

# How Do I Set Up Advanced Settings in QuickBooks Online?

Below are the step-by-step instructions on how to set up Advanced Settings in QuickBooks Online:

**Advanced** is the last tab in **Company Settings**.

Company	<b>Accounting</b> <sup>1</sup>	First month of fiscal year	January
Billing & Subscription		First month of income tax year	Same as fiscal year
Sales		Accounting method	Cash
Expenses		Close the books	Off
Payments	<b>Company type</b> <sup>2</sup>	Tax form	Sole proprietor (Form 1040)
<b>Advanced</b>		<b>Chart of accounts</b> <sup>3</sup>	Enable account numbers
		Discount account	Discounts given
	<b>Categories</b> <sup>4</sup>	Track classes	Off
			Track locations
	<b>Automation</b> <sup>5</sup>	Pre-fill forms with previously entered content	On
		Automatically apply credits	On
		Automatically invoice unbilled activity	Off
		Copy estimates to invoices	On
		Automatically apply bill payments	On
	<b>Time tracking</b> <sup>6</sup>	Add Service field to timesheets	Off
		Make Single-Time Activity Billable to Customer	On
	<b>Currency</b> <sup>7</sup>	Home Currency	United States Dollar
		Multicurrency	Off
	<b>Other preferences</b> <sup>8</sup>	Date format	MM/dd/yyyy

Below you will find a brief description of each feature along with how we would set this up for our fictitious company, **Paul's Plumbing**:

# 1. Accounting

This feature allows you to enter the fiscal year for your business. In general, most businesses use the calendar year, January 1 thru December 31. However, if your business uses a different fiscal year, then you would note that here.

The accounting method that you use also needs to be indicated here. There are only two methods: cash and accrual. Most small businesses use the cash method. If you are not sure which method you use, refer to your tax return or contact your tax professional.

# 2. Company Type

You will need to select how your company is organized. The options you have to choose from are as follows:

- Sole proprietor
- Partnership or LLC
- Corporation
- Nonprofit
- Limited Liability

*Example: Paul files a Schedule C with his tax return so he is a sole proprietor.*

# 3. Chart of Accounts

Chart of Accounts allows you to enable the following features:

- **Account numbers** – this feature will allow you to assign an account number to all of your accounts. Most accountants tend to use this feature but it is not commonly used by non-accountants. Unless you have been given a chart of accounts that your accountant wants you to use, I recommend that you leave this feature off.
- **Discount account** – In the How to Set up QuickBooks Online Invoices, Sales receipts and Estimates lesson, we walked thru how to turn on the discount feature. If you activated this feature, then you want to be sure you assign a discount account here. If you did not set up a discount account, you can do so from this screen. Be sure to watch our video tutorial on how to set up the chart of accounts.

# 4. Categories

**Categories** allows you to enable the following features:

- **Track classes** – class tracking allows you to categorize income and expenses by department or product line. Once you turn this feature on, it will add a **class** field to all sales and expense forms.

- **Track locations** – location tracking allows you to categorize income and expenses by location like stores or sales region. Once you turn this feature on, it will add a **location** field to all sales and expense forms.

## 5. Automation

Automation allows you to activate the following features:

- **Pre-fill forms with previously entered content** – this feature will automatically complete the fields on any form in QuickBooks based on the last saved transaction for that customer, vendor, or employee.  
**A WORD OF CAUTION:** While this feature might save you a few keystrokes, be sure that the information that is copied over is correct. For example, if the invoice date or amount is different from the last transaction, you will need to update those fields with the correct info.  
*Example: In Paul's business, time is money. If he can save even a few minutes here and there, it's worth it. He's going to allow QuickBooks to pre-fill his forms so that all he has to do is make changes to just the fields that are different.*
- **Automatically apply credits** – this feature will automatically apply credits to the next invoice you create for the same customer. For example, if you overcharge a customer for something, then you need to create a credit memo in QuickBooks for that customer. By turning this feature on, QuickBooks will automatically apply the credit to the next invoice that you create for that customer so that the amount that they owe is reduced by the credit that is applied. If you don't turn this feature on you will have to manually apply any outstanding credits to customer invoices.
- **Copy estimates to invoices** – with the click of a button, this feature will allow you to quickly create an invoice by copying the items from an estimate that your customer has approved. Turning on this feature is definitely worth the keystrokes it will save you!  
*Example: Turning on this feature will definitely save Paul time because once his customer approves his estimate, he can go into QuickBooks and create an invoice with just the click of a button. QuickBooks will copy the information from his estimate to an invoice.*
- **Automatically apply bill payments** – This setting automatically applies your payments to the oldest existing bill that you have entered into QuickBooks for a vendor. For example, when you create a payment for a vendor you typically want to pay the **oldest** bill first. By turning this feature on, QuickBooks will automatically apply your payment to bills in the order that they become due. This will ensure that your bills are paid by their due date.

## 6. Time Tracking

If you hire contractors then the time tracking feature might be something you want to set up. It allows you to easily manage the hours that they work and makes it easy to bill your customers back for that work if you need to.

*Example: Paul bills customers by the hour so this feature will help him to easily bill his customers for the right hours once the job is complete.*

## 7. Multicurrency

This lets you track transactions in foreign currencies. You would only use this feature if you have bank accounts, customers, or vendors that don't use your home currency.

## 8. Other Preferences

**This allows you to set up the following general features:**

- **Date format:** this feature allows you to select what format you would like all of the date fields in QuickBooks to be.  
(*i.e. mm/dd/yyyy*)
- **Number format:** this feature allows you to select what format you would like all of the number fields in QuickBooks to be  
(*i.e. 123,456.00*)
- **Warn if duplicate check number is used:** by turning this feature on, QuickBooks will warn you if a check # that was previously used is being entered again.
- **Warn if duplicate bill number is used:** by turning this feature on, QuickBooks will warn you if you enter a vendor bill/invoice # that was previously entered into QuickBooks. I recommend that you **turn this feature on** to safeguard against paying a vendor twice for the same work.
- **Sign me out if inactive:** you can set this feature up so that QuickBooks will automatically log you out. The default is set to 1 hour, but you can increase that up to 3 hours.