quickbooks

Lesson 8

Enter and Pay Bills

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About the Author

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Esther Friedberg Karp is an internationally renowned trainer, writer, business consultant and speaker who has been repeatedly listed as one of Insightful Accountant's Top 100 QuickBooks ProAdvisors in the world. She has also been named to their Top 10 list on two occasions: as Top International ProAdvisor and Top Trainer/Writer ProAdvisor.

Based in Toronto, Canada, Esther has the unique distinction of holding ProAdvisor certifications in the United States, Canada and the United Kingdom. She has authored materials and delivered educational and certification courses for Intuit in all those countries, as well as Australia where she conducted live QuickBooks Online training. She has spoken at Scaling New Heights, QuickBooks Connect and other conferences, and has written countless articles for Intuit Global.

Esther's clients include companies worldwide and accounting professionals who seek her out on behalf of their own clients. She is sought out for her expertise in multicurrency and various countries' editions of QuickBooks Desktop and Online, and for her talent in customizing QuickBooks usage for different industries. She also teaches QuickBooks Core and Advanced certification classes to accounting professionals in Canada.

Esther holds a BSc from the University of Toronto in Actuarial Science and Mathematics, and an MBA in Marketing and Finance from York University's Schulich School of Business.

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Lesson Objectives

- Discuss the different ways you can handle bills in QuickBooks

- Learn how to enter a bill in QuickBooks

- Use the Pay Bills window to pay a bill in QuickBooks

Use QuickBooks for Accounts Payable

Some business owners, especially if they own smaller, home-based businesses, pay their vendors' (suppliers') bills when they receive them. Most business owners, however, find it more convenient to pay bills less often. (They also like keeping the cash in the company for as long as possible.) If you don't plan on paying your bills right away, QuickBooks can help you keep track of what you owe and when you owe it.

The money you owe for unpaid bills is called accounts payable. QuickBooks uses the Accounts Payable account to track all the money you owe to suppliers/vendors. Like any QuickBooks balance sheet account, the Accounts Payable account has a register where you can view all your bills at once.

Step-by-Step: See the Accounts Payable Register

1. Once in Rock Castle Construction, from the Lists menu, choose **Chart of Accounts**.

2. Double-click **20000 Accounts Payable** in the list to open the register for that account (in other company files, in which account numbers are being used, or perhaps a different account number is used for this account, just be sure to double-click on the **Accounts Payable** account).

The register keeps track of each bill you have entered, shows you the due date and keeps a running balance of all the bills you owe. As a business owner, this helps you forecast your cash flow, and the QuickBooks Reminders system (found in **Company → Reminders**) helps you pay your bills on time.

3. Press **Esc** twice to close the open (Accounts Payable register and Chart of Accounts) windows.

NOTES

Enter Bills

When you receive a bill from a vendor, you should enter it into QuickBooks as soon as you can. This keeps your cash flow forecast reports up to date and doesn't give you the chance to set the bill aside and forget it.

Step-by-Step: Enter a Bill

1. From the Vendors menu, choose **Enter Bills** (or choose **Enter Bills** from the Home page).

2. In the Vendor field, enter the vendor name.

3. In the Date field, enter the date of the bill.

4. In the Ref. No. field, enter the bill number.

5. In the Amount Due field, type *1500*.

6. Enter the appropriate terms as well as any necessary memo information.

7. Use the **Expenses** tab to enter expenses from the bill and post them directly to expense accounts (you can use more than one line to refer to different types of expenses) and specify the dollar amount of each expense's line. The amounts should add up to the total amount due on the bill.

8. Click **Save & Close** to record the bill. (Note, if this were a vendor credit instead of a bill, you could click on the radio button next to **Credit** in the top right corner instead of Bill. This would issue a vendor credit, which, although all the numbers would appear positive as in the bill example above, would function as a "negative" bill.)

> **IMPORTANT:** *You can also enter bills and vendor credits directly in the Accounts Payable register, which may allow for faster data entry. However, this does not provide as much room for memos or allow for multiple expense accounts, job costing, or making the expenses billable to customers.*

NOTES

Pay Bills

When you start QuickBooks or open a QuickBooks company file, a Reminders window appears to tell you whether you have transactions to complete, such as bills to pay or money to deposit. (If you don't see the Reminders window, turn it on by choosing **Preferences** from the Edit menu, then choosing **Reminders**.)

You can display the Reminders window whenever you want by selecting **Company → Reminders**.

When QuickBooks tells you that there are bills due, you can display the Pay Bills window and select the bills you want to pay.

Step-by-Step: Pay a Bill

1. From the Vendors menu, choose **Pay Bills** (or click on **Pay Bills** from the Home page).

2. Ensure the Sort By order is by **Vendor**.

3. Check the boxes next to the bills you wish to pay. If you wish to pay a certain bill partially, you can overwrite the amount in the Amt. to Pay column on the far right. If you do not overwrite the Amt. to Pay figure for a bill, QuickBooks understands that you are paying the total amount outstanding for that bill.

4. Ensure you have the proper payment method settings selected (including **To be printed** if you're going to print the Bill Payment Checks), as well as the bank account (or credit card account, if you're paying by credit card) from which you want the bills to be paid.

5. Click **Pay Selected Bills**.

   In the next window, you can choose to pay more bills, print checks for the selected bills, or click **Done** to exit the module and print checks later (if you're paying by check).

If you're paying by manual check, instead of To be printed in the Pay Bills window, you would have selected **Assign check number**. In that case, you would see an Assign Check Numbers window in which you would assign the check numbers to the manual Bill Payment Checks you've recorded.

a. You can also click the **Print Checks** icon from the Banking section of the Home page to access your checks marked **To Print** in the check register.

b. Or to access your checks marked as **Print Later** in the Main tab of the ribbon (or with a check number of To print) when the Bill Payment Check is opened.
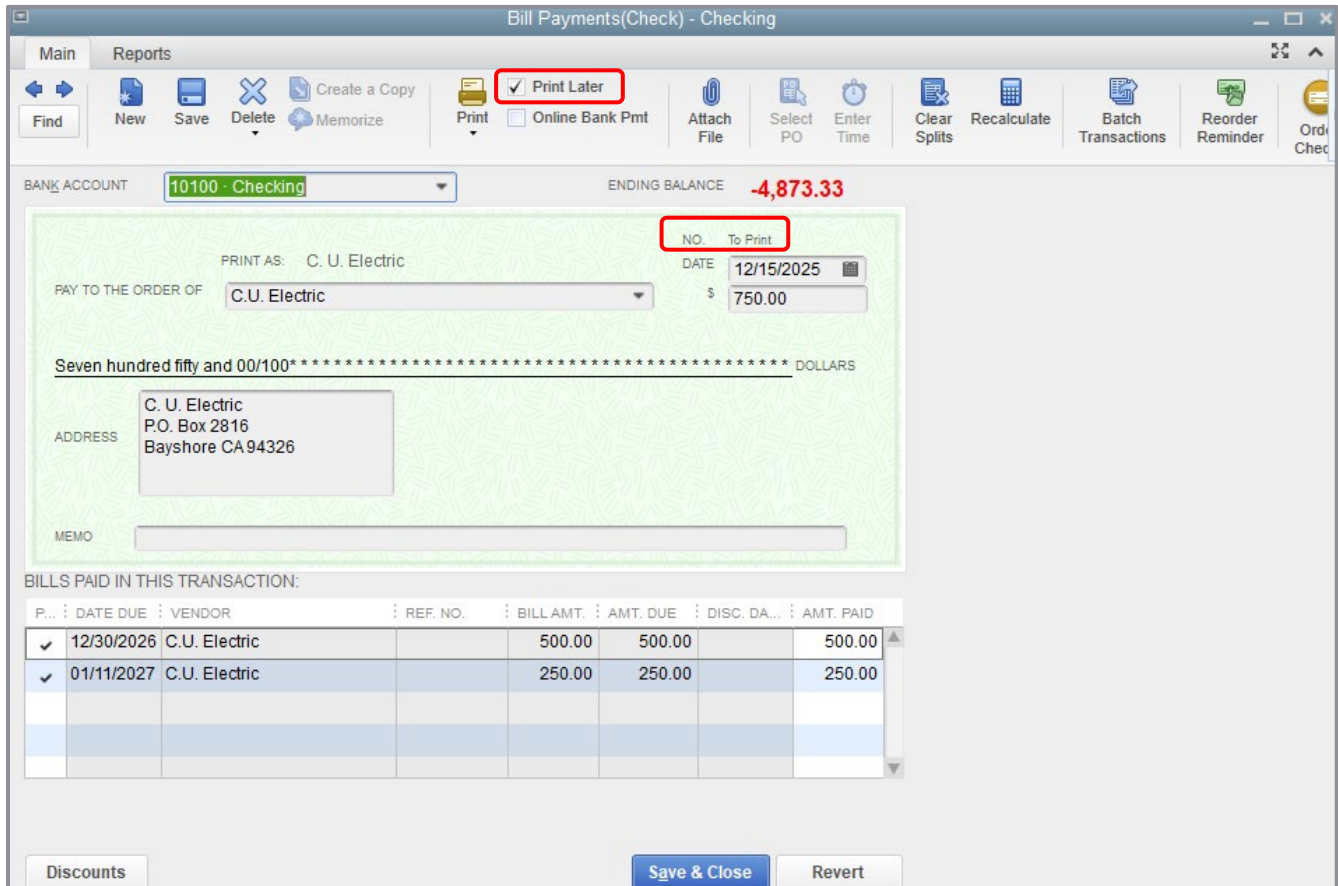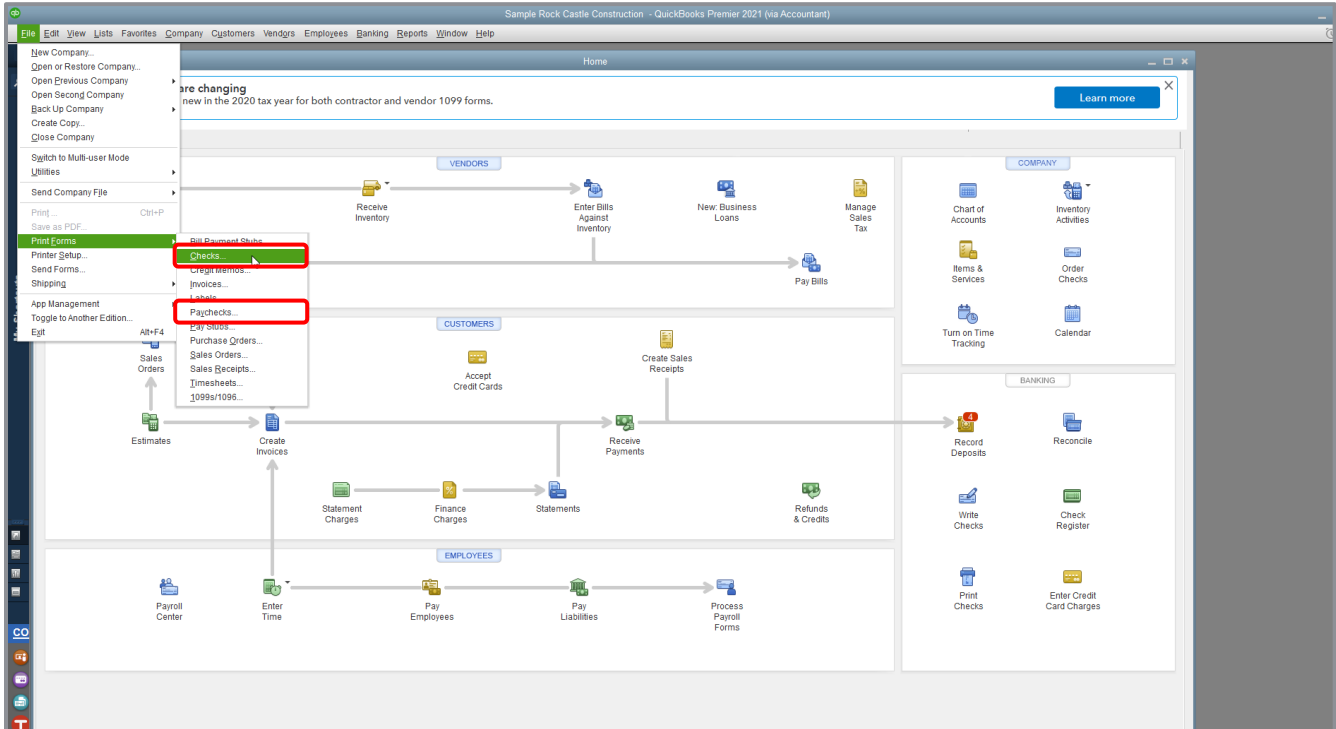
c. You can also print an individual check or batch of checks waiting to be printed by clicking on the drop-down under **Print** in an individual check.
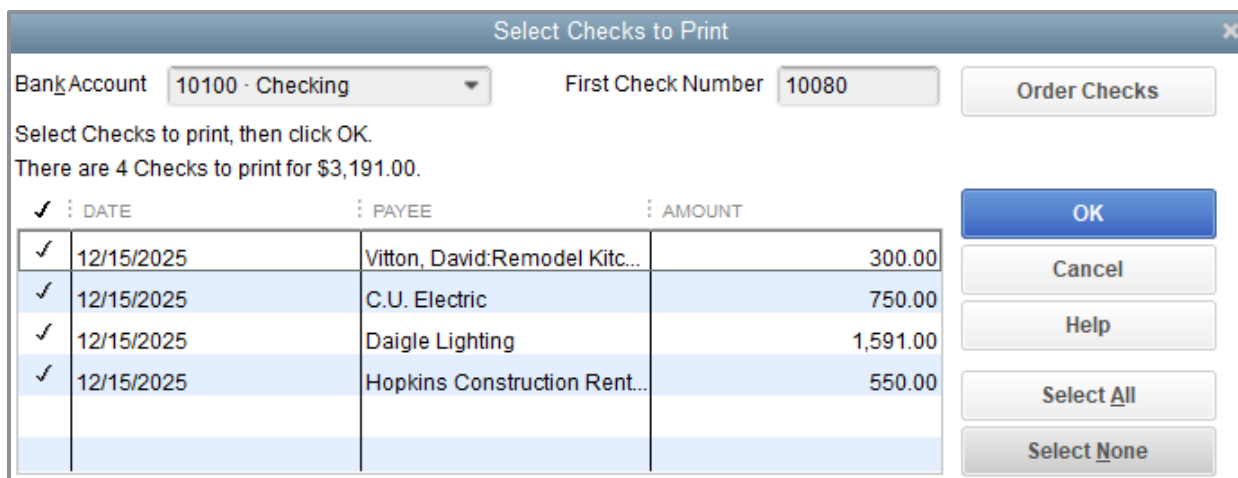
d. In addition, you can print any or all of the checks in the print queue at any time by selecting
    File → Print Forms → Checks (or **Forms → Paychecks** if you're using QuickBooks Payroll
   and printing paychecks).

e. You would select the desired Bank Account then place a checkmark next to the checks in the
    print queue.

NOTES

How QuickBooks Records Your Bill Payment

When you pay $1,500 on a bill through the Pay Bills window, QuickBooks makes an entry in the Accounts Payable register showing a decrease (debit) of $1,500 in total payables. It also creates a check (credit) from your chosen bank account to pay the bill. This is a special type of check called a Bill Payment Check.
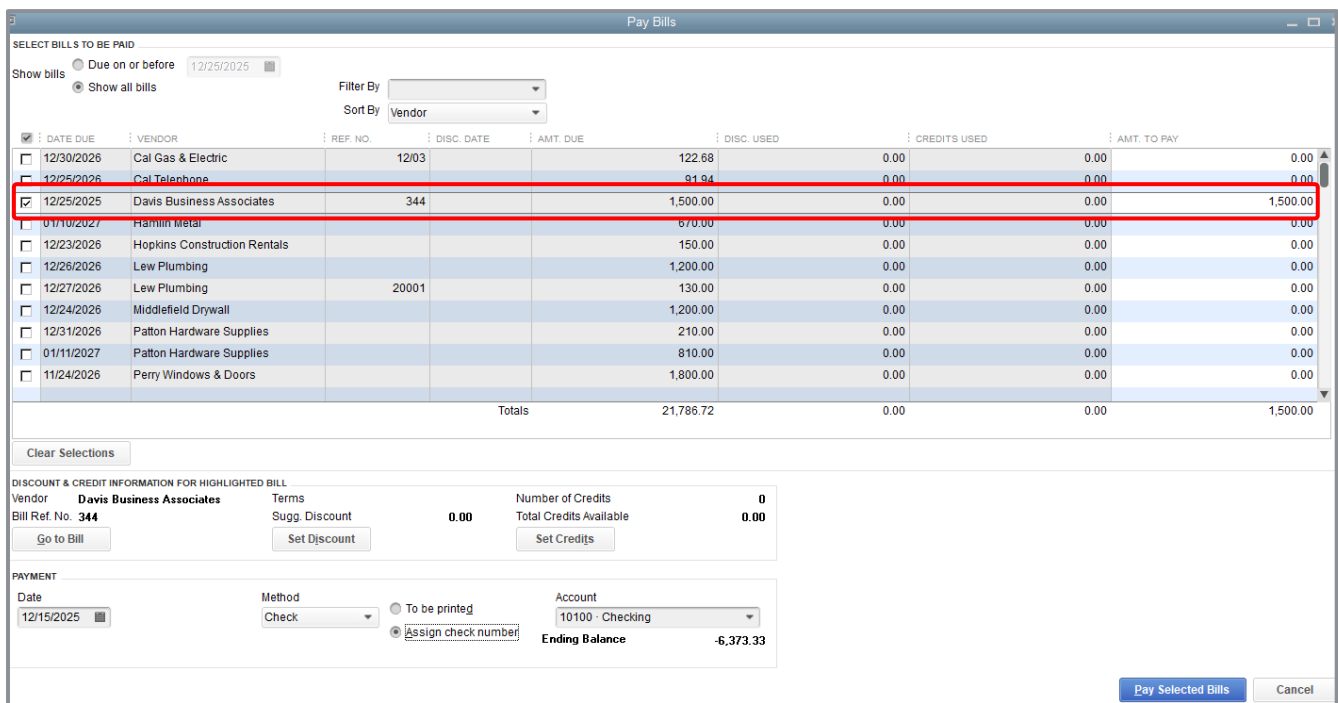
Similarly, if you are paying a bill using a credit card, it creates a payment (credit) from your credit card account to pay the bill. This is a special type of credit card charge called a Bill Payment Credit Card.

Step-by-Step: See the Entry in the Accounts Payable Register

1. From the Company menu, choose **Chart of Accounts**.

2. In the Chart of Accounts, double-click the **20000 Accounts Payable** account.

3. Close the Accounts Payable register.

Step-by-Step: See the Bill Payment Entry

1. In the Chart of Accounts, double-click **10100 Checking**.

DATE	NUMBER	PAYEE		PAYMENT	✓	DEPOSIT	BALANCE
	TYPE	ACCOUNT	MEMO				
12/15/2025	510	Timberloft Lumber		896.00			59,413.70
	BILLPMT	20000 · Accounts Payable	1890-76				
12/15/2025	511	East Bayshore Tool & Supply		696.52			58,717.18
	BILLPMT	20000 · Accounts Payable					
12/15/2025	512	Patton Hardware Supplies		400.00			58,317.18
	BILLPMT	20000 · Accounts Payable	RC 93				
12/15/2025	513	Timberloft Lumber		1,610.00			56,707.18
	BILLPMT	20000 · Accounts Payable	1890-76				
12/15/2025	514	Sloan Roofing		5,700.00			51,007.18
	BILLPMT	20000 · Accounts Payable					
12/15/2025	515	Vu Contracting		1,000.00			50,007.18
	CHK	54000 · Job Expenses:54500 · Subcontractors					
12/15/2025	516	State Board of Equalization		1,629.27			48,377.91
	TAXPMT	-split-	ABCD 11-234567				
12/15/2025	1111	Davis Business Associates		1,500.00			46,877.91
	BILLPMT	20000 · Accounts Payable					
12/15/2025	10073	Dan T. Miller		1,299.60			45,578.31
	PAY CHK	-split-					
12/15/2025	10074	Elizabeth N. Mason		907.92			44,670.39
	PAY CHK	-split-					
12/15/2025	10075	Gregg O. Schneider		1,033.98			43,636.41
	PAY CHK	-split-					
12/15/2025	10076	Dan T. Miller		1,350.15			42,286.26
	PAY CHK	-split-					

Splits

1-Line

Sort by   Date, Type, Number/Ref ▼

ENDING BALANCE   **-6,373.33**

Record   Restore

2. Select the Bill Payment (**BILLPMT**) transaction you wish to view.

3. Double-click on the transaction or highlight it, then click **Edit Transaction** on the toolbar.

4. You can edit the transaction or click **Save & Close**.

● Here is an example of *only one* bill owing being paid:

● Here is an example of *more than one* bill being paid:

● And finally, here is an example of one of the bills being *partially* paid. The open balance (i.e., the unpaid portion of the bill) will be displayed in Accounts Payable reports as well as the Pay Bills window.

💡 **IMPORTANT:** *You can also open, view or edit this transaction by opening it in the same fashion from the Accounts Payable register.*

NOTES

Enter and Pay Bills – Review Questions

1. You use the _____ account to track money you owe to vendors.

2. List the two steps involved in using the accounts payable features in QuickBooks:

   f. _____

   g. _____

3. When you make a payment (from the checking account) in the Pay Bills window, you can see the transactions in the _____ and _____ registers.

4. True or false: When tracking accounts payable in QuickBooks, the Enter Bills window is the only place you can enter bills and vendor credits.

   a. True

   b. False

5. You paid a vendor $1,000 through the Pay Bills window (using the Checking account). QuickBooks automatically creates a journal entry that:

   a. Deletes the bill

   b. Shows $1,000 as a credit in Accounts Payable and $1,000 as a debit in the Checking account

   c. Shows $1,000 as a debit in Accounts Payable and $1,000 as a credit in the Checking account

   d. Shows $1,000 as a debit in Accounts Payable and $1,000 as a credit in Accounts Receivable

Review Activities

Use Rock Castle Construction (sample product-based company) to do these activities:

1. Write a check to a vendor assigning the amount to more than one expense account.

2. Enter a bill in the Enter Bills window then view the bill transaction in the Accounts Payable register.

3. Pay the bill using the Pay Bills window.

Answers to Review Questions

1. You use the *Accounts Payable* account to track money you owe to vendors.

2. List the two steps involved in using the accounts payable features in QuickBooks:

   a. ✓ *Enter bills*

   b. ✓ *Pay bills*

3. When you make a payment (from the checking account) in the Pay Bills window, you can see the transactions in the *Checking* and *Accounts Payable* registers.

4. True or false: When tracking accounts payable in QuickBooks, the Enter Bills window is the only place you can enter bills and vendor credits.

   a. True

   b. ✓ *False*; *you can also enter bills and vendor credits directly in the Accounts Payable register, which may allow for faster data entry.*

5. You paid a vendor $1,000 through the Pay Bills window (using the Checking account). QuickBooks automatically creates a journal entry that:

   a. Deletes the bill.

   b. Shows $1,000 as a credit in Accounts Payable and $1,000 as a debit in the Checking account.

   c. ✓ *Shows $1,000 as a debit in Accounts Payable and $1,000 as a credit in the Checking account.*

   d. Shows $1,000 as a debit in Accounts Payable and $1,000 as a credit in Accounts Receivable.