quickbooks.

Supplemental Guide

Module 4: **Common Workflows – Sales**

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About the Author

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Laura Redmond is a financial controller and IT manager turned cloud accounting advocate and app designer. She is a QuickBooks Online power user, Advanced Certified QuickBooks ProAdvisor, member of the Intuit Trainer/Writer Network, and co-author of QuickBooks Online training and certification courses. Laura has been awarded Top 100 ProAdvisor and Leading QuickBooks Online Practice.

Laura runs Redmond Accounting Inc., a boutique cloud accounting and consulting firm selected by Intuit as a Top 20 Firm of the Future. Their service delivery is centered solely on QuickBooks Online and its eco-system of apps. Laura co-created the AERO Workflow app used by accounting firms to manage service delivery by staff members performing recurring tasks for multiple clients. The Aero Library includes step-by-step instructions and procedures for many of today's most popular apps in the QuickBooks Online eco-system.

Supplemental Guide Overview

PURPOSE OF THIS GUIDE

From the recorded session you learned about common workflows in QuickBooks Online and the concepts relevant to them. This set of topics will guide you through practice exercises for recording sales-related financial activity in QuickBooks Online.

NOTE: *For purposes of this introductory training, we will focus on money coming in as income. While some of the Products and Services items in the sample company are tracked as inventory items, which record revenue and cost when used on a sales form and inventory asset when used on a purchase form, we will not be focusing on that more advanced scenario.*

Each of the step-by-step activities presented in this handbook is intended to help you:

● Utilize the various sales screens and features built into QuickBooks Online

● Complete sales transactions

LEARNING OBJECTIVES

In this module you will complete the following hands-on activities related to the learning objectives:

● Recognize alternative entry points for entering sales transactions

● Define common QuickBooks concepts and terms related to recording sales transactions

● Identify best practices when using QuickBooks Online to record revenue

● Recognize the features of Online Invoices

● Identify the functionality of QuickBooks Payments

● Recognize methods for working with existing sales transactions

● Identify functionality of batch processes for sales transactions

TRAINING AT A GLANCE TABLE

Use this as a guide to selecting specific training you want to cover.

| TOPICS	STEP-BY-STEP WORKFLOWS	LEARNING OBJECTIVE
1. SALES CONCEPTS	- Record Financial Activity - Posting vs. Non-posting - Accrual vs. Cash - Record Sales vs. Income - Report Sales vs. Income	- Recognize alternate entry points to enter sales transactions - Define common QuickBooks concepts and terms related to recording transactions
2. RECORDING SALES	- Create an Estimate - Enter Delayed Charge - Invoice vs. Bill - Create an Invoice - Make an Invoice a Recurring Transaction - Invoice for Billable Charges - Convert Estimates to Invoices - Receive Payments - Credit Memos - Sales Receipts - Refunds - Deposit Undeposited Funds - Online Invoices - Recurring Sales Receipts with QuickBooks Payments - Explore the Customer Center - Explore the Sales Center	- Identify best practices when using QuickBooks Online to record revenue - Recognize the features of Online Invoices - Identify the functionality of QuickBooks Payments - Recognize methods to work with existing sales transactions - Identify the functionality of batch processes for sales transactions

QUICKBOOKS ACCOUNTANT TEST DRIVE

Exercises contained in this handbook can be completed using a QuickBooks Accountant "test drive" file. The test drive uses a sample company file called Craig's Design & Landscaping Services. It can be accessed through the following link:

[Craig's Design & Landscaping](#)

You don't have to create an account or sign in to access the test drive file, just complete the security validation and click **Continue**.

If you don't see the Accountant Toolbox when logging in through this URL, log into qbo.intuit.com with your Intuit ID. This will open up QuickBooks Online Accountant. Click on the **gear** icon then click **Sample Company**.

This is what you are looking for in the sample company.
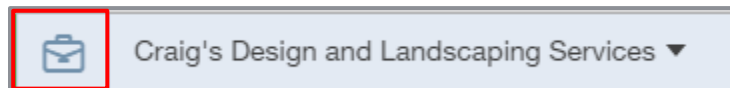
This test drive is designed for you to explore and try out new things without worrying that you will break something or make a mistake. It is not designed to retain any changes you make. Once you close this QuickBooks Online test drive company it is completely refreshed, so please remember to allow sufficient time to complete each activity. Don't worry if you have to close the test drive before you are finished, you can always begin again. You can also share the test drive with your clients.

NOTE: *The test drive uses QuickBooks Accountant. It contains some features that are not available in QuickBooks Online Simple Start, Essentials or Plus. In addition, some features (such as in-product Help) are not enabled inside this test drive file. This is subject to change.*

Topic 1: **Sales Concepts**

## RECOGNIZE ALTERNATE ENTRY POINTS TO ENTER SALES TRANSACTIONS

Record Financial Activity

QuickBooks Online makes recording financial activity easy to access by giving you several ways to add a new transaction.

● **Quick Create** – This menu is found at the top of the screen at the plus icon. Come here to add any new transaction. Click the **+** icon to open the menu. When you open the menu the **+** icon turns into an **X** icon. Click the **X** icon to close the menu.


The condensed view of this menu shows only the four most frequently used transaction types. Click the **Show more** link to expand it and see all transaction types. This is a sticky menu so your choice of condensed or expanded view will be remembered next time.
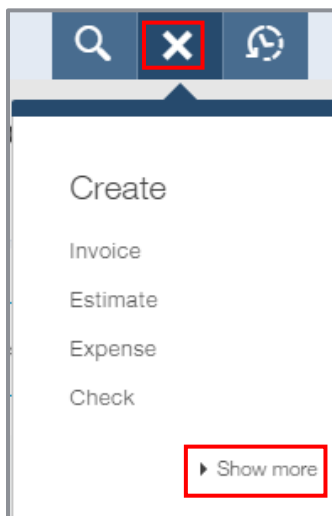
Transaction types in the expanded view of this menu are grouped by their relation to Customers, Vendors, Employees or Other. Transaction types related to money coming in to the business are found in the Customers column.
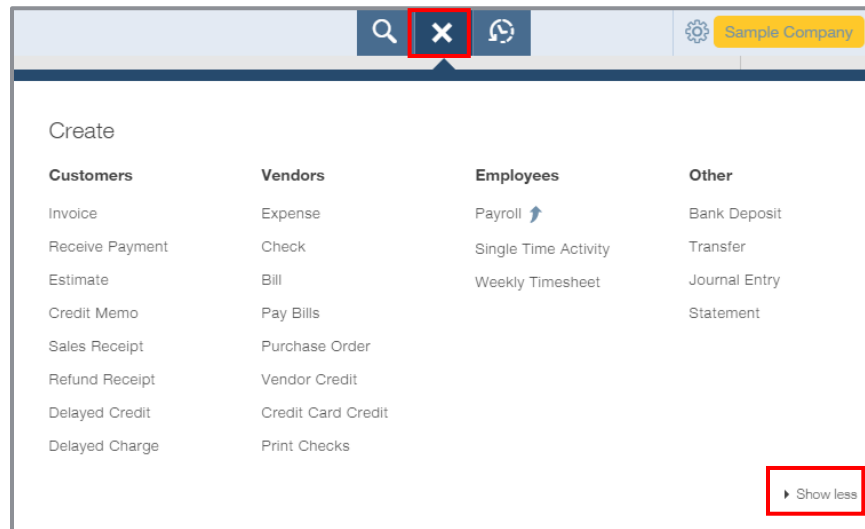
Select the type of transaction you want to add and a blank form for that transaction type slides down over the screen.

● **Customer/Vendor centers** – From the left navigation bar you will find the Customer Center to organize the people giving money to the business. To add a new transaction from here, use one of the action links or drill into the customer you want to record activity for then click the **New Transaction** button. There you'll find the types of transactions that are relevant to record sales.

● **Sales/Expense centers** - Click **Transactions** on the left navigation bar then select **Sales**. The Sales Center is similar to the Customer Center, but lists sales transactions instead of customers. There are action links on each row to record suggested transactions related to those sales transactions. You will also find a button to add a new sales transaction.

● **Banking Center** – The Transaction menu on the left navigation bar also leads to the Banking Center. The Banking Center pulls in activity from your bank and credit card accounts so you can easily add them as transactions without having to retype the date, description and amount. While you can post money received directly to income accounts, you cannot use Product and Service items to record sales. Therefore it is a best practice to use a sales form to record money coming into the business and allow the bank feed to match to it.

● **Copy** – Copying a transaction is another easy way to enter activity into QuickBooks, especially if there is a lot of detail. From any existing transaction, click the **More** menu in the footer bar then select **Copy** to make a duplicate. Change the necessary information and click **Save**.

DEFINE COMMON QUICKBOOKS CONCEPTS AND TERMS RELATED TO RECORDING SALES TRANSACTIONS

Posting vs. Non-posting

Posting Transactions

Posting transactions record debits and credits to the general ledger. For example, an invoice prepared for a customer posts as a debit to accounts receivable and a credit to an income account. Posting transactions in QuickBooks Online include:

● **Customers Invoice** – payment, credit memo, sales receipt and refund

Non-posting Transactions

Non-posting transactions do not post a debit or credit to the general ledger. They do facilitate the business cycle by storing detailed information which may be used in a related posting transaction. For example, an estimate stores detailed information about proposed products and services you would like to sell to a customer, including notes and attachments related to the proposed sale. Upon acceptance of the estimate and delivery of the goods and services, you can convert the estimate into an invoice. The invoice will debit and credit the general ledger; the estimate does not. If the estimate is not accepted by the customer, mark it as rejected and nothing will post to the general ledger. Non-posting transactions in QuickBooks Online include:

● **Customers** – delayed charge, estimate and delayed credit

Accrual vs. Cash

For posting transactions, the date the transaction is recorded may be different than the date it is reported.

The accrual basis accounting method involves reporting income at the time it is earned, not when the payment is made by the customer. The cash basis accounting method involves reporting income in the period the cash is received from the customer, regardless of when the product was sold or when the service was performed.

Sales vs. Income: Recording

Sales transaction forms are used to record financial transactions related to money coming into the business. Sales forms are found on the Quick Create menu in the Customers column.

When you use product/service items to record financial activity in QuickBooks, it is important what type of transaction form you are using. The type of form you use determines which mapped account the transaction will be posted to. When you use a sales form (invoice or sales receipt), activity will be posted to the account that is mapped in the Product/Service item's Sales Information section in the field that is labeled Income Account.
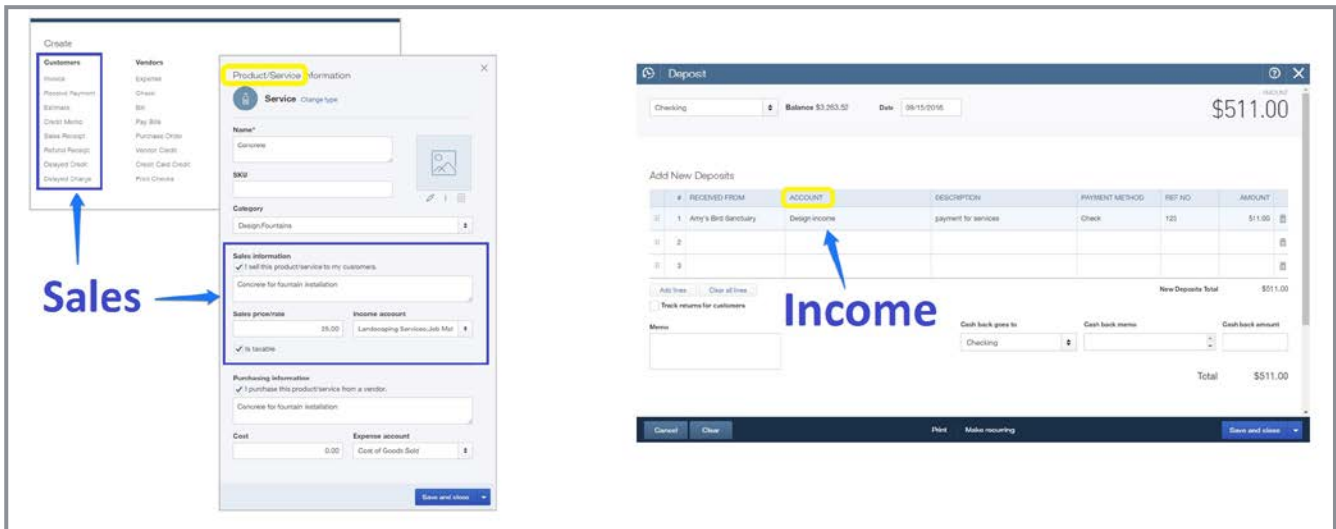
Sales vs. Income: Reporting

It's important to understand the difference in terminology between income vs. sales in QuickBooks.

● **Income (or Revenue)** is recorded directly by selecting an Income account from a drop-down field on a transaction, such as a deposit or journal entry (which does not allow you to use product/service items)

  ● On a Profit & Loss report, you can drill down into the income account and find this transaction

  ● On a Sales Report, transactions recorded directly to accounts will not be included

● **Sales** are recorded by using a sales form and product/service item to record the income to the account mapped to that product/service item. In the end, the sale may be recorded to the same income account as if you had posted it there directly, but using product service items gives you more options for reporting and more control on how activity is recorded.

  ● On a Profit & Loss report, you can drill down into the income account and find transactions posted directly to income accounts and transactions posted by sales forms using product/service items mapped to that income account

  ● On a Sales Report, only transactions recorded using product/service items will be included

All posting transactions record activity to the general ledger and can be found on a financial report, such as the Profit & Loss report. However, only transactions posted using product/service items will be found on QuickBooks Online's sales reports.

Topic 2: **Recording Sales**

IDENTIFY BEST PRACTICES WHEN USING QUICKBOOKS ONLINE TO RECORD REVENUE

Record activity related to money coming in by using QuickBooks Online's sales forms. Sales forms have a lot in common with each other. We'll go through each one and discuss its different purpose and functionality.

Estimates

At the start of the sales cycle, you use an estimate to give a customer a quote (bid or proposal) for products and services. The purpose of the estimate is to begin negotiations with your customer. An estimate in QuickBooks is a non-posting transaction; it may or may not lead to a sale. Once an estimate is accepted, an invoice can be recorded. Estimates are available in all versions of QuickBooks Online.

Step by Step: Create an Estimate

1. Select **Estimate** from the Quick Create menu. If viewing the expanded menu, find it in the Customer column.
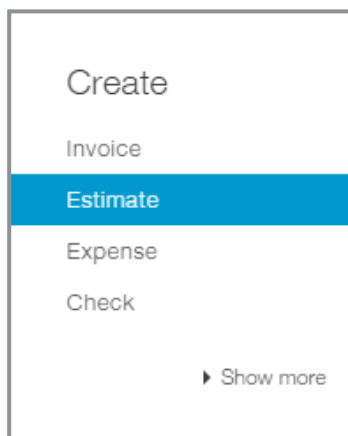
2. Select the customer **Amy's Bird Sanctuary**.

   If a customer does not yet exist in the Customer List in QuickBooks Online, you can add them from a sales form by clicking the **Customer** field drop-down arrow then clicking **+ Add New** at the top of the drop-down list. You can enter the name only and **Save**, or click **+Details** to enter more information.

   Selecting the customer will pull the customer's email and billing address onto the screen. If no information pulls onto the screen or if you want to change the information, make those changes on this screen.

3. The estimate defaults to a status of pending. You can change that status as the customer accepts or declines your proposal.

4. Check the box if you want to email this estimate later in batch.

5. Add the estimate date, expiration date and any other information such as custom fields available in the header section.

6. In the Item details grid, use your Products and Services items to add details of the description and charges for the products and services that make up this proposal. Add one line for each Products and Services item to include on the estimate. To select an item in the Product/Service column, either click the **drop-down arrow** to view the Item list and select one, or type keywords in the field to search and select an item by its name or description.

7. In the footer section, add any message for your customer, internal memo for your records, and add attachments such as images, supporting documentation and communication related to the estimate. If you are using sales tax and discounts, complete these fields appropriately. You can change the order of which is applied first by clicking the **up/down arrow** next to these two fields as it may affect the amount calculated. The form automatically calculates the subtotal and total for you.

8. On the footer menu along the bottom of the estimate you have the options to cancel, print or preview, make recurring, customize and save.

    ● **Cancel** will roll away this screen without recording or updating the transaction. Same function as the X in the upper right corner of the transaction. **Clear** removes the data entered in the fields.

    ● **Print or preview** will let you check the box to print it later in batch or save the estimate and view the PDF version on screen to see what your customer will see. Hover over the PDF for options to zoom, print to paper or save PDF.
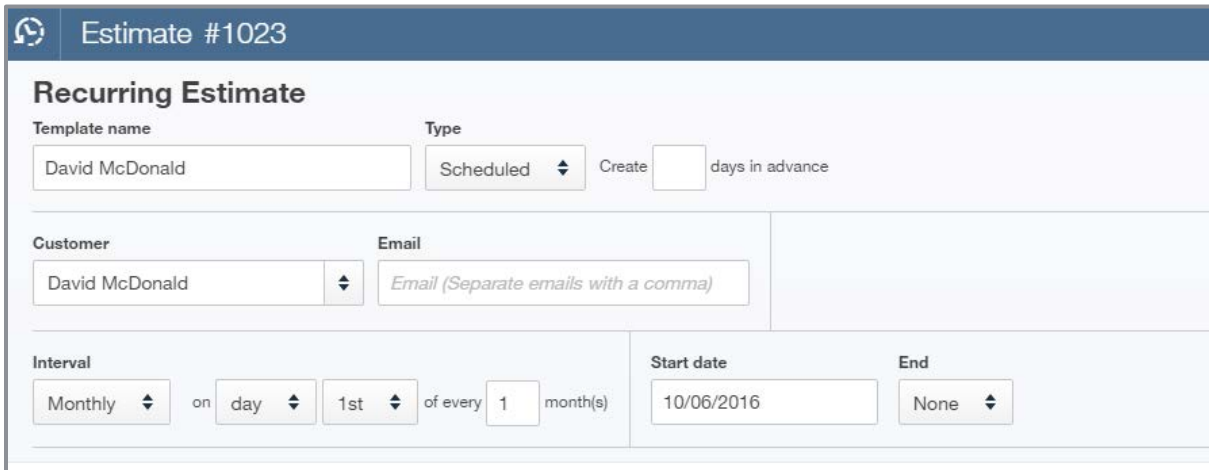
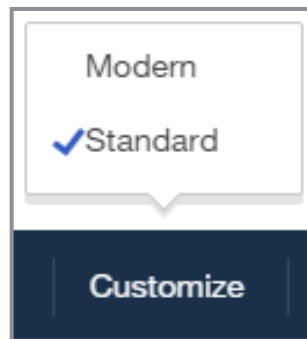● **Make recurring** will display a Recurring section above the header on the estimate and give you options to schedule this to enter itself automatically, give you a reminder or save it as a template to use later.


● **Customize** lets you pick from the custom sales form styles you have created in Account and Settings.

● You have several options to save the transaction. All of them record the transaction or any updates to it.

   ● **Save** leaves you on the screen
   ● **Save and new** takes you to a new estimate
   ● **Save and close** takes you back to the screen you were on previously
   ● **Save and send** takes you to the Send email screen where you can further customize the subject and body of your email and preview your estimate before sending. Once sent, the date, time and email address the estimate was sent to will display near the top of the form.

Whichever save option you select, QuickBooks Online will remember it next time.

9. Once you save the estimate (or preview it, which saves it) you will see the button to Copy to invoice and/or Copy to purchase order, if you've turned on these features in Account and Settings. You will also see a More menu on the footer menu along the bottom of the screen. The More menu gives you options to:

   ● **Copy** the estimate to another new estimate
   ● **Delete** the estimate
   ● **View** the audit history to see when and who added or modified this estimate
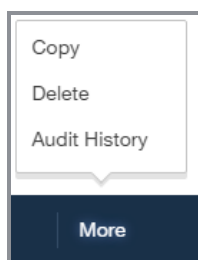
TIP: *You can use a keyboard shortcut to save any transaction in QuickBooks Online:*

- **CTRL-ALT-S** (PC) or **CTRL-OPTION-S** (Mac) for Save and New
- **CTRL-ALT-D** (PC) or **CTRL-OPTION-D** (Mac) for Save and Close
- **CTRL-ALT-M** (PC) or **CTRL-OPTION-M** (Mac) for Save and Send

You can run reports of estimates and filter by status to keep track of your pipeline. When your customer accepts an estimate and you complete delivery of the items ordered, you can convert the estimate into an invoice to save time when recording the sale and automatically mark the estimate closed.

Delayed Charges and Credits

Delayed charges and credits are available in QuickBooks Online Essentials and Plus. They are non-posting transactions and therefore do not debit or credit the general ledger. They are used to log charges to a customer you are not ready to invoice.

For example, you are working on a project for a customer and have to drive to their office. That incurs a trip charge. Enter that as a delayed charge so you remember to invoice your customer when you charge them for the project.

As another example, you are in the business of paving driveways. Your crew comes back at the end of the day with a list of driveways they paved. You only invoice once a month but you want to remember to invoice everyone whose driveway you paved. Enter a delayed charge in QuickBooks so at the end of the month you can add that paving to the invoice.

Step by Step: Enter a Delayed Charge

1. From the Quick Create menu, click **Delayed Charge**.

2. Select the customer name, **Amy's Bird Sanctuary**.

3. In the date field type *w* to go to the beginning of the week. (W is the beginning letter in the word week.)

4. In the Item details grid, select **Gardening** under the Product and Service column. Type *4* under the **Quantity** column and *$35* under the **Rate** column. Click **Save and new**.

5. On the new screen, select **Amy's Bird Sanctuary** as the customer again.

6. In the date field type *k* and the plus key (**+**). K brings us to the end of this week and the plus key advances a day, which brings us to the beginning of next week. (K is the ending letter in the word week.)

7. Select **Gardening** under the Product and Service column. Type *3* under the **Quantity** column and *$35* under the **Rate** column. Click **Save and close**.

Invoice vs. Bill

In the real world we frequently use the terms invoice and bill interchangeably to refer to a document created to request funds from someone.

Invoice

In QuickBooks, *invoice* is the term used for a document you send to your customer for an amount they owe you. When an invoice is paid by the customer, money comes into the business.

Bill

In QuickBooks, *bill* is the term used for a document you receive from a vendor for an amount you owe them. When a bill is paid to a vendor, money goes out of the business.

Customer Invoice = Money In   Vendor Bill = Money Out
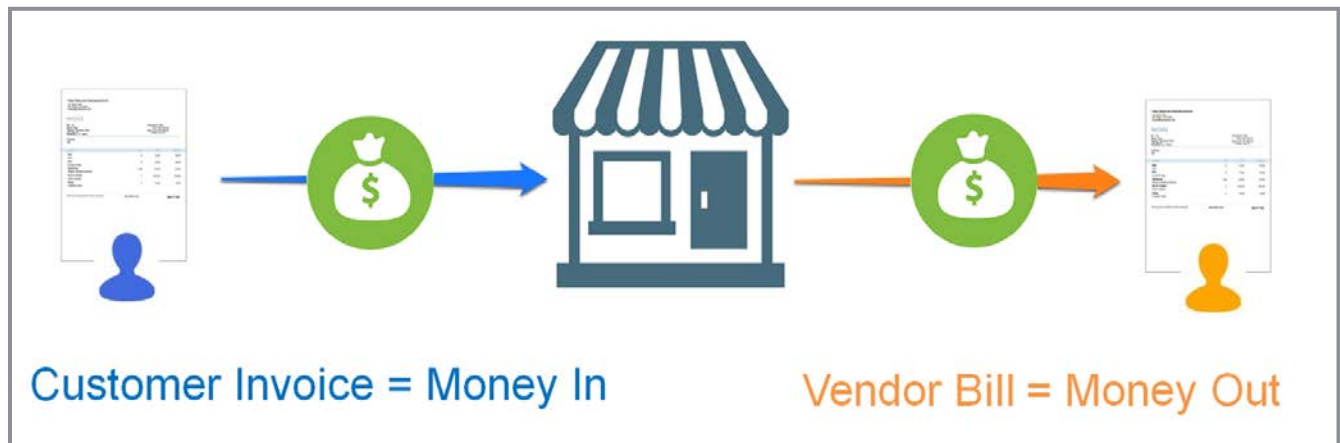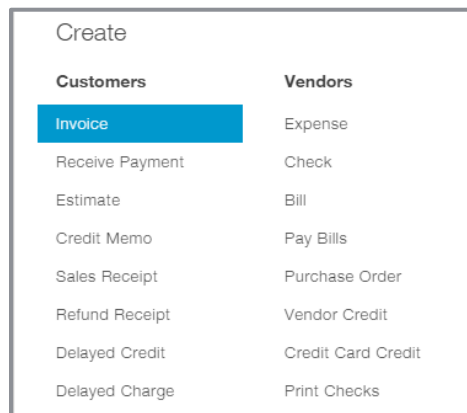
Invoices

In QuickBooks Online, an invoice is what you send a customer so they can pay you. You've extended credit terms, delivered the goods or services and the customer has not yet paid for them. You need to send them a document with details of the charges and the total amount due.

The Invoice screen in QuickBooks Online is a sales form. This form posts an accrual transaction – the income is recorded as earned but no cash has been received yet. The total amount of the invoice will post as a debit to increase accounts receivable. Individual charges on each line of the invoice are recorded using Products and Services items that post as a credit to increase the mapped account in the item's Sales Information column in the Income Account field.

Step by Step: Create an Invoice

1. From Quick Create, click **Invoice**.

2. Select the customer **Bill's Windsurf Shop**. The customer's information pre-fills the screen, including any email address you have on file. Once you create the invoice, if you choose to send it, QuickBooks will email it to this email address. Click the **CC / BCC** link to add additional email addresses of others you want to carbon copy or blind copy.

3. Select the appropriate terms to calculate the due date for payment of this invoice.

4. In the Date field type *h* to go to the end of the month. (H is the ending letter in the word month.) Entering the invoice date will also calculate the due date based on the terms.

5. If you've turned on the setting to use custom transaction numbers, then you'll want to enter your custom invoice number; if not, QuickBooks will automatically assign a number.

6. In the Item grid, choose **Pest Control** under Products and Services. Leave the quantity at 1 and the rate at $35.00. Since the Invoice is a posting transaction, the charges you enter here will post to their mapped income account and the total of the invoice will post to accounts receivable.

7. Scroll down to see the footer section of the transaction.

8. Add a message to the customer.

9. There is a statement memo field to type a descriptive summary of the charges you may want to show on the statement.

10. In the Attachments field, click the **paperclip** to browse for a document to upload or drag a document from a folder on your computer to the field. Since this is an invoice, once the document finishes uploading you will see a checkbox to specify if you want the attachment to be sent with the invoice.

11. Click **Save**. You have the same options as an estimate to Save, Save and new, Save and close, or Save and send. You also have an option to Save and Share Link. This retrieves the web link to the invoice to easily share the link with your customer via email, text message, etc. This link is also available on the Print Preview screen.

Once the invoice is saved, the More menu will show in the footer menu bar.

12. Click **More** to view the options on this menu. You have the options to copy, delete and view audit history, same as on an estimate. You also have some additional options not found on an estimate.

- **Void** – Voiding a transaction is sometimes preferable to deleting it. A deleted transaction cannot be reversed. A deleted transaction disappears, only to be found in the audit log where it cannot be restored. A voided transaction zeros out the amounts but holds the place of the once-existing transaction plus potential notes and attachments.
- **Transaction Journal** – Since this is a posting transaction, you also have the option to view the Transaction Journal, which shows exactly how the invoice is debited and credited to the general ledger. The charges you enter on the detail lines will post to their mapped income account and the total of the invoice will post to accounts receivable.

Step by Step: Make an Invoice a Recurring Transaction

What happens if you have monthly recurring charges and don't want to have to remember to enter them? Ideally you'd like QuickBooks to automatically create an invoice and email it to your customers. Use the Recurring Transactions feature to accomplish this. Many transactions (sales, purchases and journal entries) can be made recurring.

1. Use the invoice in the exercise above.

2. At the bottom of the screen click **Make recurring**.

This opens a screen to create a recurring invoice template.

3. Give the template a name.

4. Specify the type. Scheduled will automatically create the transaction at the interval you define. Reminder will remind you to enter it. Unscheduled will save it to the list of recurring templates, which you can use anytime to quickly enter the information saved on it.

5. Depending on the type you select, you may also see options to define how many days in advance of the interval date you want QuickBooks Online to create the transaction, options to automatically send the transaction via email and whether to include unbilled charges. If scheduled, set the interval and start and end dates.

6. **Save** the template.

You have a lot of flexibility when creating a template. Experiment with it in the sample file. It's often fastest to find an already-recorded transaction that you want to make recurring. Open it and click **Make recurring** at the bottom of the screen. Remember, most transactions in QuickBooks Online can be made recurring.

Invoices for Billable Charges

Some companies record financial activity for money spent that is marked as billable to a customer. Later, when you create an invoice for the customer, the data marked as billable acts as a reminder to charge and collect the amount from the customer.

Step by Step: **Create an Invoice for Billable Charges**

1. From Quick Create choose **Invoice**.

2. Select **Amy's Bird Sanctuary**. As soon as you enter the customer name, the time, expenses or charges that have been marked as billable to this customer but have not been added to an invoice will open a drawer on the right side of the screen. Drawer is a term to describe this right-side panel that slides open and closed to remind you when you have billable charges for the selected customer. It allows you to easily add them to the invoice.

3. Review the list of delayed charges, billable time, billable expenses and estimates and add them to the invoice or open them to learn more about them. If you performed the steps in the earlier exercise to enter delayed charges for Amy's Bird Sanctuary, then you may notice these charges in the drawer waiting to be added to an invoice. When you're finished with the drawer, click the **arrow** to collapse it.

4. Add any additional charges, memos or attachments.

5. **Save** the invoice.

6. Look in the upper left corner beneath the customer name field to see a blue hyperlink if there are any linked transactions. Click this **link** to view details of all the linked items from the drawer that were added to the invoice.

7. Look in the Item grid and notice the links on the far right of each row that were added from the drawer. Click the **link** to view details of the linked transaction(s).

8. Click **Remove** to delete a billable charge from the invoice and send it back to the drawer for use later or leave it linked to the invoice, but don't charge for it.

Converting an Estimate to an Invoice

If you've ever spent a lot of time working on a detailed estimate for a customer, then you understand the ability to copy an estimate to an invoice can be a real time-saver, especially for businesses with detailed line items and charges. There is more than one way to do this in QuickBooks Online.

Step-by-Step: Convert an Estimate to an Invoice

1. If you configured this functionality in Account and Settings, once you save the estimate you will see a **Copy to invoice** button in the upper right corner. Click that button and you instantly have an invoice identical to the estimate. In addition, the invoice contains a hyperlink under the customer field for easy access to the estimate.
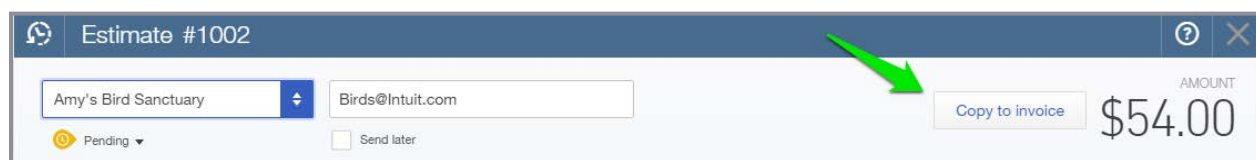
2. Create a new invoice and select a customer with an open estimate. The drawer will open on the right side of the screen. Look for the estimate. Click **Add** on the estimate. This will copy all the information in the estimate onto the invoice and link the invoice to the estimate.

In both cases, the estimate status will be updated to Closed. Add additional information or send the invoice as-is.

NOTE: *If you change the invoice so it differs from the estimate, the estimate is still considered fully invoiced. There is no progress billing tool in QuickBooks Online.*

Receive Payment

When a customer makes a payment you want to record it against their receivable balance. A payment is received against an invoice, decreases accounts receivable and increases either a bank account or Undeposited Funds.

Step by Step: Receive a Payment from a Customer

1. From Quick Create choose **Receive Payment**.

2. Select the customer **Red Rock Diner**. QuickBooks Online will load all the open invoices awaiting payment for that customer. If there is a long list of open invoices and they've paid for just one of them, click the **Find by invoice no**. button to quickly apply the payment to the proper invoice. Or use the filter options above the list of invoices to search for all or overdue invoices by date range.

3. Enter the payment date, payment method and reference number for the payment (such as the customer's check number).

4. Enter the **Deposit To** account.
   - If the payment was deposited directly to a bank account with no other payments and the total of the deposit is the same as the total of this payment, select that bank account
   - If the payment was grouped with other payments when deposited, select the **Undeposited Funds** account. This method is regarded as the best practice to record payments received.

NOTE: *Undeposited Funds is not a default preference setting, you'll need to make sure the proper account is selected each time. Whichever account you used last time will be selected. If you always use the Undeposited Funds account, it will automatically select that account.*

5. Check the box for both rows to indicate the customer paid both invoices. Notice the Amount Received field reflects the total of the invoices selected.

6. On invoice #1023, modify the payment amount in the grid to *$10*. This is how you record a partial payment on a particular invoice.

7. Add a memo and attachments, as applicable.

8. **Save and close**.

You can also record a payment by navigating to the invoice the customer has paid and clicking the **Receive Payment** button. In this situation, the customer and invoice will already be populated on screen. Just enter the payment method, reference number, Deposit To account and payment amount.

Process and Record Payment

Companies with an active QuickBooks Payments merchant services account can charge a customer's credit card or accept ACH bank transfers when recording their payment in QuickBooks Online.

If you've received your customer's authorization to charge their card, you can record the payment and charge their card all in one step.

NOTE: *The QuickBooks Online sample company does not have an active QuickBooks Payments merchant service account activated so you will not be able to practice this in that environment.*

Step-by-Step: Charge Credit Card and Record Payment

1. From the Quick Create menu, select **Receive Payment**.

2. Select the customer with an open balance whose credit card you will charge.

3. Fill out the payment date as today and select the open invoices associated with this payment.

4. From the Payment method drop-down field, select a credit card type.

5. If there is no credit card on file for the customer, the **No credit card information** button will appear. Click the button and swipe the card or enter the credit card information. Click **OK** to save the information.

If there is a credit card on file for the customer, the last four digits will show on a button under the **Payment method** field. Click the button to modify or view the credit card details.

6. Under that button will be a checkbox to **Process the credit card**. Check this box to tell QuickBooks Online you want to charge the customer's credit card when you save the transaction.

7. Click **Save and close** to charge the customer's credit card and record the payment.

Step-by-Step: Transfer from Bank Account and Record Payment

1. From the Quick Create menu, select **Receive Payment**.

2. Select the customer with an open balance from whose bank account you are authorized to pull funds.

3. Fill out the payment date as today and select the open invoices associated with this payment.

4. From the Payment method drop-down field, select **Check**.

5. If there is no bank information on file for the customer, the **Enter bank info** button will appear. Click the button and enter the banking information. Click **OK** to save the information.

If there is bank account information on file for the customer, the last four digits of the bank account will show on a button under the **Payment method** field. Click the button to modify or view the bank account details.

8. Under that button will be a checkbox to **process the ACH bank transfer**. Check this box to tell QuickBooks Online you want to transfer funds from the customer's bank account to the company's bank account when you save the transaction.

9. Click **Save and close** to transfer funds between bank accounts and record the payment.

Credit Memo

What if you overcharge your customer or something you shipped was damaged. When the invoice needs to be reduced, use a credit memo to issue a credit to your customer and apply it against their invoice.

The Credit Memo screen in QuickBooks Online is a sales form and has the reverse effect of an invoice. This form posts an accrual transaction – the income is reversed but no cash refunded. The total amount of the credit memo will post as a credit to decrease accounts receivable. Individual charges on each line of the credit memo are recorded using Products and Services items that post as a debit to decrease the mapped account in the item's Sales Information column in the Income Account field.

Sales Receipts

The Sales Receipt transaction type in QuickBooks Online is the cash equivalent of an invoice. It's a receipt for a sale that was made and paid for at the time of sale. It will record the income for the items you sold and record the money you were paid.

The Sales Receipt screen in QuickBooks Online is a sales form and is used when you receive a payment at the time of sale. This form posts a cash basis transaction – the income is recorded as earned and the payment is recorded as received. The total amount of the sales receipt will post as a debit to increase the bank account or Undeposited Funds account, as specified in the Deposit To field.

Step-by-Step: Create a Sales Receipt

1. Create a new sales receipt and fill out the fields on screen with appropriate details as you would on an invoice.

2. Specify the Deposit To account as you would on Receive Payment.

   ● If the payment was deposited directly to a bank account, select that bank account.

   ● If the payment was grouped with other payments then deposited, select the **Undeposited Funds** account. This method is regarded as the best practice to record a payment received on a sales receipt.

3. Companies with an active QuickBooks Payments merchant services account can charge a customer's credit card or accept ACH bank transfers when recording a sales receipt in QuickBooks Online. The process is the same as the way you charge a customer's credit card on the Receive Payment screen by selecting a credit card or check from the Payment method field's drop-down list.

4. Click the **Print Preview** option on the bottom footer menu for the option to print a packing slip.

Refunds

Sometimes you need to issue a refund. The Refund screen in QuickBooks Online is a sales form and has the reverse effect of a sales receipt. It's different than a credit memo which credits the customer's accounts receivable account so the customer has a lower balance due. Instead, with a refund you are going to give the customer back their money. The Refund form posts a cash-basis transaction – the income is reversed and the payment is refunded.

The total amount of the refund will post as a credit to decrease the checking account, or whichever account is selected in the Refund from field. Individual charges on each line of the refund are recorded using Products and Services items that post as a debit to decrease the mapped account in the item's Sales Information column in the Income Account field.

Step-by-Step: Create a Refund

1. From the Quick Create menu, select **Refund Receipt**.

2. Enter the customer, date and other details about the refund.

3. Select the payment method for repaying the customer.

4. List each Products and Services item and the amount to refund.

5. Add any messages and attachments as needed.
   - If you're refunding to a credit card, check the box to process the credit card and save the refund transaction to trigger the reimbursement of funds to the customer's credit card.
   - If you're sending the customer a check, you can print it from here or check the box to print it later in batch.
   - If you're refunding cash, save the refund screen and hand over the cash refund to the customer.

6. **Save** the transaction.

7. You can print and preview refund receipts which use QuickBooks standard template.

Deposit Undeposited Funds

During the Receive Payment and Sales Receipt sections previously in this guide, we learned that if the payment was deposited in a group with other customer payments, we should record it as deposited to the Undeposited Funds account, not directly to the bank account. The Undeposited Funds account is a holding account that allows you to group all of the payments into one deposit.

There is no setting in QuickBooks Online to set this as the default Deposit To account. The user needs to remember to select **Undeposited Funds** each time. However, on a Receive Payment and Sales Receipt, the account field is sticky. This means it will automatically show whatever account was used last time.

Step-by-Step: Deposit Undeposited Funds

1. From Quick Create select **Bank Deposits**.

2. In the upper half of the Deposit screen are all of the undeposited payments and sales receipts waiting to be taken to the bank. Check the box of each payment or sales receipt included in the deposit.

3. Once the deposit screen total matches the total deposit at the bank, **Save** the transaction.

Now the deposit you've posted to the bank account in QuickBooks Online will match the deposit amount shown on the bank statement, making for easier bank reconciliation.

RECOGNIZE THE FEATURES OF ONLINE INVOICES

Online Invoices

There is an option in Account & Settings in the Sales category that turns on the online invoicing feature. With this feature turned on, QuickBooks Online will generate a special type of email to your customer with a link to an Online Invoice. This Online Invoice is a webpage that interacts directly with the invoice in your QuickBooks Online account.

Step-by-Step: Send an Online Invoice

1. From an invoice, click **Save and send**.

2. On the Send Email screen, edit the subject line and body of the email. You may want to customize a specific message to the customer.

3. View an image of the invoice. Verify information and whether you are using the intended invoice style.

4. In the Online payment section, specify whether to let your customer pay you by credit card and/or bank account (ACH, electronic payment). If you are not signed up for QuickBooks Payments, this option won't be available.

5. Click the **Send** button and the customer will receive an email with a link to view the Online Invoice. (Sending Online Invoices is disabled in the sample company.)
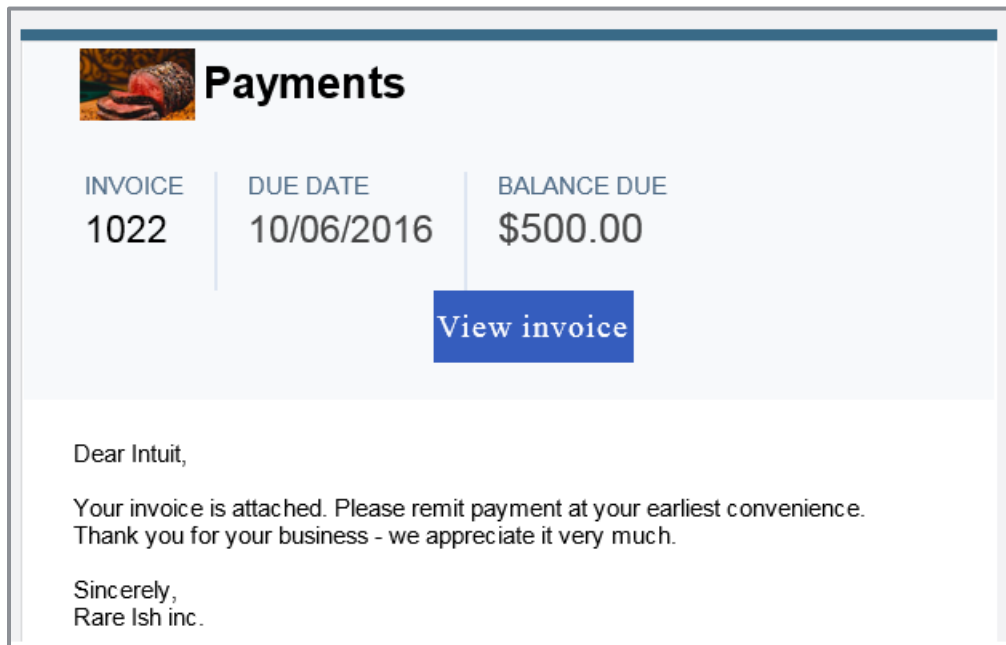
When the customer clicks the **View invoice** button in the email, a browser window opens to view the Online Invoice. The interactive Online Invoice is branded with the company's name and shows the customer an image of their invoice, the invoice number and due date. The balance due for that invoice at the time the customer opens the invoice will also be displayed. If the customer makes a partial payment, the next time they click to view the invoice the remaining balance due will show. The balance showing on the Online Invoice is connected to the balance due in QuickBooks Online. Print and save options let the customer archive a copy of the invoice by printing it or saving it as a PDF.

The customer can post a message and upload an attachment in the right side messaging section. The company will receive an email notice that the message has been posted and includes the text of the message. In addition, the message is posted in the QuickBooks Online account on the invoice in the activity feed and the company can post messages to the customer. This two-way messaging allows the company and the customer to communicate directly about this invoice and serves as an important archive of this communication.

In addition to messages from customers, the company can also see when they sent the invoice and when the customer viewed the invoice. Online Invoices are tracked, making it easy for the company to know when their invoice has been opened.
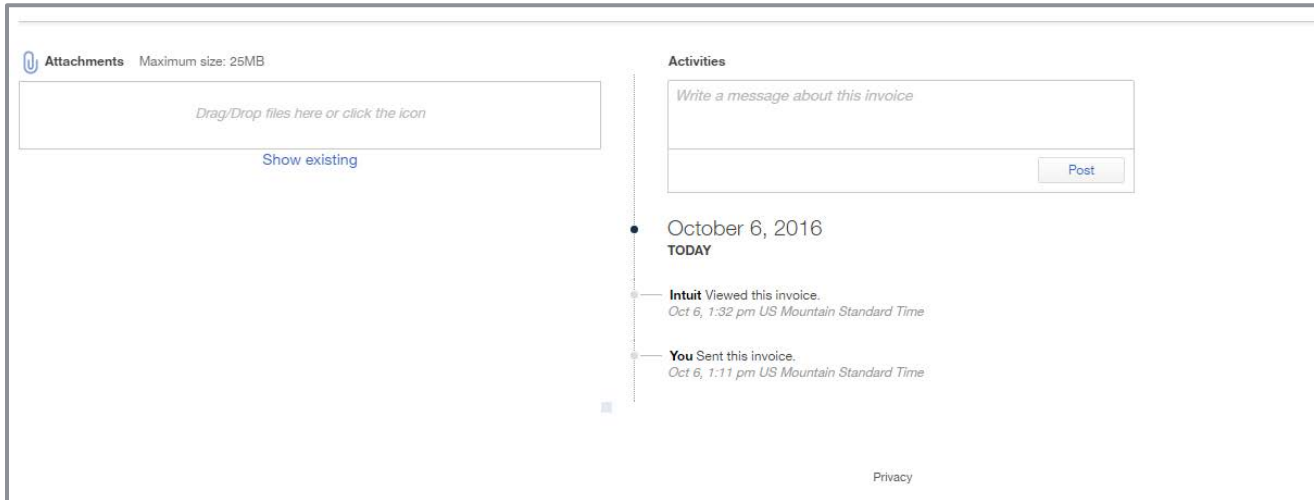
IDENTIFY THE FUNCTIONALITY OF QUICKBOOKS PAYMENTS

Online Invoices with QuickBooks Payments

Companies that have activated QuickBooks Payments have the option to allow customers to pay their Online Invoice via credit card or bank account. On an invoice in QuickBooks Online, when you click Save and send, check the options you want to make available to your customer.

When the customer receives your emailed invoice notification and clicks to view the invoice, there will be a Pay now button above the print and save PDF buttons.
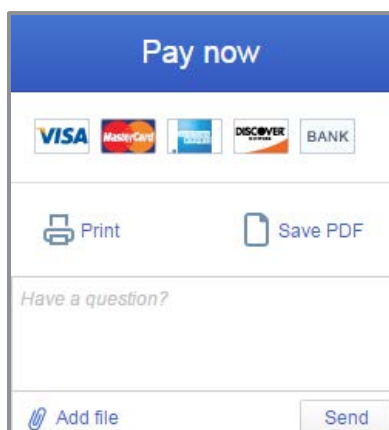
When a customer clicks the Pay now button they can designate the amount they want to pay and enter credit card or bank information. There is an option to Save payment method to pay faster next time by not requiring them to enter the credit card or bank info the next time they click to view and pay an Online Invoice.

The customer will verify the information entered is correct and click the button to Submit payment. A confirmation page and email receipt confirms to the customer that payment has been processed successfully. The Online Invoice will now show the paid status, the date payment was received and any remaining balance due.

The company will receive an email notification of the sale and QuickBooks Online is updated automatically with the payment, deposit and merchant fees.

Recurring Sales Receipts with QuickBooks Payments

Another use for QuickBooks Payments with QuickBooks Online is scheduling automatic charges to a customer's credit card or automatic transfers from a customer's bank account. Companies with customers who have fixed recurring fees can create a recurring sales receipt for each customer and schedule it to automatically record the sale and charge the customer's credit card or transfer from their bank account.

Step-by-Step: Make Recurring Sales Receipts with QuickBooks Payments

1. From the gear icon and select **Recurring Transactions**.

2. Create a new recurring sales receipt. If you already have a sales receipt created for this customer that you'd like to make recurring, navigate instead to that sales receipt and click **Make recurring** on the footer menu.

3. Enter details about the template: the name of the template, schedule, interval and start date.

4. Enter or review and modify details about the sale that you want QuickBooks Online to post for you automatically.

5. Specify the credit card type in the payment method drop-down field or select **Check** as the payment method to transfer funds from their bank account.

6. Check the box to process payment. At the defined schedule, the sales receipt will be recorded and the customer's credit card or bank account will be charged. Funds will be deposited to the company's bank account.

Be sure to keep a signed authorization form on file for these customers. You can attach it to the recurring sales receipt.

RECOGNIZE METHODS TO WORK WITH EXISTING SALES TRANSACTIONS

Customer Center

We've explored each of the sales forms in QuickBooks Online and how to add them from the Quick Create menu. Next we'll explore the Customer Center to learn how to manage customers and their existing transactions and add new transactions. Navigate to the Customer Center by clicking **Customers** in the left navigation pane.

The most obvious element in the Customer Center is the money bar. The money bar is a visual representation of open and recent sales activity for customers: Unbilled Activity, Unpaid Activity and Recently Paid Activity. Below the money bar is a list of customers. Drill down on any section of the money bar to filter the list of customers and show only those customers related to the money bar filter you selected. Click the **Clear Filter/View All** link to return to the list of all customers.

Above the money bar is a button to add a new customer. This is where you enter the customer's name and address information, notes, tax info and payment and billing info. Click the **down arrow** next to the **New customer** button to import customers.

Below the money bar is a grid of customers.

● Select several clients by checking the box next to their name and use the **Batch actions** button to create statements or send an email to the selected customers

● Use the search box above the grid to quickly find a particular customer by name or phone number

● Click the column headers for **Customer / Company** or **Open Balance** to sort forward and backward by that column

● Use the icons to print the customer list or export it to Microsoft Excel®

● The columns of the grid can be configured by selecting the grid's **gear** icon to show the address, email and phone, include inactive customers in the list, and change the number of rows showing from 50 to 150 to 300. The next time you open the Customer Center, QuickBooks Online will remember your preference.

● Click the **envelope** icon next to a customer name to launch an email already addressed to the customer

● Click an **action** link to perform the next logical action that QuickBooks Online suggests based on current open transactions. Review the list of customers and the suggested next actions. The action links also have a down arrow next to them to find other actions to perform: Send reminder, Create statement, Charge, Time activity, Invoice, Sales receipt or estimate or Make the customer inactive.

● Click on a customer name to view the customer details
  ● Edit the customer's profile information and see a list of transactions related to the customer
  ● Attach files to the customer
  ● Add new transactions for the customer via the New transaction button or click one of the action links next to an open transaction.
  ● View a list of existing transactions related to this customer
  ● Use the grid's gear icon to configure which columns to show, including the Attachments column for documents attached to this customer's sales transactions
  ● On the left, click to expand and access your customer list to quickly jump to another customer's profile or transaction list

If you click the **Estimates** filter in the Unbilled Activity (blue) section of the money bar, you'll see a list of customers with open estimates waiting to be invoiced. The action link on each customer's row suggests you start an invoice.

NOTE: *If you do not want to invoice for the whole amount of the estimate, you can change the quantity or line items on the invoice. However, QuickBooks still considers the estimate fully invoiced. There is no progress invoicing in QuickBooks Online.*

Step-by-Step: Invoice Unbilled Activity from Customer Center

1. From the Customer Center, click the **Unbilled Activity** filter on the money bar.

2. View the list of customers with activity waiting to be invoiced.

3. Notice the action link on each customer's row suggests you start an invoice.

4. Click **Start invoice** for Video Games by Dan. QuickBooks Online will create an invoice for this customer with all the unbilled activity already added.

5. Add additional information and charges then click **Save**.

Recognize this is an alternate method to create an invoice for unbilled activity. You can also start a new invoice from the Quick Create menu and add unbilled activity from the drawer.

TIP: *If you have multiple activities and only want to create an invoice for one or some of the activity, you can unlink each charge from each row by clicking the link then the* **Remove** *button. Or, from the Customer Center, drill down into the list of unbilled activity and find the charge you want to bill for then click* **Start invoice** *for that one charge.*

Step-by-Step: Receive Payment from Customer Center

1. From the Customer Center, click the **Open or Overdue Invoices** filter on the money bar to see a list of customers with balances due.

2. Notice the action link suggests you receive payment.

3. Click the **Receive payment** link. QuickBooks Online will create a payment transaction for this customer and select all the open invoices. If you have a customer with a lot of invoices that are all or mostly paid by one payment, this is faster than going to **Quick Create** and checking every box.

4. Enter remaining information about the payment and click **Save**.

Sales Center

Navigate to the **Transactions → Sales** screen in the left navigation pane. The Sales Center lets you manage existing sales transactions and add new ones. It's similar to the Customer Center, however instead of a list of customers we see sales transactions for the last 365 days.

As in the Customer Center, we have a money bar showing information about unbilled, unpaid and recently paid activity. Click any segment of the bar to filter the sales transaction list below it.

Above the money bar we can add new sales transactions.

Below the money bar is a grid of existing sales transactions.

● Use the filter button to search by specific sales transaction type, status, delivery method, date and customer. Use the date filter to see more than the last 365 days.

● In the grid of transactions, select several rows by checking the box then use the **Batch actions** button to print transactions, print packing slips, send transactions via email or even create invoices.

● Just like in the Customer Center, click the column headers to sort forward and backward, use the icons to print the sales list or export it to Excel, and use the gear icon to edit the grid. Pick which fields you want to show as columns, such as the Attachments column, change the number of rows showing and switch to compact rows. The next time you open the Sales Center, QuickBooks Online will remember your preferences.

● Also similar to the Customer Center, the Sales Center has action links to perform the next logical action that QuickBooks Online suggests based on the status of the transaction. Or click the **down arrow** next to the link to perform the available actions for that transaction type on that row, such as Print, Send, Print packing slip or Copy.

As we saw in the Customer Center, when you use the Unbilled Activity filter on the money bar, the grid below will show one row for each customer with unbilled activity. You can either drill down to view the unbilled activity, or click the action link to start an invoice for this customer with all of the unbilled activity already added to it.

Similar to the Customer Center, click the **Open or Overdue Invoices** filter on the money bar, then click the **Receive payment** action link and QuickBooks Online will create a payment for this customer for the invoice whose row you selected.

IDENTIFY FUNCTIONALITY OF BATCH PROCESSES FOR SALES TRANSACTIONS

Batch Processing

Unlike the Customer Center, the Sales Center gives us the option to check multiple rows for several customers with unbilled activity then use the Batch actions button to create invoices for all customers' unbilled activity at once.

Step by Step: Invoice all Unbilled Activity in Batch

1. From the Sales Center, click the **Unbilled Activity** section on the money bar.

2. View the list of customers with activity waiting to be invoiced.

3. Check the box in the header row to select all rows in the grid.

4. Click the **Batch actions** button then select **Create invoices**.

5. Click the **Open Invoices** section on the money bar and find the invoices that were instantly created dated today for the customers who previously had unbilled activity.

6. Check the boxes next to each. Click the **Batch actions** button then choose **Send transactions** to email them to customers.

Guide Conclusion

You have just completed *Module 4, Common Workflows – Sales*. This Supplemental Guide, in tandem with its recorded module, has been provided to help prepare you for the QuickBooks Online Certification Exam. Continue on to the remaining modules and their related guides then proceed to the certification exam.

By completing this module, you should be able to:

● Recognize alternate entry points to enter sales transactions

● Define common QuickBooks concepts and terms related to recording sales transactions

● Identify best practices when using QuickBooks Online to record revenue

● Recognize the features of Online Invoices

● Identify the functionality of QuickBooks Payments

● Recognize methods to work with existing sales transactions

● Identify functionality of batch processes for sales transactions