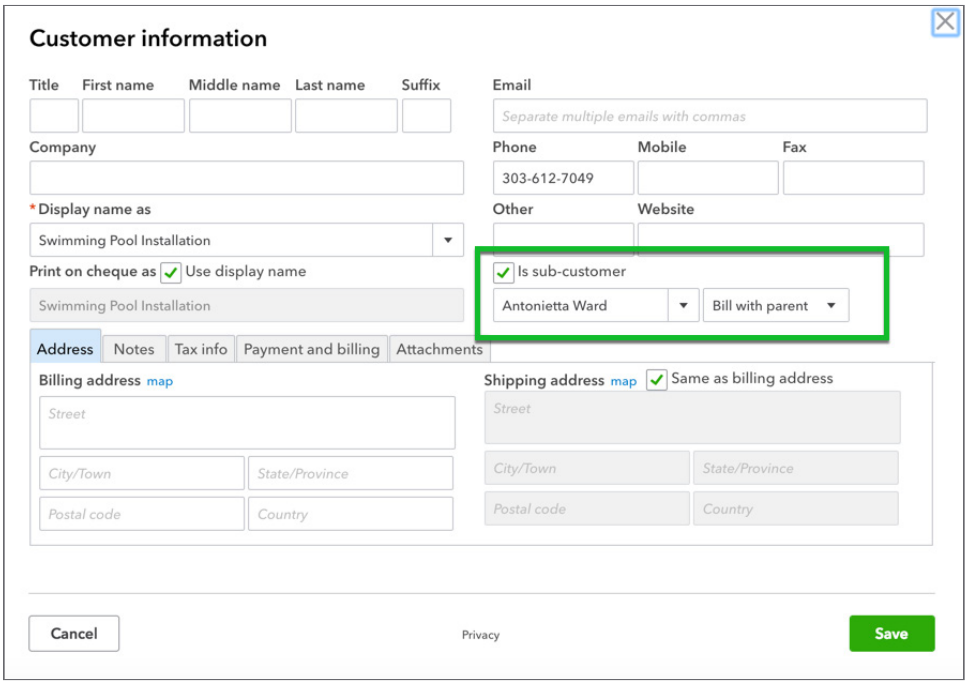


Sub-Customers

At times in your business, you may want to track more detail about customers. At times, you may work on different jobs, or projects for customers. QuickBooks lets you track the details of these customer projects using sub-customers. A sub-customer is a name linked to the customer.

As you create a sub-customer, QuickBooks will display the name indented below the “parent” customer on the customer centre. To create a sub-customer:

1. On the Customer centre, click **New**.
2. Add the sub-customer information just like you would enter for a regular customer.
3. Click **Sub-customer**.
4. Choose the parent customer.



Estimates & Quotes

An estimate is a description of work you can do or products you can provide for customers. QuickBooks refers to this as creating an estimate, but you can give the form your own title such as bid, grant, or proposal.

Writing an estimate is very similar to writing an invoice. You can:

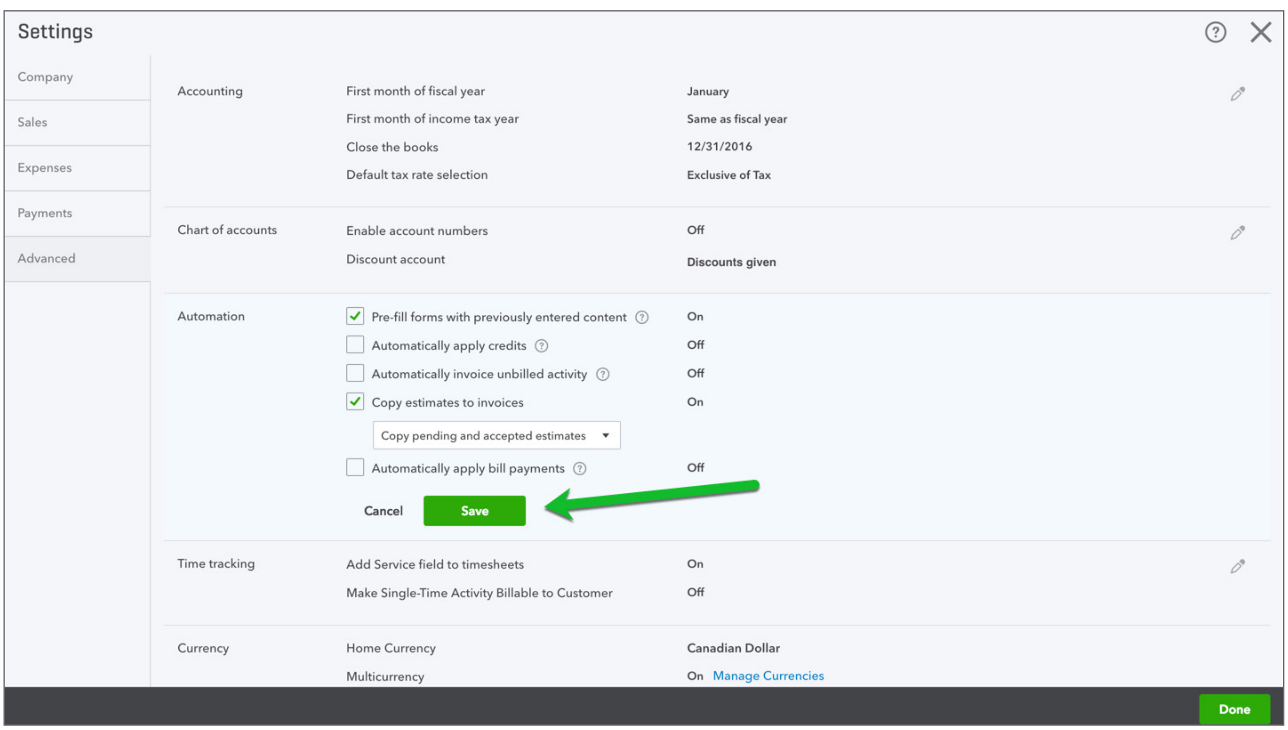
- Customize the headings, fields, and columns that appear on your estimates.
- Apply each estimate to a customer or job or apply multiple estimates to a job.
- Start with a blank estimate and enter items already on your Items list, or enter new items as you write. You can also start with a saved estimate (recurring transaction) that is partly filled in. Making an estimate a recurring transaction is useful if your estimates often contain the same information.
- Modify an existing estimate anytime and resubmit it to your customer.

- E-mail the estimate to your customer directly from QuickBooks.
- Turn the estimate into an invoice (after the customer accepts your estimate), modifying it as necessary.

> **NOTE** Progress invoicing is not available in QuickBooks Online. You cannot transfer partial amounts from estimates to invoices by percentages or amounts. You can only transfer one estimate at one time to one invoice.

To use estimates in QuickBooks you should review the Company Settings related to Estimates:

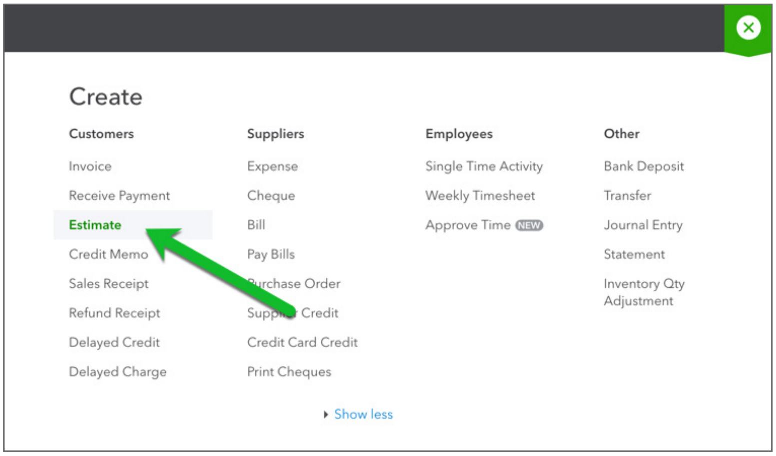
1. Click **Gear** icon.
2. Click **Company Settings** and then click **Advanced**.
3. Click **Automation**.
4. Select the option; Copy estimates to invoices. You can choose:
    - **Copy pending and accepted estimates**—this means that you can copy both statuses of estimate including pending and accepted estimates.
    - **Copy accepted estimates only**—this means that to copy an estimate to an invoice, that a user in QuickBooks must mark the estimate as accepted. This is one of the statuses available to choose on the estimate form.



5. Click **Save**.

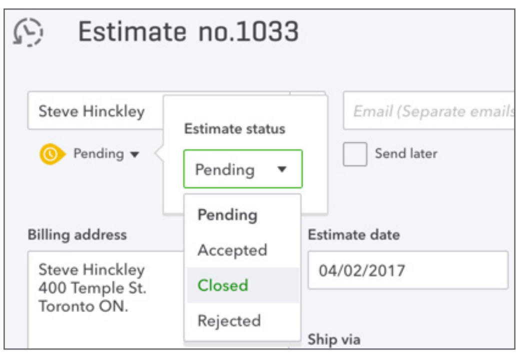
Creating Estimates

You can create estimates in a similar way to invoices. Click the Gear icon and then click Estimates.



1. Enter the **Customer** name.

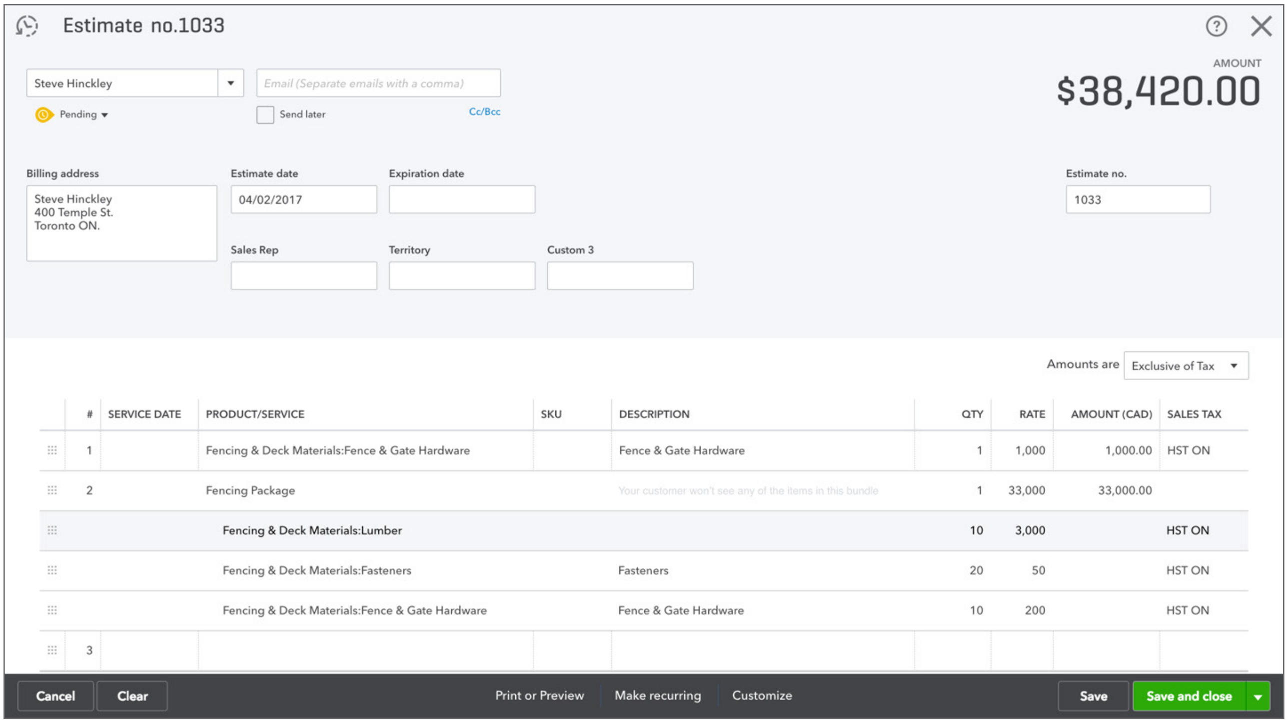
2. Choose the **Status** of the estimate from the drop-down menu below the customer name.



3. Enter the **Date**.

4. In the body of the estimate add the **Products/services** you're selling to the customer.

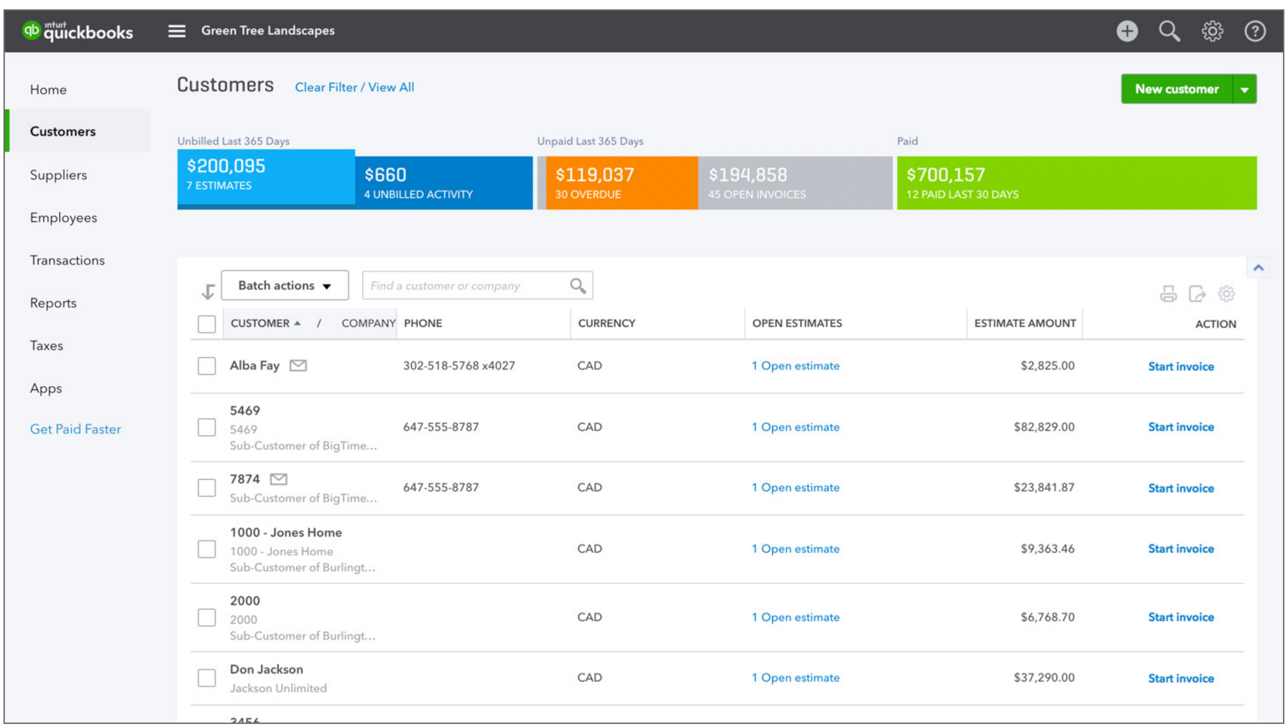
5. Enter the **Description**, **Quantities**, **Amounts** and **Sales Tax**.



6. Click **Save**.

Reporting on Estimates

You can view the open estimates on the **Customer** centre. Click **Estimates**.



Run a report on estimates:

1. Click **Reports**.
2. Click **Review Sales**.
3. Click **Estimates by Customer**.

Green Tree Landscapes

ESTIMATES BY CUSTOMER
All Dates

DATE	#	ESTIMATE STATUS	EXPIRATION DATE	INVOICE #	AMOUNT
Alba Fay					
11/22/2016	1006	Pending			2,825.00
Total for Alba Fay					$2,825.00
BigTime Construction					
7874					
12/06/2...	1012	Pending			23,841.87
Total for 7874					$23,841.87
Total for BigTime Construction					$23,841.87
Burlington Home Builders					
1000 - Jones Home					
01/26/2...	1022	Pending			9,363.46
Total for 1000 - Jones Home					$9,363.46
2000					
01/26/2...	1024	Pending			6,768.70
Total for 2000					$6,768.70
Total for Burlington Home Builders					$16,132.16

Copying Estimates to Invoices

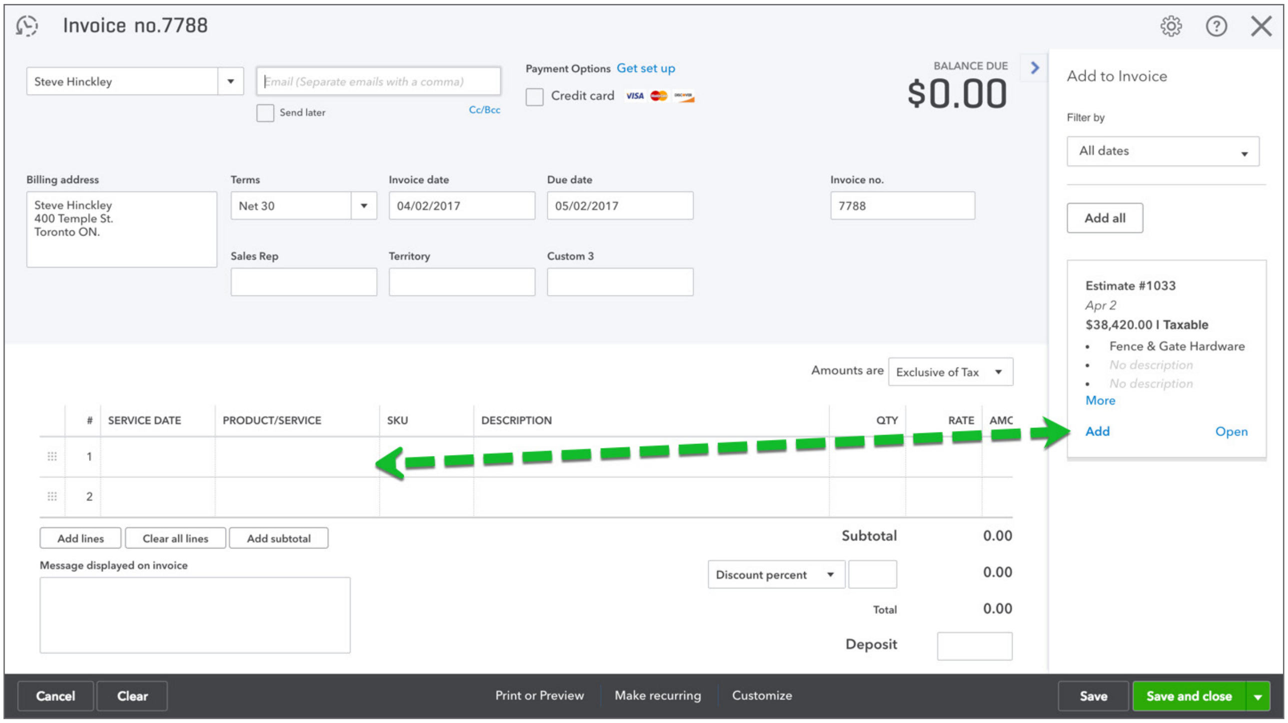
After you've created estimates and delivered the product and services to the customer, you can copy the estimate information directly to the invoice.

NOTE This process can only happen one time. QuickBooks will copy the entire estimate to the invoice.

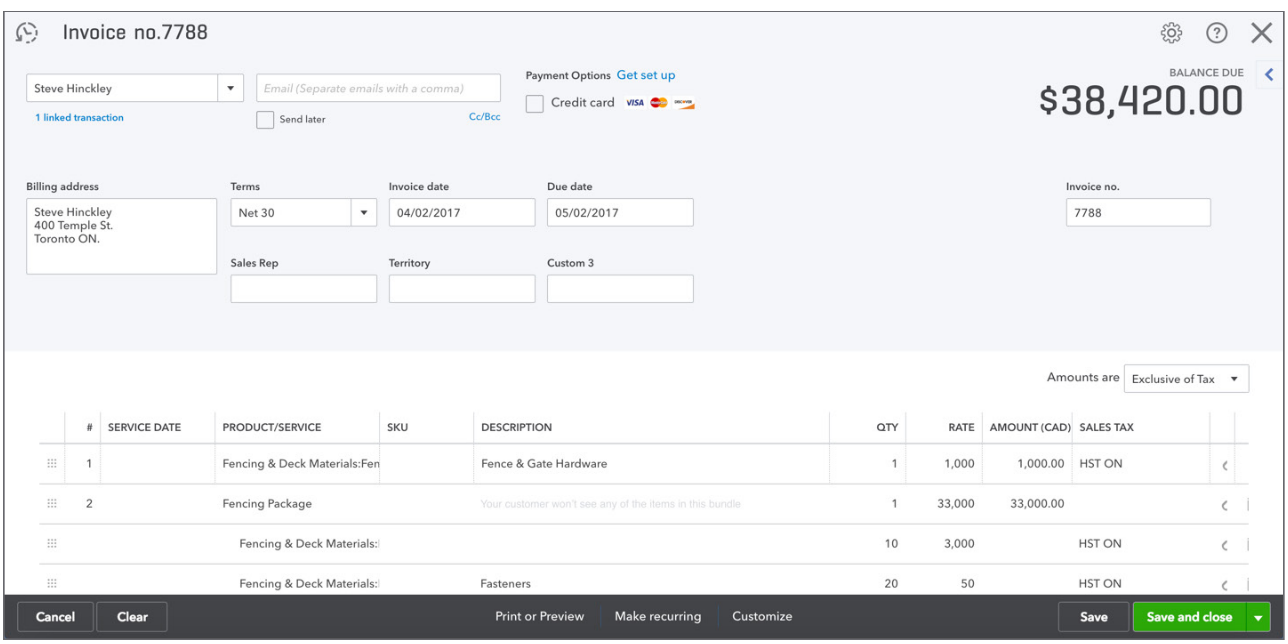
To copy an estimate to an invoice:

1. Click **Create**.
2. Click **Invoice**.
3. Choose the customer and then press tab. QuickBooks display the open estimates in the right-side of the Invoice window.

4. Click **Add** or **Add all** to the estimates you want to copy across.



NOTE QuickBooks copies the entire estimate across to the invoice. It closes the Estimate so that QuickBooks will no longer remind you to copy the estimate again.



Reimbursable Expenses

In some businesses, you may incur expenses that you will get reimbursed for by your customers. This is common in many types of services business like law firms, consulting firms, and other service professionals. Reimbursable expenses vary from business to business. i.e. A lawyer may seek reimbursement for laser copies, postage, delivery, etc.

For billable time: Record the hours spent on the job, using either a weekly timesheet or a single activity entry. Assign the hours to the customer or job (if you're tracking by job). Each entry will automatically be checked in the Billable column on the form.

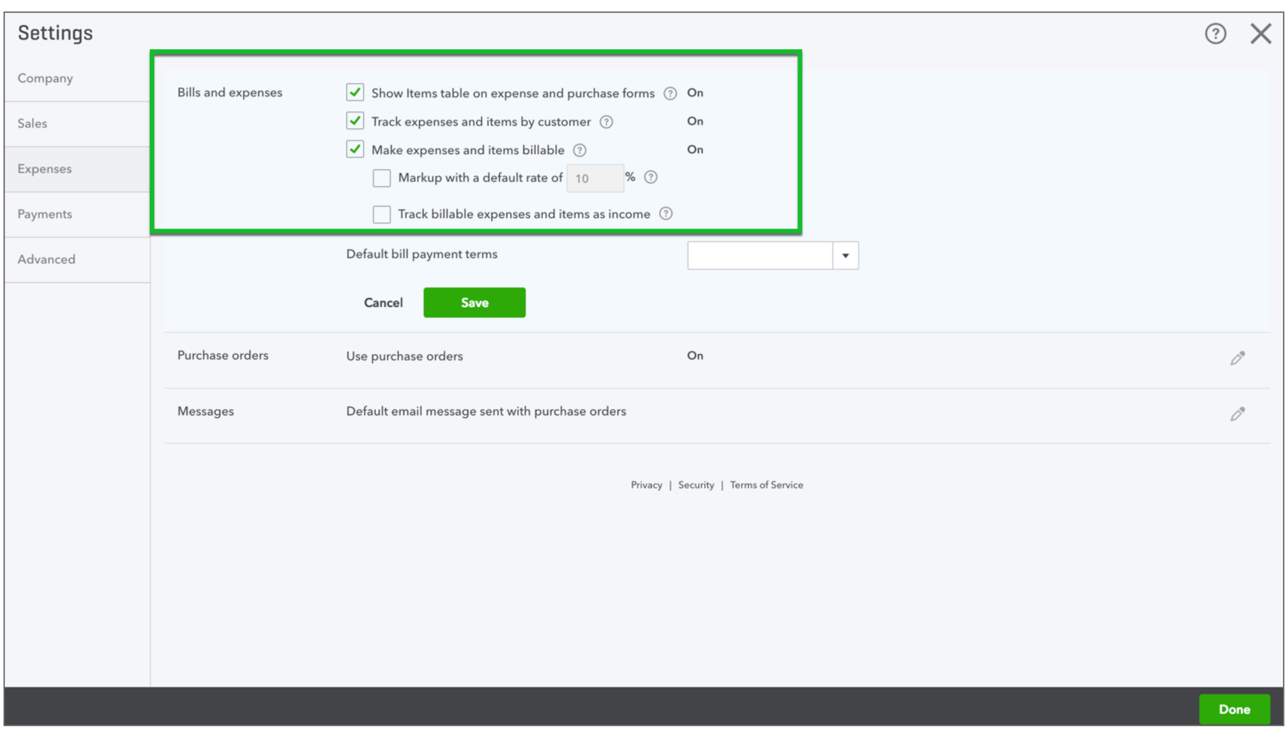
For job-related purchases: (items purchased for a job, subcontracted services) Use a bill, cheque, or credit card charge to record the purchase. On the Items tab, enter each item or service you purchased. In the Customer column, be sure to assign each item or service to the customer or job (if you're tracking by job).

For overhead expenses: Expenses not caused by any specific job (rent, office supplies, etc.) should not be assigned to a Customer:Job. However, you might still want to see these expenses on job costing reports. To do that, create a dummy Customer:Job called "Overhead" and then assign all of your overhead costs to that fake job.

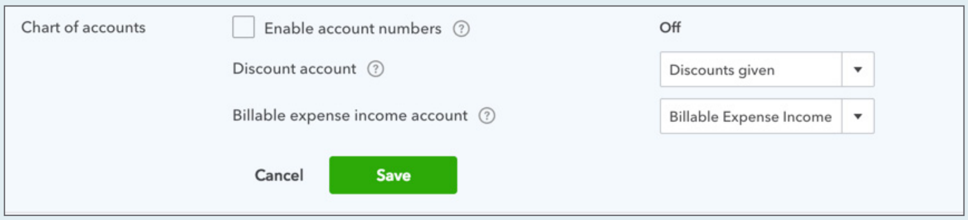
For other expenses: (freight charges, postage, etc.) Use a bill, cheque, or credit card charge to record the expenses. On the Expenses tab, enter each expense. In the customer column, be sure to assign each expense to the customer or sub-customer (if you're tracking by sub-customer).

To track reimbursable time and expenses you should review the Company Settings. Click the **Gear** icon and then click **Company Settings**. Click **Expenses**.

Select the option **Make expenses and items billable**.



NOTE Use one or more income accounts to track billable expenses. A Related setting can be added. Click **Advanced** and then click **Chart of accounts** and then choose Billable expenses income account.

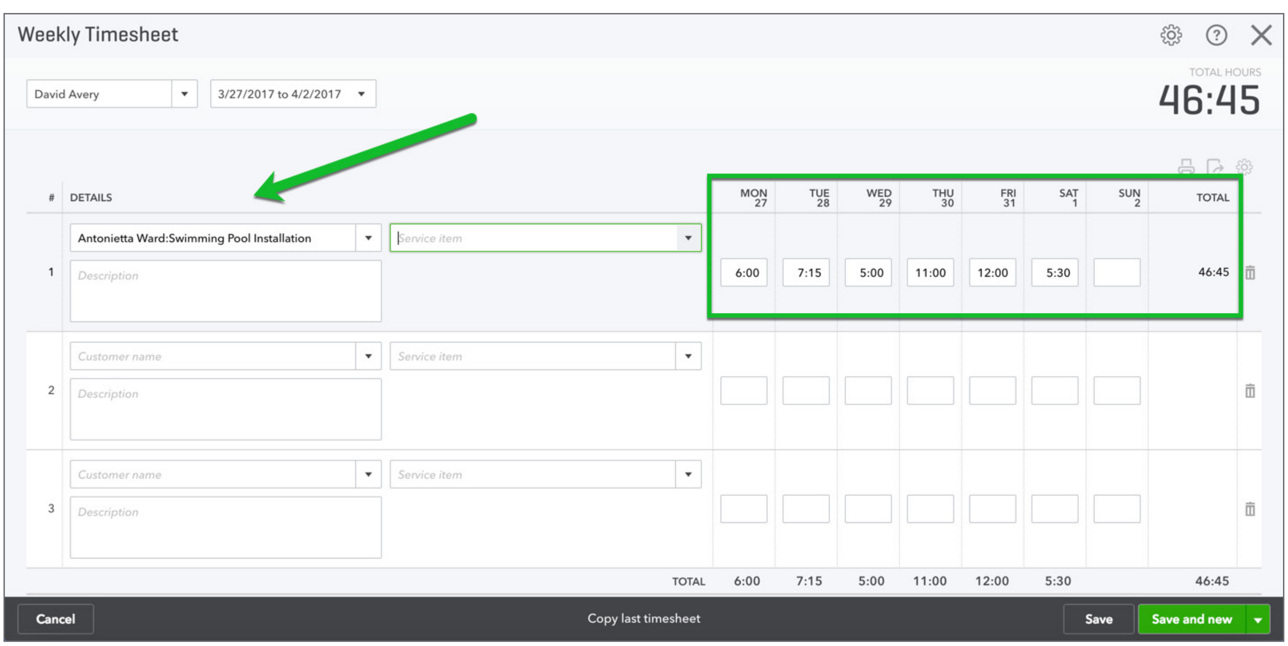


To track reimbursable expenses and time you can use one or more of the following transaction types:

- Weekly timesheets
- Single Time Activity
- Expenses
- Cheques
- Bills

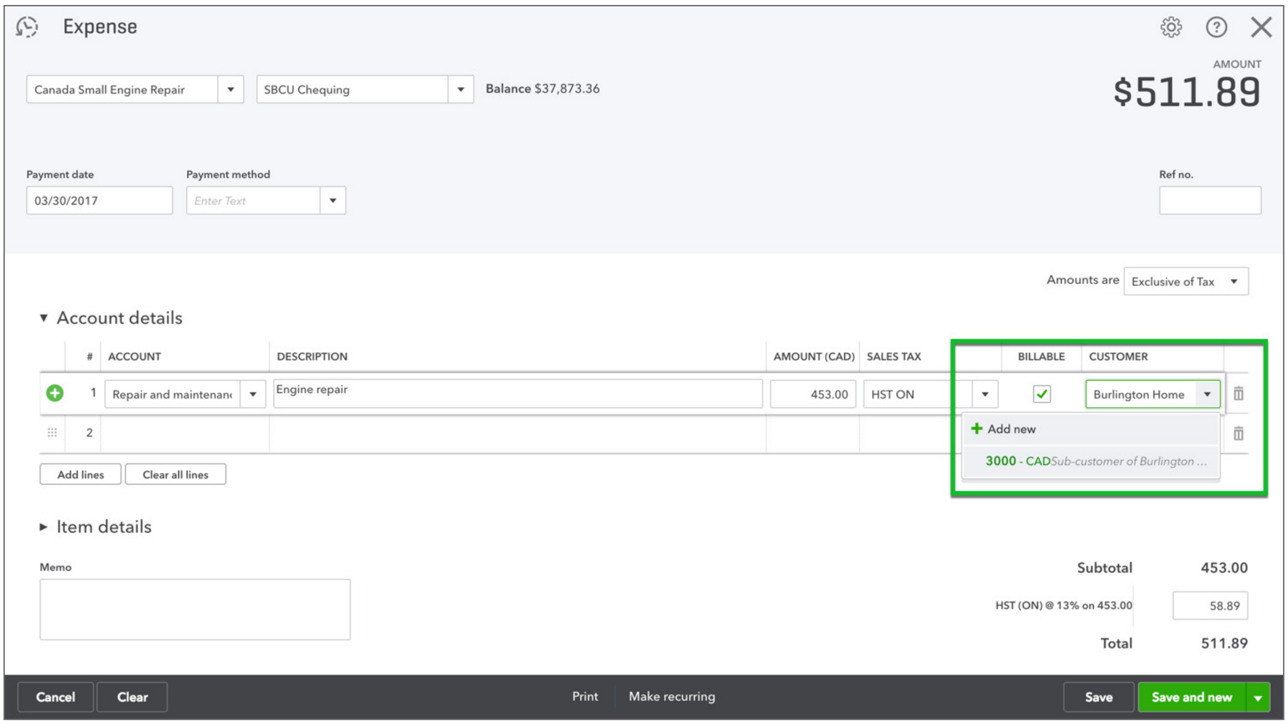
To track time to a sub-customer:

1. Click the **Create** icon.
2. Click **Weekly timesheet**.
3. **Add the employee or supplier name**.
4. Under the Details section choose the sub-customer to track the time.
5. Enter the hours in the appropriate column.
6. Click **Save**.



To track expenses to a sub-customer:

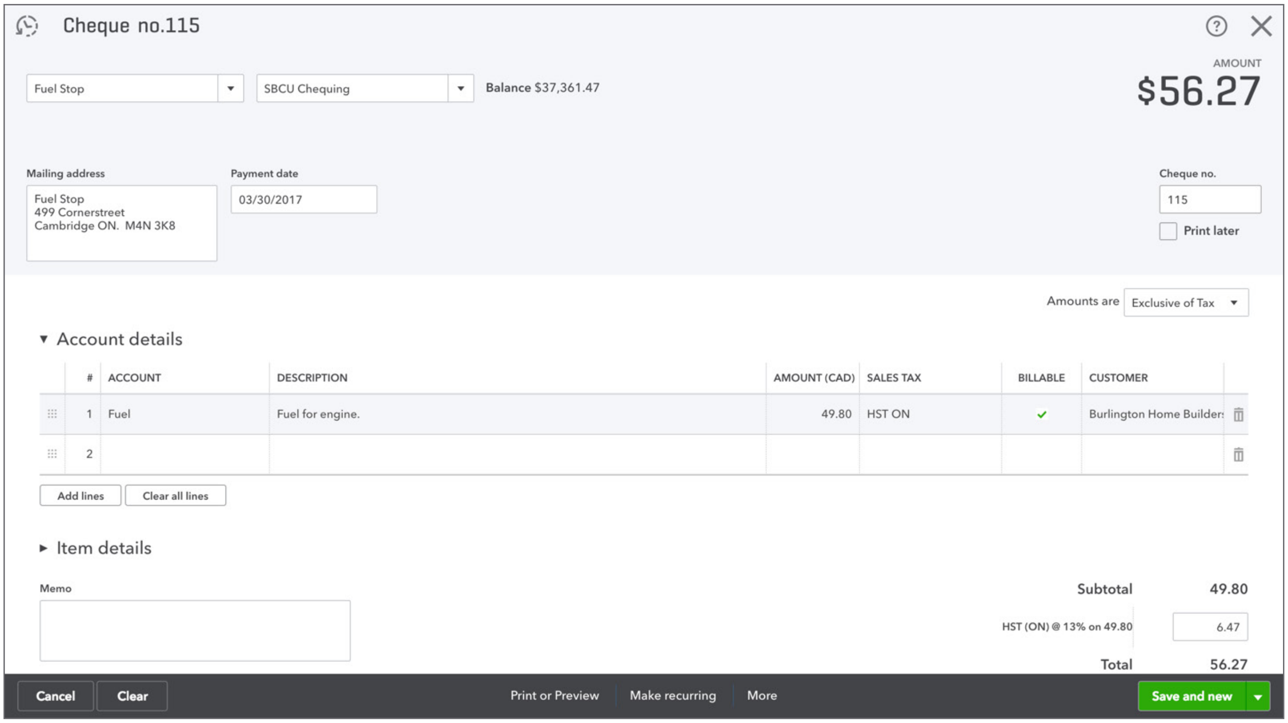
1. Click **Create**.
2. Click **Expense**.
3. Create the transaction as you normally would.
4. Add the name of the sub-customer to track the expense.
5. Click **Save**.



To track expenses on a cheque to a sub-customer:

1. Click **Create**.
2. Click **Cheque**.
3. Create the transaction as you normally would.
4. Add the name of the **sub-customer** to track the expense on the cheque.

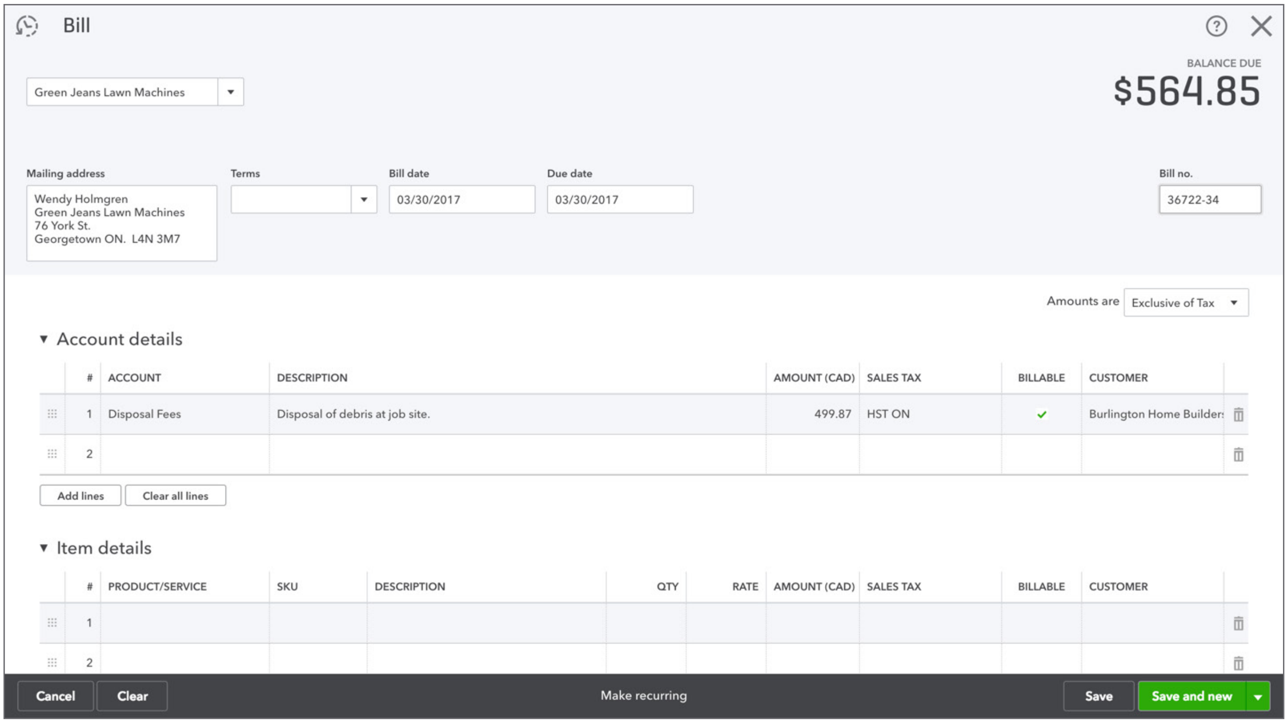
5. Click **Save**.



To track expenses from a bill to a sub-customer:

1. Click **Create**.
2. Click **Cheque**.
3. Create the transaction as you normally would.
4. Add the name of the **sub-customer** to track the expense on the cheque.

5. Click **Save**.



Transfer Billable Expenses and Time to Customer

After tracking time and expenses to a customer, you're now ready to issue an invoice that includes the reimbursable expenses. Create the invoice:

1. Click **Create**.
2. Choose the **Customer** and then press tab. QuickBooks displays the reimbursable expenses on the right-side of the QuickBooks window.

3. After completing the invoice as needed, select the reimbursable expenses on the right-side of the window to add them.