

Accepting Credit Cards

When we accept credit cards for payment we need to record the income, however at the same time we do not have the cash, so we need to record it as money that is owed to us, in Accounts Receivable. This shows it as an asset.

When the Credit Card company pays us, the money will be in the bank, and we need a way to show the deposit in QuickBooks without it being shown as new Income.

Preparation

We'll create a new Cash Account 1040.00
– Credit Card Clearing Acct, under
1000.00 – Cash

First, we'll need to create several new Accounts and Items.

Edit Account

Account Type: Bank Number: 1040.00

Account Name: Credit Card Clearing

Subaccount of: 1000.00 - Cash

Optional

Description: Credit Card Tracking acct

Bank Acct. No.:

Tax-Line Mapping: <Unassigned> [How do I choose the right tax line?](#)

[Should I enter an opening balance?](#)

Remind me to order checks when I reach check number:

Order checks I can print from QuickBooks [Learn more](#)

Account is inactive

A new Accounts Receivable account
1140.00- Credit Card AR, under 1100.00
Accounts Receivable

Add New Account Type a help question **Ask** **How Do I?**

Account Type: Accounts Receivable Number: 1140.00

Account Name: Credit Card AR

Subaccount of: 1100.00 - Receivables

Optional

Description: Tracking CC Purchases

Note:

Tax-Line Mapping: <Unassigned> [How do I choose the right tax line?](#)

And 5440.00 – Credit Card Fees, under
5400.00 - General Administration Exp.

Add New Account

Account Type: Expense Number: 5440.00

Account Name: Credit Card Fees

Subaccount of: 5400.00 · General Administration Exp

Optional

Description: Tracking fees for accepting Credit Card purchases

Note: [Empty]

Tax-Line Mapping: <Unassigned> [How do I choose the right tax line?](#)

Buttons: Save & Close, Save & New, Cancel

Now we need to create the new Items.

1040 CC Clearing – associated with
1040.00 – Credit Card Clearing Acct

New Item Type a help question Ask How Do I? [Min] [Max] [Close]

Type: Other Charge Use for miscellaneous labor, material, or part charges, such as delivery charges, setup fees, and service charges.

Item Name/Number: 1040 CC Clearing Subitem of

This item is used in assemblies or is a reimbursable charge

Description: Credit Card Clearing Amount or %: 0.00

Account: 1040.00 · Credit Ca... Item is inactive

Buttons: OK, Cancel, Next, Custom Fields, Spelling

5440 Credit Card Fees – associated with
5440.00 – Credit Card Fees

New Item [Min] [Max] [Close]

Type: Other Charge Use for miscellaneous labor, material, or part charges, such as delivery charges, setup fees, and service charges.

Item Name/Number: 5440 Credit Card Fe Subitem of

This item is used in assemblies or is a reimbursable charge

Description: Fees for accepting CC purchases Amount or %: 0.00

Account: 5440.00 · Credit Ca... Item is inactive

Buttons: OK, Cancel, Next, Custom Fields, Spelling

Processing Credit Card Purchases at the Lodge

We need our Deposits and Receipts to match. When a member pays with a credit card, we do not have the full amount in cash to deposit into 1005.00 Checking.

We need to take the credit card purchase out of the deposit, and thus reduce the receipt by the amount that has been put on the card.

Entering Receipts

We also need to keep the income reflecting what the register tapes show as being sold.

When we enter our sales we count our total Cash, Checks and Credit Card Receipts. Then we calculate the amount of Sales Tax to be held in Liability for the State payment.

If our register reads \$300 in sales, the sales tax (at 7.75%) is \$21.58.

Then we enter the receipt, using the items for Beer, Liquor, food, wine, misc. and Sales Tax.

Then we also add the item 1040 – Credit Card AR, using a negative number for this item reflecting the amount that has been charged. We do NOT have this amount to deposit, so it will reduce our total receipt, and thus our Deposit, by the amount on credit. It will also leave our Income at the full amount of \$278.42 (\$300 minus the sales tax of \$21.58.)

The P&L reflects the entire amount of income.

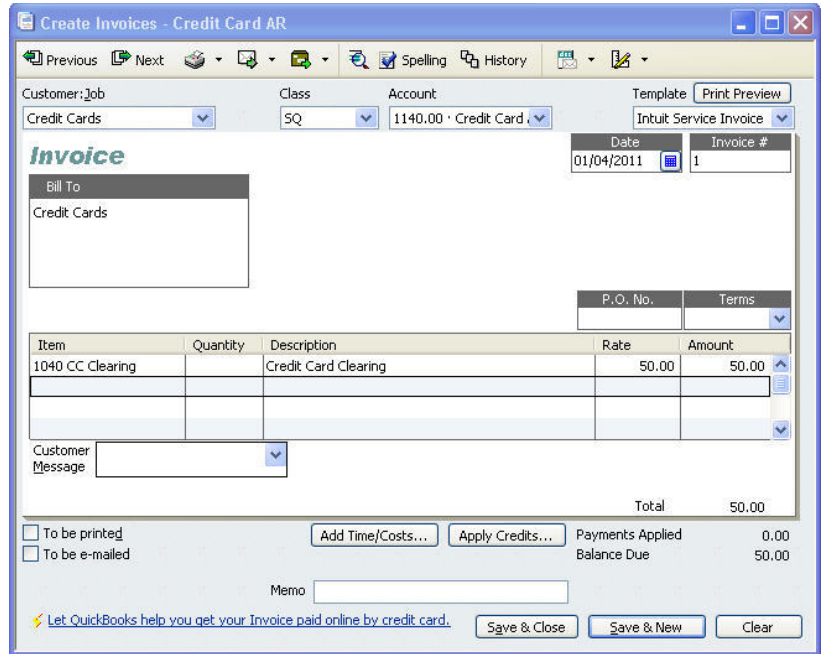
Type	Date	Num	Name	Memo	Class	Amount	Balance
Income							
4225.00 - Social Quarters Sales							
4230.00 - Beer Sales							
Sales Receipt	01/04/2011	68	Social Quarters	Beer sales	SQ	279.06	279.06
Total 4230.00 - Beer Sales						279.06	279.06
Total 4225.00 - Social Quarters Sales						279.06	279.06
Total Income						279.06	279.06

Our Balance Sheet 1199.00 account will reflect that only the amount of cash and checks collected will be actually taken to the bank and deposited.

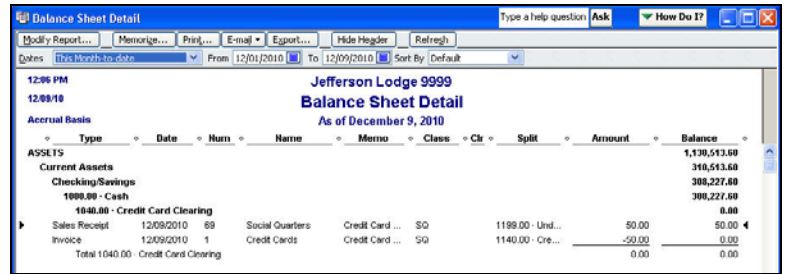
Account	Amount	Balance
Other Current Assets		2,286.00
1199.00 - Undeposited Funds		0.00
Sales Receipt	250.00	250.00
Total 1199.00 - Undeposited Funds	250.00	250.00

This deposit needs to be posted when you actually take the cash and checks to the bank.

On our Balance Sheet, this receipt will show that we have increased our total Cash by \$50.00, so we need to balance that. We do not really have the \$50. It is owed to us. Next, we need to create an invoice for the amount on the credit card, using the account 1140.00- Credit Card AR, and the item 1040.00 - Credit Card AR.

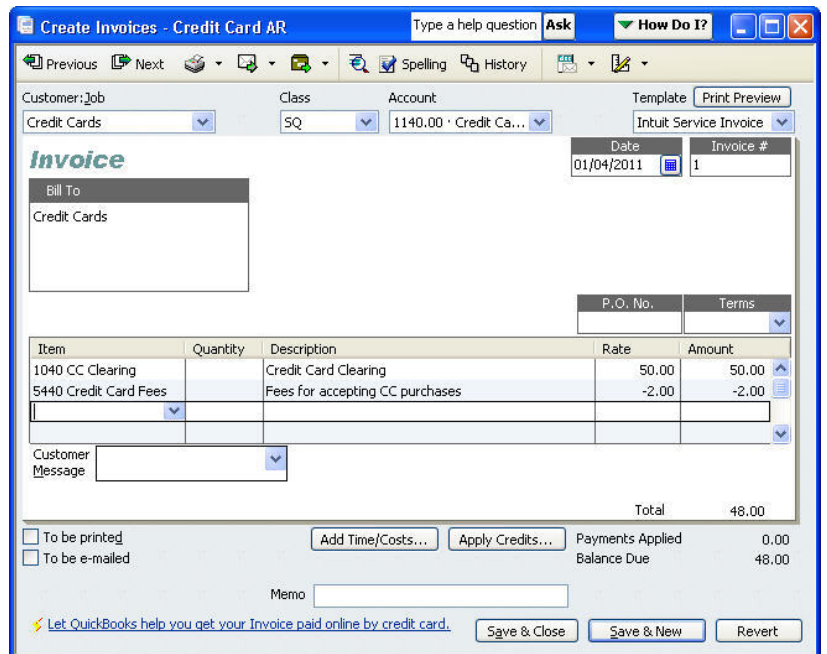


Our Balance Sheet now cancels the \$50.00 in 1040.00. However, our AR accounts have increased by the same \$50.00, so our Balance sheet is correct.



Processing Payments Deposited into the Lodge Bank Account

When the credit card company pays us, the money goes directly into our bank account, so we need to "Receive" the payment. But first, we need to deduct any Fees the credit card company is deducting from their payment to us. Go back to the invoice, and on the second line enter item 5440, and a negative dollar amount for the fees.



Now click on "Receive Payments" and find the invoice that matches.

In the Amount field type in the payment you received from the credit card company.

Customer Payment

Received From: Credit Cards
 Amount: 48.00
 Date: 01/05/2011
 Customer Balance: 48.00
 Pmt. Method: Direct Deposit
 Reference #:
 Memo:
 Card No.:
 Exp. Date: / /
 Process credit card payment when saving

Date	Number	Orig. Amt.	Amt. Due	Payment
01/04/2011	1	48.00	48.00	48.00
Totals			48.00	48.00

Amounts for Selected Invoices
 Amount Due: 48.00
 Applied: 48.00
 Discount and Credits Applied: 0.00

After the Payment is received, you will need to make the Deposit, but since the money is already in the bank, this deposit only needs to be done in QuickBooks.

This screen shows 2 deposits waiting. The first is from the sales receipt and needs to be processed when you actually take the money to the bank. The second one is already in the bank, and you need to show that in QuickBooks.

There will be nothing to take to the bank, so **do not** combine this deposit with any that you do have to take to the bank.

Payments to Deposit

Select View: All types
 View payment method type: All types

Date	Time	Type	No.	Payment Met...	Name	Amount
01/04/2011		RCPT	68		Social Quarters	250.00
01/05/2011		PMT		Direct Deposit	Credit Cards	48.00

1 of 2 payments selected for deposit
 Payments Subtotal: 48.00

Make sure the date reflects that of the direct deposit into your account so that your monthly bank statement and your reconciliation will agree.

Make Deposits

Deposit To: 1005.00 · C... Date: 01/05/2011 Memo: Deposit

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
Credit Cards	1199.00 · Undeposited Funds			Direct Deposit	SQ	48.00

Deposit Subtotal: 48.00

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: Cash back memo: Cash back amount:
 Deposit Total: 48.00

1. Notice in the Balance Sheet that 1040.00 Credit Card Clearing is balanced, \$50 in from the Sales Receipt and \$50 out by the Invoice.

2. Our AR account 1140.00 Credit Card AR has 1 invoice for \$48 and one matching payment. Remember, there was a \$2 fee deducted from the Credit Card company's payment to us, so we only got \$48 from them and charge the \$2 off as a Credit Card Fee expense in 5440.00, which shows on the P&L on the next page.

3. Our 1199.00 Undeposited Funds account shows a Sales Receipt for \$250.00 which has not been deposited yet, and will be included in the Social Quarters Deposit when you go to the bank. It also shows the Invoice Payment of \$48.00 that was direct deposited by the credit card company, and the QuickBooks Deposit of \$48.00 into the 1005.00 Checking account.

Modify Report... Memorize... Print... E-mail... Export... Hide Header Refresh										
Dates: This Month-to-date From: 01/01/2011 To: 01/20/2011 Sort By: Default										
8:01 AM Jefferson Lodge 9999 01/20/11 Balance Sheet Detail Accrual Basis As of January 20, 2011										
Type	Date	Num	Name	Memo	Class	Amount	Balance			
ASSETS							288,833.71			
Current Assets							288,833.71			
Checking/Savings							288,833.71			
1000.00 - Cash							288,833.71			
1040.00 - Credit Card Clearing							0.00			
Sales Receipt	01/04/2011	68	Social Quarters	Credit Card Clearing	SQ	50.00	50.00			
Invoice	01/04/2011	1	Credit Cards	Credit Card Clearing	SQ	-50.00	0.00			
Total 1040.00 - Credit Card Clearing							0.00	0.00		
1005.00 - Checking - Cash							288,833.71			
Deposit	01/05/2011			Deposit		48.00	288,881.71			
Total 1005.00 - Checking - Cash							48.00	288,881.71		
Total 1000.00 - Cash							48.00	288,881.71		
Total Checking/Savings							48.00	288,881.71		
Accounts Receivable							0.00			
1100.00 - Receivables							0.00			
1140.00 - Credit Card AR							0.00			
Invoice	01/04/2011	1	Credit Cards		SQ	48.00	48.00			
Payment	01/05/2011		Credit Cards			-48.00	0.00			
Total 1140.00 - Credit Card AR							0.00	0.00		
Total 1100.00 - Receivables							0.00	0.00		
Total Accounts Receivable							0.00	0.00		
Other Current Assets							0.00			
1199.00 - Undeposited Funds							0.00			
Sales Receipt	01/04/2011	68	Social Quarters		SQ	250.00	250.00			
Payment	01/05/2011		Credit Cards			48.00	298.00			
Deposit	01/05/2011		Credit Cards	Deposit	SQ	-48.00	250.00			
Total 1199.00 - Undeposited Funds							250.00	250.00		
Total Other Current Assets							250.00	250.00		
Total Current Assets							298.00	289,131.71		
TOTAL ASSETS							298.00	289,131.71		
LIABILITIES & EQUITY							0.00			
Liabilities							0.00			
Current Liabilities							0.00			
Other Current Liabilities							0.00			
2300.00 - Other Liabilities							0.00			
2305.00 - Sales Tax Liabilities							0.00			
Sales Receipt	01/04/2011	68	Social Quarters	Sales Tax	SQ	21.58	21.58			
Total 2305.00 - Sales Tax Liabilities							21.58	21.58		
Total 2300.00 - Other Liabilities							21.58	21.58		
Total Other Current Liabilities							21.58	21.58		
Total Current Liabilities							21.58	21.58		
Total Liabilities							21.58	21.58		
TOTAL LIABILITIES & EQUITY							21.58	21.58		

4. Our sales receipt shows the full income of \$278.42 (\$300 minus the sales tax liability of \$21.58.

Profit & Loss Detail

7:59 AM Jefferson Lodge 9999
01/20/11 Profit & Loss Detail
Accrual Basis May 1, 2010 through January 20, 2011

Type	Date	Num	Name	Memo	Class	Amount	Balance
Income							
4225.00 · Social Quarters Sales							
4230.00 · Beer Sales							
Sales Receipt	01/04/2011	68	Social Quarters	Beer sales	SQ	278.42	278.42
Total 4230.00 · Beer Sales						278.42	278.42
Total 4225.00 · Social Quarters Sales						278.42	278.42
Total Income						278.42	278.42
Cost of Goods Sold							
5025.00 · Social Quarters Cost/Goods Sold							
5030.00 · Beer - Cost of Goods Sold							
Sales Receipt	01/04/2011	68	Social Quarters	Beer sales	SQ	0.00	0.00
Total 5030.00 · Beer - Cost of Goods Sold						0.00	0.00
Total 5025.00 · Social Quarters Cost/Goods Sold						0.00	0.00
Total COGS						0.00	0.00
Gross Profit						278.42	278.42
Expense							
5400.00 · General Administration Exp							
5440.00 · Credit Card Fees							
Invoice	01/04/2011	1	Credit Cards	Fees for accepting CC purchases	SQ	2.00	2.00
Total 5440.00 · Credit Card Fees						2.00	2.00
Total 5400.00 · General Administration Exp						2.00	2.00
Total Expense						2.00	2.00
Net Income						276.42	276.42

5. Account 5440.00 Credit Card Fees shows the \$2.00 the Credit Card company charged as a fee for processing the transaction.