

Sample Chapter For:

Get More from QuickBooks

**Conquer 27 Frustrating Mistakes
That Steal Your Time, Sanity & Money**

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<http://www.jenniferthieme.com/conquer-27-frustrating-mistakes.html>

Frustrating Mistake #21

Using “Write Checks” to “Pay Sales Tax”

Why is this important?

Recording sales tax payments the right way in QuickBooks keeps things running smoothly. Recording them the wrong way creates problems that are hard to correct.

Sometimes people use the “Write Checks” screen to record a sales tax payment, but...

...sales tax payments are a very specific process in QuickBooks.

QuickBooks is composed of several “modules,” and sales tax is one of them.

If the sales tax “module” is used correctly, it records the sales tax payment into the check register, and it keeps the Sales Tax Liability reports accurate.

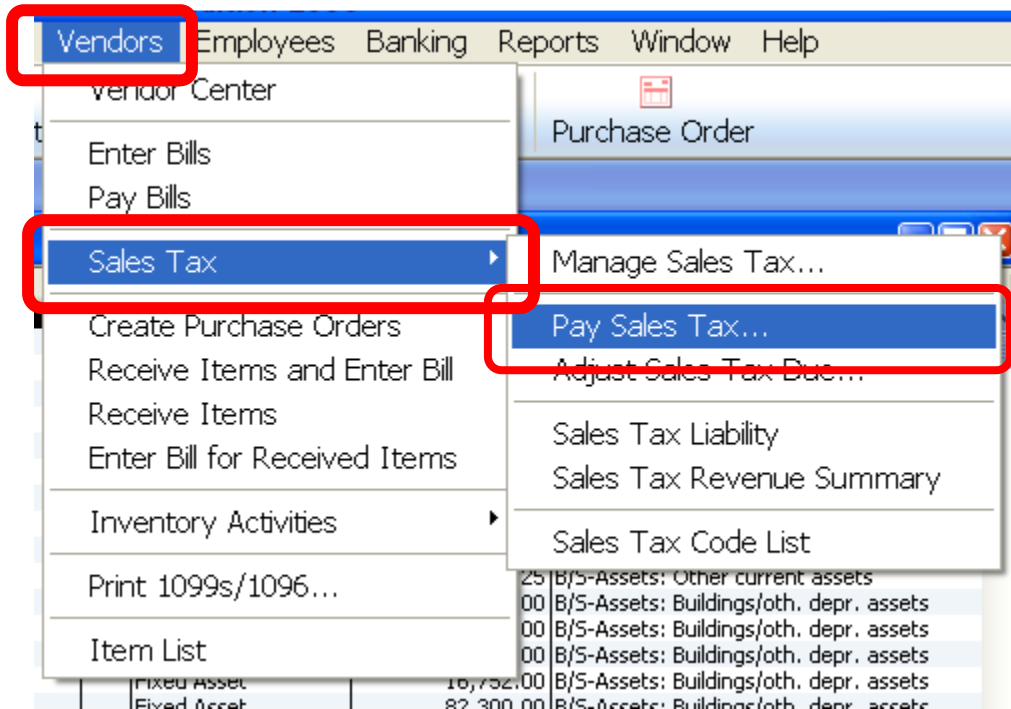
If the Write Checks screen is used to record a sales tax payment (or if any other screen is used to record sales tax payments), it’s likely that the wrong accounts will be used for the payment.

Also, the Sales Tax Liability reports *will* be wrong – guaranteed.

Here’s the process to record a sales tax payment.

Compute the amount of tax owed on the sales tax return.

Then from the Vendors menu, select Sales Tax, then select Pay Sales Tax.



The Pay Sales Tax window opens.

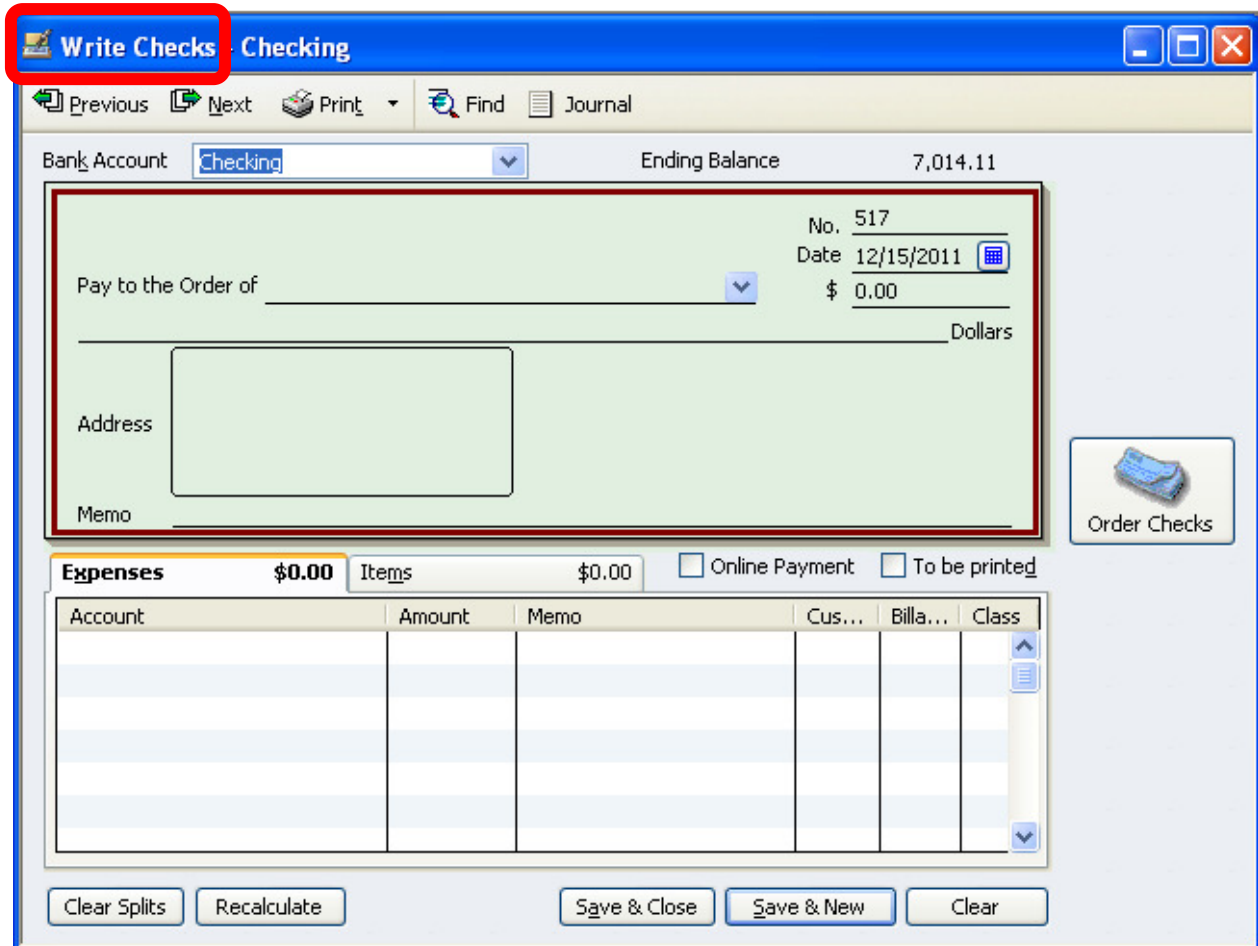
P..	Item	Vendor	Amt. Due	Amt. Paid
	San Tomas Tax	State Board of Equalization	3,169.08	0.00
	Bayshore Tax	State Board of Equalization	1,830.80	0.00
Totals			4,999.88	0.00

Pay All Tax **Adjust** Ending Bank Balance 100,948.54

To be printed OK Cancel Help

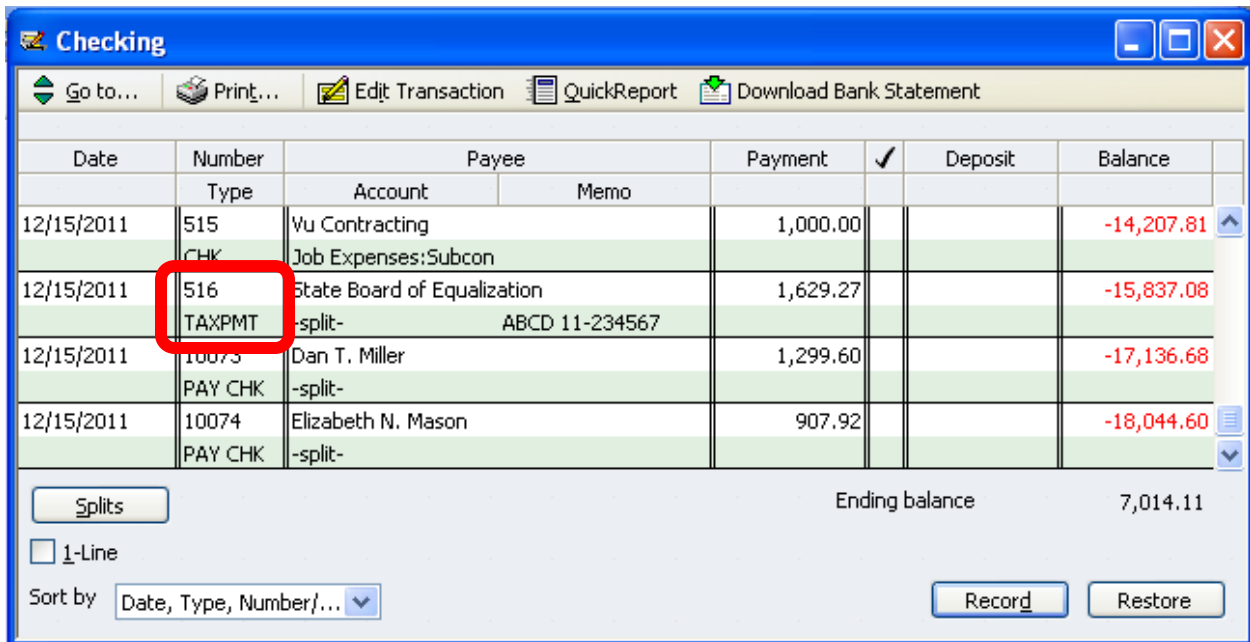
Fill in the correct information, and make an adjustment for rounding differences, if needed, by clicking the Adjust button.

(Notice that the Pay Sales Tax window shown above does not look like the Write Checks window, shown below. This is what I mean when I say it's incorrect to use "Write Checks" to "Pay Sales Tax.")



Once the sales tax payment is saved, go to the check register.

You will see an entry there with the abbreviation TAXPMT, instead of the usual CHK or BILLPMT.



The screenshot shows the 'Checking' window in QuickBooks. The window title is 'Checking' and it has standard window controls. Below the title bar is a menu bar with options: 'Go to...', 'Print...', 'Edit Transaction', 'QuickReport', and 'Download Bank Statement'. The main area is a table with columns: Date, Number, Payee, Payment, Deposit, and Balance. The table contains four entries for the date 12/15/2011. The second entry, with check number 516 and type TAXPMT, is highlighted with a red box. Below the table, there are buttons for 'Splits', '1-Line', 'Record', and 'Restore'. The ending balance is shown as 7,014.11.

Date	Number	Payee	Payment	✓	Deposit	Balance
	Type	Account	Memo			
12/15/2011	515 CHK	Vu Contracting Job Expenses:Subcon	1,000.00			-14,207.81
12/15/2011	516 TAXPMT	State Board of Equalization -split- ABCD 11-234567	1,629.27			-15,837.08
12/15/2011	10073 PAY CHK	Dan T. Miller -split-	1,299.60			-17,136.68
12/15/2011	10074 PAY CHK	Elizabeth N. Mason -split-	907.92			-18,044.60

Splits Ending balance 7,014.11

1-Line

Sort by Date, Type, Number/...

Record Restore

What to if you've been recording sales tax payments incorrectly for a long time

It's tough to give general advice in this situation. It depends on a lot of things...

- Were you writing them off to the Profit and Loss report?
- Were you posting them to the Sales Tax liability account?
- For how long have the payments been recorded incorrectly?
- What's the total dollar amount of the wrong payments?
- Other questions will arise, no doubt.

My best advice is to contact a QuickBooks expert and have them give you an estimate to fix it.

Then you can decide if it's worth it or not.

If you would like me to help you, use this link to contact me:

<http://www.jenniferthieme.com/quickbooks-help-contact.html>

End of Sample Chapter

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