

QuickBooks Online

Expense and Purchase Transactions



This training manual includes Account & Settings information.



Please note: Included with your QuickTune is the set-up of your Account & Settings as needed for your business.

Expense and Purchase Transactions

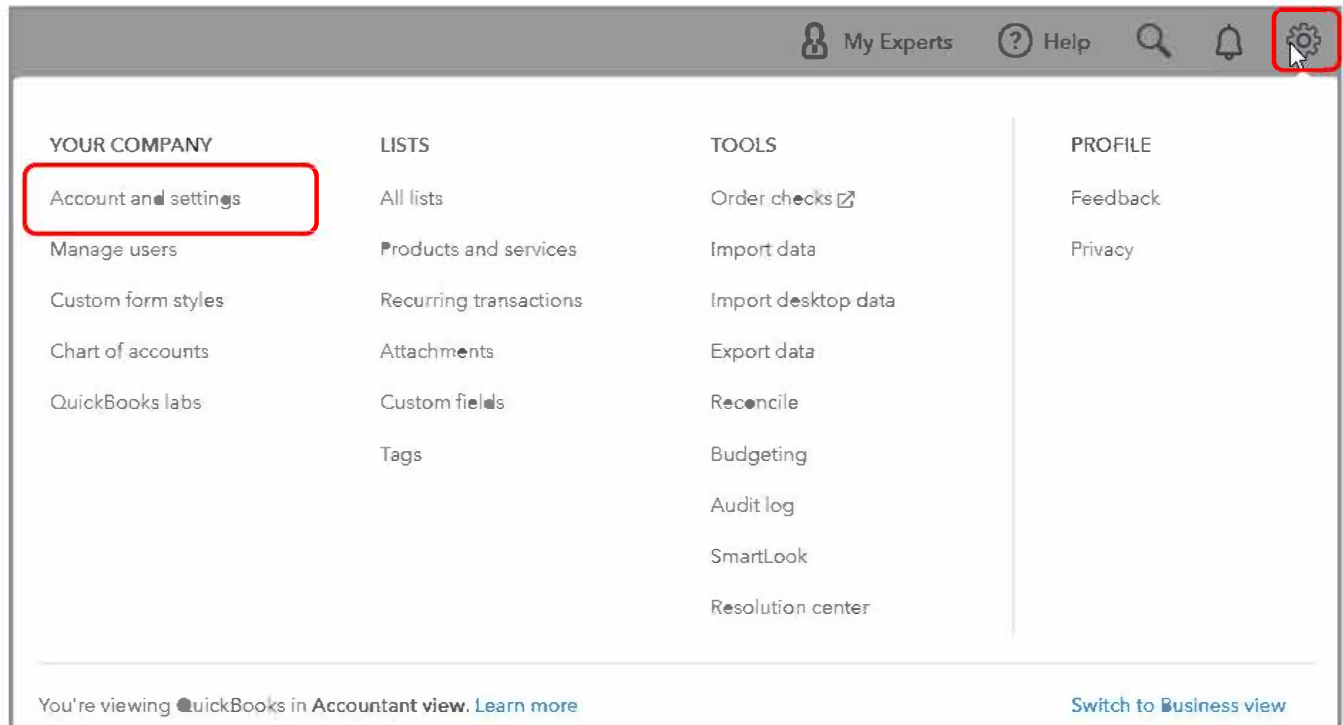
All these transactions types relate to monies going out. Most of these transactions can be launched from more than one access point, whereas others can be launched only from one.

- **Bill** is a transaction you enter when you receive a bill from a vendor but want to pay it later. A bill will increase accounts payable and generally increase expenses. This is available in Essentials, Plus and Advanced only.
 - **Expense** is a way to enter cash, check or credit card purchases all in one window. (Note that you cannot print checks that were entered from the Expense window.)
 - **Checks** are a way to enter transactions that reduce your bank account. You can assign check numbers for manual checks or checks that have already been printed. Or you can set checks to **print later** and print them when you're ready.
 - **Bill payment** is a transaction used to pay the bills entered. A bill payment reduces accounts payable and can be from a bank or credit card account. This is available in Essentials, Plus and Advanced only.
 - **Purchase order** is a non-posting transaction used to tell a vendor you want to order goods or services. This is available in Plus and Advanced only.
 - **Vendor credit** is used to record either a refund or return from a vendor that reduces accounts payable. This is available in Essentials, Plus and Advanced only.
 - **Credit card credit** is a transaction that records a credit card refund from a vendor
-

APPROPRIATE EXPENSE-RELATED SETTINGS

Account and Settings

Click the **gear** icon and choose **Account and Settings** under Your Company.



There are several tabs down the left side to set the preferences you want to use with the company file. There is a separate tab for Expenses, but there are also expense-related settings included in the Advanced tab.

NOTE: In an actual QuickBooks Online company (as opposed to the test drive company below), you would see more tabs down the left side.

Click **Expenses**. The Bills and expenses preferences allow you to use items on expense and purchase forms (in addition to general ledger accounts), track purchases by customer and mark them billable. You can also define the default bill payment terms.

There is also a place to set up the default email message sent with purchase orders.

NOTE: Your subscription level determines whether you can use some of these features. For example, purchase orders can only be used in QuickBooks Online Plus and Advanced.

The screenshot displays the 'Account and Settings' window in QuickBooks Online. On the left-hand sidebar, the 'Expenses' tab is selected and highlighted with a red rectangular box. The main content area is titled 'Bills and expenses' and contains several configuration options:

- Show items table on expense and purchase forms**: Toggled ON.
- Show Tags field on expense and purchase forms**: Toggled ON.
- Track expenses and items by customer**: Toggled ON.
- Make expenses and items billable**: Toggled ON.
- Markup with a default rate of**: 0.00 %.
- Track billable expenses and items as income**: Toggled ON, with a radio button selection for 'In a single account'.
- Charge sales tax**: Toggled OFF.
- Default bill payment terms**: A dropdown menu is present.

Below these settings are two sections:

- Purchase orders**: Includes a toggle for 'Use purchase orders' which is currently OFF.
- Messages**: Includes a field for 'Default email message sent with purchase orders'.

At the bottom of the window, there are 'Cancel' and 'Save' buttons, and a footer with links for 'Privacy', 'Security', and 'Terms of Service'.

Click **Advanced**. You'll see the same types of automation choices you saw with customers. Do you want QuickBooks Online to apply bill payments automatically? Think about it before you turn it on.

Under the Other preferences section, it's a good idea to turn on the duplicate check and bill warnings.

The screenshot displays the 'Account and Settings' window in QuickBooks Online. The left sidebar shows a navigation menu with 'Advanced' selected and highlighted by a red box. The main content area is divided into several sections: 'Automation', 'Projects', 'Time tracking', 'Currency', and 'Other preferences'. In the 'Automation' section, 'Automatically apply bill payments' is highlighted with a red box. In the 'Other preferences' section, two settings are highlighted with a red box: 'Warn if duplicate check number is used' and 'Warn me when I enter a bill number that's already been used for that vendor', both of which have their toggle switches turned on. At the bottom of the settings area are 'Cancel' and 'Save' buttons. The footer of the window includes links for 'Privacy', 'Security', and 'Terms of Service', and a 'Done' button in the bottom right corner.

Category	Setting	Status
Automation	Pre-fill forms with previously entered content	On
	Automatically apply credits	On
	Automatically invoice unbilled activity	Off
	Automatically apply bill payments	On
Projects	Organize all job-related activity in one place	On
	Add Service field to timesheets	On
Time tracking	Make Single-Time Activity Billable to Customer	On
	Home Currency	United States Dollar
Currency	Multicurrency	Off
	Other preferences	
Other preferences	Date format	MM/dd/yyyy
	Number format	123,456.00
	Customer label	Customers
	Warn if duplicate check number is used	On
	Warn me when I enter a bill number that's already been used for that vendor	On
Other preferences	Warn if duplicate journal number is used	Off
	Sign me out if inactive for	1 hour

ALTERNATE ENTRY POINTS TO ENTER PURCHASING TRANSACTIONS

Vendor Center

The Vendor Center, accessed by selecting **Expenses → Vendors** in the left navigation bar, is a dashboard for adding, editing and reviewing vendors with which your QuickBooks Online company does business. The list of vendors can be printed or exported to Excel, and it can be sorted by various parameters or filtered. In the far-right column, beside each vendor listing in the Vendor Center, is a drop-down box from which to create transactions such as bills or checks, or to make a vendor inactive. In addition, you can email vendors in batch by using the Batch Actions drop-down list at the top of the list of vendors in the left corner. These emails can use your choice of web-based email or email client.

Enter Transactions from the Vendor Center



Step by Step: Create a Bill

1. Go to **Action → Create bill** for Bob's Burger Joint.

The screenshot shows the QuickBooks Vendor Center interface. On the left, the navigation bar has 'Expenses' selected. The main area displays a summary of vendor balances and a table of vendors. The 'ACTION' column for 'Bob's Burger Joint' has a 'Create bill' button highlighted with a red box.

VENDOR * / COMPANY	PHONE	EMAIL	OPEN BALANCE	ACTION
<input type="checkbox"/> Bob's Burger Joint			\$0.00	Create bill
<input type="checkbox"/> Books by Bessie	(650) 555-7745	Books@intuit.com	\$0.00	Create bill
<input type="checkbox"/> Brosnahan Insurance Agency	(650) 555-9912		\$241.23	Schedule payments
<input type="checkbox"/> Cal Telephone	(415) 605-4234		\$0.00	Create bill

NOTE: Because of the setting Show items table on expense and purchase forms (in the Expenses tab of Account and Settings), you have the choice to assign the detail portion of bills directly to one or more accounts on the Chart of Accounts, or use one or more items from the Products and Services list, or use a combination of the two functionalities.

- Assign a bill number 1234. Under Category details enter Advertising for \$2,500, billable to customer Amy's Bird Sanctuary.

Bill #1234

Vendor: Bob's Burger Joint

Balance Due: **\$2,500.00**

Mailing address: Bob's Burger Joint

Tags: (empty)

Category details:

#	CATEGORY	DESCRIPTION	AMOUNT	BILLABLE	TAX	CUSTOMER
1	Advertising		2,500.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Amy's Bird Sanctuary

Buttons: Add lines, Clear all lines

- Use the keyboard shortcut **Ctrl + Alt + s** to save this bill and open a new bill entry screen.
- Enter a second bill #1333 for Bob's Burger Joint for Meals and Entertainment, \$250 then **Save and close**. (Because the Company Setting *Pre-fill forms with previously entered content* is turned on (under **Account and Settings** → **Advanced** → **Automation**), you'll have to overwrite the Advertising account that appears with Meals and Entertainment; you'll also have to change the amount of the expense from \$2,500 to \$250.)

Notice that when you used your keyboard shortcut to save bill 1234, QuickBooks Online saved the transaction and assumed you wanted to enter an additional transaction of the same type. But QuickBooks Online does not assume you want to use the same vendor. Therefore, in this case you needed to enter Bob's Burger Joint as the vendor in the second bill.

Now you see Bob's Burger Joint has \$2,750 as an Open Balance in the Vendor Center:

Vendors

Summary: \$125 1 PURCHASE ORDER | \$3,598 4 OVERDUE | \$4,353 7 OPEN BILLS | \$3,892 21 PAID LAST 30 DAYS

VENDOR - / COMPANY	PHONE	EMAIL	OPEN BALANCE	ACTION
<input type="checkbox"/> Bob's Burger Joint			\$2,750.00	Schedule payments
<input type="checkbox"/> Books by Bessie	(650) 555-7745	books@insure.com	\$0.00	Create bill
<input type="checkbox"/> Brosnahan Insurance Agency	(650) 555-9912		\$241.23	Schedule payments
<input type="checkbox"/> Cal Telephone	(650) 555-1616		\$0.00	Create bill

However, you don't have to go down to the individual bill level to tell QuickBooks Online to pay a vendor's bills. There are many ways to pay bills in QuickBooks Online. We will cover bill payments next.

Bob's Burger Joint

Edit
New transaction ▾

\$2,750.00
OPEN
\$2,750.00
OVERDUE

Transaction List
Vendor Details

Batch actions ▾
Filter ▾

DATE ▾	TYPE	NO.	PAYEE	CATEGORY	MEMO	TOTAL	ACTION
<input checked="" type="checkbox"/> 05/19/2021	Bill	1333	Bob's Burger Joint	Meals and Entertainment ▾		\$250.00	Schedule pay... ▾
<input type="checkbox"/> 05/19/2021	Bill	1234	Bob's Burger Joint	Advertising ▾		\$2,500.00	Mark as paid View/Edit
<input type="checkbox"/> 04/29/2021	Credit Card Expense		Bob's Burger Joint	Meals and Entertainment ▾	Bought lunch for crew 102	\$18.97	Copy Delete
<input type="checkbox"/> 04/20/2021	Cash Expense		Bob's Burger Joint	Meals and Entertainment ▾		-\$3.86	
<input type="checkbox"/> 04/15/2021	Cash Expense		Bob's Burger Joint	Meals and Entertainment ▾		-\$5.64	
Total						\$2,759.45	



Step by Step: Pay Bills

1. Go back to the Vendor Center if you have left it. From the Action column, click **Make payment** in the drop-down for Bob's Burger Joint.

Expenses Vendors

Vendors

Prepare 1099s New vendor

Unbilled Last 365 Days Unpaid Last 365 Days Paid

\$125 1 PURCHASE ORDER \$3,598 6 OVERDUE \$4,353 7 OPEN BILLS \$3,892 21 PAID LAST 30 DAYS

Batch actions Find a vendor by company

VENDOR / COMPANY	PHONE	EMAIL	OPEN BALANCE	ACTION
Bob's Burger Joint			\$2,750.00	Schedule payments Make payment Create expense Schedule payments
Books by Bessie	(650) 555-7745	Books@insuit.com	\$0.00	
Brosnahan Insurance Agency	(650) 555-9912		\$241.23	

2. QuickBooks Online opens the Bill Payment screen with that vendor's outstanding bills listed and already checked for you to pay. At the top of the screen you can choose to pay via a bank account or credit card. Specify the date of payment and a reference number if possible.

Bill Payment #May20Pmt

Payee: Bob's Burger Joint

Bank/Credit account: Mastercard

Ref no.: May20Pmt

Outstanding Transactions

	DESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
<input checked="" type="checkbox"/>	Bill # 1234 (05/19/2021)	05/19/2021	2,500.00	2,500.00	2,000.00
<input checked="" type="checkbox"/>	Bill # 1333 (05/19/2021)	05/19/2021	250.00	250.00	250.00

Amount to Apply: \$2,250.00

Amount to Credit: \$0.00

Save and close

3. If you are not paying all the outstanding bills, uncheck the ones you aren't paying.

- If you are partially paying one or more of the bills, overwrite the amount you are paying in the Payment box for each partially-paid bill.
- At the bottom of the screen click **Save and close**.

As with the Customer Center, you can click the vendor name and get a list of transactions you can act upon, or create new transactions by clicking the **New transaction** button at the top right.

Bob's Burger Joint

Edit

New transaction ▼

- Time Activity
- Bill
- Expense
- Check
- Purchase order
- Vendor Credit
- Pay down credit card

Transaction List Vendor Details

Batch actions ▼ Filter ▼

	DATE ▼	TYPE	NO.	PAYEE	CATEGORY	MEMO	TOTAL	ACTION
<input type="checkbox"/>	05/20/2021	Bill Payment (Credit Card)	May...	Bob's Burger Joint			-\$2,250.00	
<input type="checkbox"/>	05/19/2021	Bill	1333	Bob's Burger Joint	Meals and Entertainment ▼		\$250.00	View/Edit ▼
<input type="checkbox"/>	05/19/2021	Bill	1234	Bob's Burger Joint	Advertising ▼		\$2,500.00	Schedule pay... ▼

Enter Transactions → Expenses

If you click **Expenses → Expenses** in the left-hand navigation bar, QuickBooks Online opens a list of the last 365 days of Expense Transactions (all kinds of money-out transactions), regardless of vendor or payee. This screen can be filtered to modify the view. You can drill down on any transaction. You can also enter a new transaction or print checks.



Step by Step: Enter an Expense Type of Transaction

1. From the New Transaction drop-down menu, choose **Expense**. To recap: an *expense* transaction (a specific transaction type under the broad Expense transactions category, including transactions such as bills or checks) allows you to either reduce your bank account (including cash) or increase your credit card payable for a purchase made for the company. An expense transaction is a good transaction type to use when inputting a backlog of receipts that have been collected but not sorted by payment type. With the expense transaction, there is *no need* to sort the receipts first by credit card, check, other bank account or cash. Rather, you can enter them using this one Expense screen by specifying the account (specified bank account, petty cash or a specified credit card) at the top.

The screenshot displays the 'Expense Transactions' page in QuickBooks Online. At the top, there are tabs for 'Expenses' and 'Vendors'. Below the tabs, the page title 'Expense Transactions' is shown. On the right side, there are two buttons: 'Print Checks' and 'New transaction'. The 'New transaction' button is highlighted with a red box, and its dropdown menu is open, showing options: 'Time Activity', 'Bill', 'Expense', 'Check', 'Purchase order', 'Vendor Credit', and 'Pay down credit card'. The 'Expense' option is highlighted in green. Below the buttons, there is a table of transactions. The table has columns for 'DATE', 'TYPE', 'NO.', 'PAYEE', 'CATEGORY', 'MEMO', and 'TOTAL'. The first row shows a transaction dated 05/20/2021, with a type of 'Bill Payment (Credit Card)', number 1333, payee 'Bob's Burger Joint', category 'Meals and Entertainment', and a total of \$250.00. The second row shows a transaction dated 05/19/2021, with a type of 'Bill', number 1234, payee 'Bob's Burger Joint', category 'Advertising', and a total of \$2,500.00. The third row shows a transaction dated 05/19/2021, with a type of 'Credit Card Expense', category 'Automobile', and a total of \$34.00. The fourth row shows a transaction dated 05/08/2021, with a type of 'Credit Card Credit', category 'Checking', memo 'Monthly Payment', and a total of -\$900.00. The fifth row shows a transaction dated 05/06/2021, with a type of 'Credit Card Expense', payee 'Squeaky Klean Car Wash', category 'Automobile', and a total of \$19.99. The sixth row shows a transaction dated 05/03/2021, with a type of 'Credit Card Expense', payee 'Mick's Machine', category 'Auto Expenses', and a total of \$12.45.

DATE	TYPE	NO.	PAYEE	CATEGORY	MEMO	TOTAL
05/20/2021	Bill Payment (Credit Card)	May...	Bob's Burger Joint			-\$2,250.00
05/19/2021	Bill	1333	Bob's Burger Joint	Meals and Entertainment		\$250.00
05/19/2021	Bill	1234	Bob's Burger Joint	Advertising		\$2,500.00
05/19/2021	Credit Card Expense			Automobile		\$34.00
05/08/2021	Credit Card Credit			Checking	Monthly Payment	-\$900.00
05/06/2021	Credit Card Expense		Squeaky Klean Car Wash	Automobile		\$19.99
05/03/2021	Credit Card Expense		Mick's Machine	Auto Expenses		\$12.45

2. Enter an expense for the vendor Books by Bessie. It was paid with a MasterCard and was for Dues & Subscriptions for \$10. (It's also a good practice for tracking purposes to enter a meaningful reference number, even if one is not supplied by the vendor.)

Expense #May202021

Payee: Books by Bessie

Payment account: Mastercard (Balance \$2,407.72)

Amount: **\$10.00**

Payment date: 05/20/2021

Ref no.: May202021

Tags: Start typing to add a tag

Category details:

#	CATEGORY	DESCRIPTION	AMOUNT	BILLABLE	TAX	CUSTOMER
1	Dues & Subscriptions	What did you pay for?	10.00			
2						

Add lines Clear all lines

3. At the bottom of your screen click **Save and new**.
4. Enter a transaction for Computers by Jenni. It was paid out of Checking with manual check #32 on the same date. It was for Commissions and Fees for \$100. **Save and close**.

Expense #32

Payee: Computers by Jenni

Payment account: Checking (Balance \$1,201.00)

Amount: **\$100.00**

Payment date: 05/20/2021

Payment method: Check

Ref no.: 32

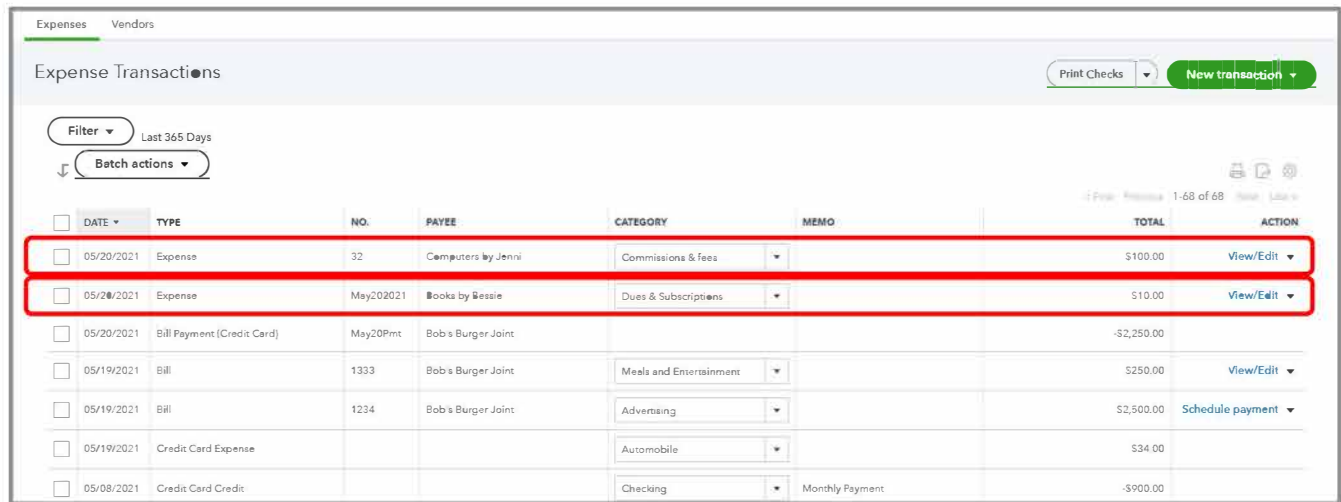
Tags: Start typing to add a tag

Category details:

#	CATEGORY	DESCRIPTION	AMOUNT	BILLABLE	TAX	CUSTOMER
1	Commissions & fees	What did you pay for?	100.00			
2						

Add lines Clear all lines

On the Expense Transactions page both expenses appear, but one affected the bank account (Checking) and the other a credit card account (MasterCard). If you are entering all checks, use the Check feature rather than the Expense transaction. Remember, the Check feature allows you to print checks while the Expense transaction does not.



<input type="checkbox"/>	DATE	TYPE	NO.	PAYEE	CATEGORY	MEMO	TOTAL	ACTION
<input type="checkbox"/>	05/20/2021	Expense	32	Computers by Jenni	Commissions & fees		\$100.00	View/Edit
<input type="checkbox"/>	05/20/2021	Expense	May202021	Books by Bessie	Dues & Subscriptions		\$10.00	View/Edit
<input type="checkbox"/>	05/20/2021	Bill Payment (Credit Card)	May20Pmt	Bob's Burger Joint			-\$2,250.00	
<input type="checkbox"/>	05/19/2021	Bill	1333	Bob's Burger Joint	Meals and Entertainment		\$250.00	View/Edit
<input type="checkbox"/>	05/19/2021	Bill	1234	Bob's Burger Joint	Advertising		\$2,500.00	Schedule payment
<input type="checkbox"/>	05/19/2021	Credit Card Expense			Automobile		\$34.00	
<input type="checkbox"/>	05/08/2021	Credit Card Credit			Checking	Monthly Payment	-\$900.00	

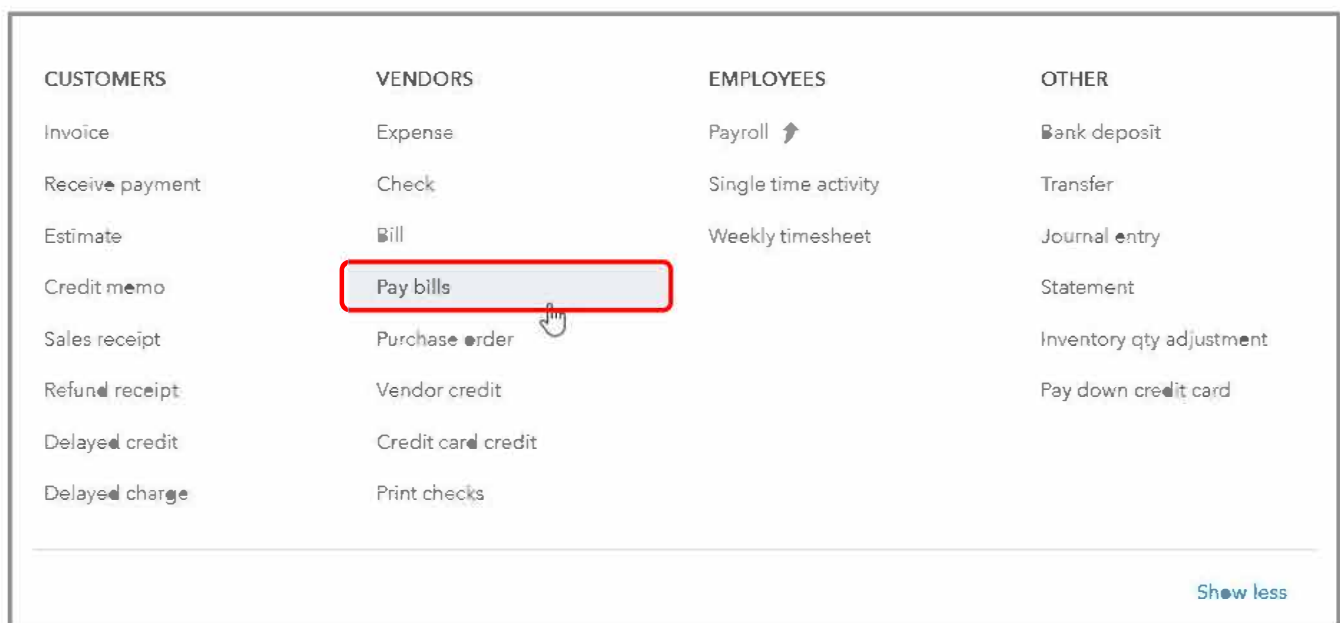
Enter Transactions from +New

Previously you learned how to pay one or more bills from the Vendor Center, but this would allow you to pay only one vendor at a time. If you want to pay bills from multiple vendors at one time, you need to access **Pay Bills** from +New at the top of the left navigation bar.

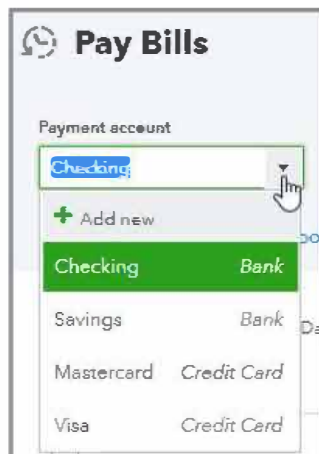


Step by Step: Pay Multiple Bills

1. Click **+New** then, under Vendors, select **Pay Bills**.



2. Select **Checking** as the Payment account.



When you click **Save and print** QuickBooks Online will give you a list of bills paid as well as print the bill payment checks. (You may see a Print Checks setup screen first if you haven't printed checks before.)

Print Checks

Checking

Balance \$283.33 3 checks selected \$417.67

Add check

Remove from list

Sort by Date / Order created

Show all checks

Starting check no. 1001

DATE	TYPE	PAYEE	AMOUNT
05/20/2021	Bill Payment (Check)	Bob's Burger Joint	\$490.00
05/20/2021	Bill Payment (Check)	Brosnahan Insurance Agency	\$241.23
05/20/2021	Bill Payment (Check)	PG&E	\$86.44

Previous 1/3 Next

Cancel

Print setup

Order checks

Preview and print

If you chose the payment method of Printed Check but decided *not* to print them immediately from this screen, that's fine. These checks can be batch printed later. You'll learn about that shortly.



Step by Step: Create a Check (write a check to pay a bill)

1. Click **+New** then, under Vendors, select **Check**.

CUSTOMERS	VENDORS	EMPLOYEES	OTHER
Invoice	Expense	Payroll	Bank deposit
Receive payment	Check	Single time activity	Transfer
Estimate	Bill	Weekly timesheet	Journal entry
Credit memo	Pay bills		Statement
Sales receipt	Purchase order		Inventory qty adjustment
Refund receipt	Vendor credit		Pay down credit card
Delayed credit	Credit card credit		
Delayed charge	Print checks		

[Show less](#)

2. Enter the vendor *Diego's Road Warrior Bodyshop*. If you enter a vendor name and there is an outstanding bill related to that vendor, a drawer opens on the right-hand side of the page which allows you to add the bill to the check. The accounting effect is to decrease the bank account balance and decrease accounts payable. This feature will help prevent you from writing a check for a bill already entered and posting it to an expense account, thereby double-counting the expense and never clearing the payables.

3. Click **Add** to add the bill to the check. This changes the transaction type from Check to Bill Payment. (Note *Check #To print* changed to *Bill Payment #To print* in the top left corner of the transaction.) If desired, remove the checkmark in the box next to **Print later** to assign a manual or already-assigned check number. Click **Save and close**.

If this check wasn't intended to pay an outstanding bill, don't add anything from the drawer, even if there is a bill there, and enter the account or item details in the body of the check.



Step by Step: Print Checks in Batch

1. Click **+New** then, under Vendors, select **Print Checks**.

CUSTOMERS	VENDORS	EMPLOYEES	OTHER
Invoice	Expense	Payroll	Bank deposit
Receive payment	Check	Single time activity	Transfer
Estimate	Bill	Weekly timesheet	Journal entry
Credit memo	Pay bills		Statement
Sales receipt	Purchase order		Inventory qty adjustment
Refund receipt	Vendor credit		Pay down credit card
Delayed credit	Credit card credit		
Delayed charge	Print checks		

[Show less](#)

2. The first time you click **Print Checks**, you must make sure your checks align correctly. Once you have done that, all checks marked to be printed later will appear in the Print Checks screen. You can create a new check and add it to this Print Checks screen by clicking **Add check** in the top right corner. (You can also return to the Print setup screen for proper alignment with your printer by clicking **Print setup** at the bottom.)

Print Checks

Checking

Balance: \$283.33 3 checks selected \$817.67

Add check

Remove from list

Sort by Date / Order created

Show all checks

Starting check no. 1001

<input checked="" type="checkbox"/>	DATE	TYPE	PAYEE	AMOUNT
<input checked="" type="checkbox"/>	5/20/2021	Bill Payment (Check)	Bob's Burger Joint	\$400.00
<input checked="" type="checkbox"/>	5/20/2021	Bill Payment (Check)	Grossman Insurance Agency	\$241.23
<input checked="" type="checkbox"/>	5/20/2021	Bill Payment (Check)	POSSE	\$88.44

Cancel

Print setup

Order checks

Preview and print

- Place a checkmark in the box next to each check you wish to print, then select **Preview and Print**. Before you do that, you need to *make sure the starting check number is correct*. Overwrite it if it's not.

Banking

The Banking Center allows you to link your bank and credit card accounts to QuickBooks. Once that is done, QuickBooks Online automatically downloads transactions nightly, though you can download manually at any time by clicking **Update** in the upper right-hand corner.



Step by Step: Use the Banking Center

- Select **Banking** → **Banking** from the left navigation bar.

The screenshot shows the QuickBooks Online interface for the 'Sample Company'. The left navigation bar is on the left, with 'Banking' highlighted in a red box. The top navigation bar has 'Banking' highlighted in a red box. The main content area displays three account cards: 'Checking' (blue), 'Savings' (light blue), and 'Mastercard' (light grey). Each card shows the current bank balance and the number of transactions in QuickBooks. Below the cards are filters for 'For review (25)', 'Categorized', and 'Excluded'. A search bar is also present.

DATE	DESCRIPTION	PAYEE	CATEGORY
01/16/2023	Bank of America	Bank of America	Mastercard