

# In a Nutshell

## Setting up Sales tax in QuickBooks Online

*(Note: this is for businesses that only sell in one state. For online retailers, it gets more complicated.)*

Go to your QuickBooks Online dashboard.

First, let's make sure that you have entered your company info:

- ➔ Click  the Gear Icon in upper right corner
- ➔ Settings → Company Settings → Company
  - Enter your company name, address, contact info
  - Save

Now:

- ➔ Go to left hand column
- ➔ Taxes
- ➔ Set Up Sales Tax
- ➔ QBO will pick your tax agency based on your address and ask you to confirm your address
- ➔ Save (close out of "create invoice" window for now)
- ➔ QBO asks how often you must file sales tax. The state agency decides this for you. For our purposes here, click "monthly".
- ➔ Tax due dates for all the months of the year are listed by default. If you are just opening a new business, click "Sales Tax Settings". If you will be cleaning up prior months of incorrectly posted sales tax, you may want to leave those months listed.
- ➔ Edit the tax agency
- ➔ Pick the beginning of the month that you will/have started collecting sales tax
- ➔ Save

Next, tell QBO what you sell that is taxable.

- ➔ Sales → Products & Services
- ➔ Click "Edit" for products that should be taxable
- ➔ Toward the bottom of the pop-up window, check the "is taxable" box.
  - If your state has multiple sales tax categories, enter the tax rate for this product
  - Use "retail" if you aren't sure.

Note: It is best practice to enter addresses for all customers, especially out-of-state ones. Sales tax may or may not need to be collected for these, and QBO can help you to charge the proper sales tax rate for them.

The next time you enter a sales receipt or invoice, enter the product sold and mark the check box under "Tax". QuickBooks will calculate the tax for you below the subtotal and save it to the proper account. To check this, go to the left-hand menu → Taxes → Sales Tax Center → View Report

You can select the dates for the month(s) desired and get a list of sales tax due to the state.