

Handling Billable Mileage & Consumables in QuickBooks

Aim

If you run a service business, you will use resources on behalf of clients, and subsequently seek reimbursement for the costs incurred on the client's behalf.

Unlike the companion paper to this - "Handling Reimbursable Expenses in QuickBooks", this paper will concentrate on expenses where the direct cost is split between many clients or the cost is not clearly attributable to a particular client.

Versions

This paper was written using QuickBooks 2009/10. Procedures apply to most versions, although you will require QuickBooks Pro, QuickBooks Premier or QuickBooks Enterprise to implement the methodology in this paper.

Example

Betty's Better Bookkeeping mainly invoices for bookkeeping services, but there is mileage and a number of consumable expenses Betty wishes to invoice her clients:

- Mileage to and from the client's business to pick up the bookwork and drop off statements and reports;
- Printing costs incurred for printing statements.

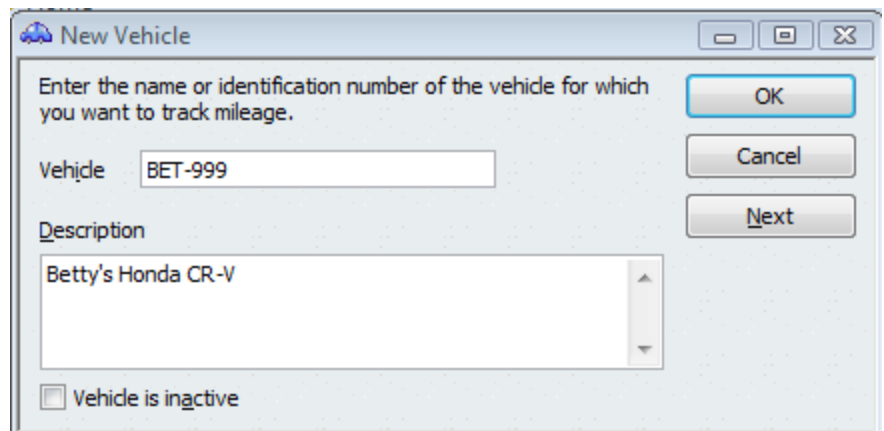
The expenses that Betty incurs for these expenses are not directly attributable to clients, so how does Betty track these expenses?

TRACKING MILEAGE

Betty drives from her office to Joe's Garage and Return on Monday to pick up the bookwork, and again on Friday to drop it off. According to her logbook, each round trip is 10 kilometers.

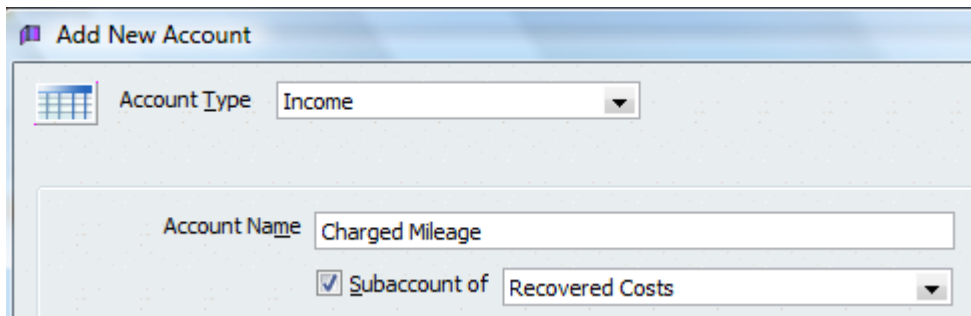
Step 1 - Set Up Vehicles

First, set up the vehicle via Lists > Customer & Supplier Profile Lists > Vehicle List > Right Click > New. Fill in the vehicle details then OK.



Step 2 - Set up an Income Item to Record the Income

Lists > Chart of Accounts > Right Click > New > select "Income" > continue ...then fill out the details.



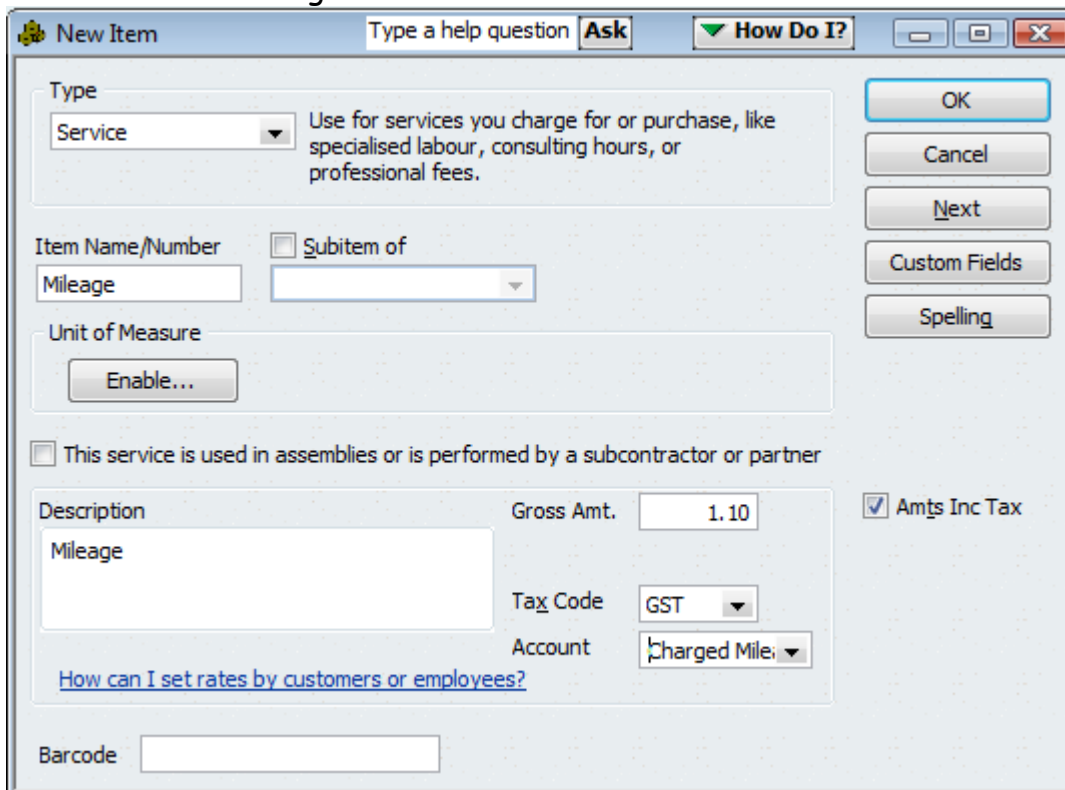
The screenshot shows the 'Add New Account' dialog box. The 'Account Type' dropdown is set to 'Income'. The 'Account Name' text box contains 'Charged Mileage'. The 'Subaccount of' checkbox is checked, and the dropdown menu is set to 'Recovered Costs'.

I have used an Account called "Recovered Costs" to group this and other income types together. Using the "subaccount of" is optional.

Step 3 - Set up the Mileage Billing Item

Next, set up the item you will use to invoice mileage. This is done in the items and services list, and must be a Service or an Other Charge. In this example, I have used a Service Item called "Mileage" and linked it to the account created in Step 2.

Lists > Item List > Right Click > New:



The screenshot shows the 'New Item' dialog box. The 'Type' dropdown is set to 'Service'. The 'Item Name/Number' text box contains 'Mileage'. The 'Unit of Measure' button is 'Enable...'. The 'Description' text box contains 'Mileage'. The 'Gross Amt.' text box contains '1.10'. The 'Tax Code' dropdown is set to 'GST'. The 'Account' dropdown is set to 'Charged Mile.'. The 'Amts Inc Tax' checkbox is checked. There are buttons for 'OK', 'Cancel', 'Next', 'Custom Fields', and 'Spelling' on the right side.

Step 3 - Alternative Setup for Mileage Billing Item

If Betty employed contractors, and paid them for the use of their own car, it would be useful to set up the item using the following tickbox in the item setup:

This service is used in assemblies or is performed by a subcontractor or partner

This would allow Betty to track the number of kilometers purchased from subcontractors against the number charged to clients. The full item setup follows. I have used a Cost of Goods Sold Account - "Subcontractors:Vehicle Kilometers".

The screenshot shows the 'New Item' dialog box with the following details:

- Type:** Service (Use for services you charge for or purchase, like specialised labour, consulting hours, or professional fees.)
- Item Name/Number:** Mileage
- Unit of Measure:** Enable...
- Subitem of:** (empty)
- Checkbox:** This service is used in assemblies or is performed by a subcontractor or partner
- Purchase Information:**
 - Description on Purchase Transactions: Mileage Claimed
 - Gross Cost: 0.74
 - Purch Tax Code: NCF
 - Expense Account: tors:Vehicle Kilometers
 - Preferred Supplier: (empty)
- Sales Information:**
 - Description on Sales Transactions: Mileage Charges
 - Gross Amt.: 1.10
 - Tax Code: GST
 - Income Account: Recovered Costs:C...
- Other:** Amts Inc Tax
- Link:** [How can I set rates by customers or employees?](#)

A note on costs; I have used \$0.74 as the cost based on ATO cents per kilometer rate for work related expenses and I have used NCF as I assume most of Betty's contractors are ABN Registered but not GST registered. The rate and taxcode you use will depend on the GST status of your own contractors.

Step 4 - Recording the Mileage

Ideally, the mileage should be recorded in a log book or work dairy, and then recorded in QuickBooks on a regular basis.

In QuickBooks, it is recorded via *Company > Enter Vehicle Mileage*.

Vehicle: BET-999

Trip Start Date: 07/09/2009

Trip End Date: 07/09/2009

Odometer Start: 35,750

Odometer End: 35,760

Total Kilometres: 10

Customer: Job: Joe's Garage

Item: Mileage

Notes: Office-Joes-Return. Pick up bookwork for preparing August Statements.

Not Billed

Billable

Note that I have used odometer readings. This is optional as you can just enter the total kilometers in the odometer end. The following shows the alternative.

Vehicle: BET-999

Trip Start Date: 11/09/2009

Trip End Date: 11/09/2009

Odometer Start: 0

Odometer End: 10

Total Kilometres: 10

Customer: Job: Joe's Garage

Item: Mileage

Notes: Office-Joes-Return. Drop off reports and statements ready for postage.

Not Billed

Billable

Make sure that the Billable tickbox in the top-right corner is checked.

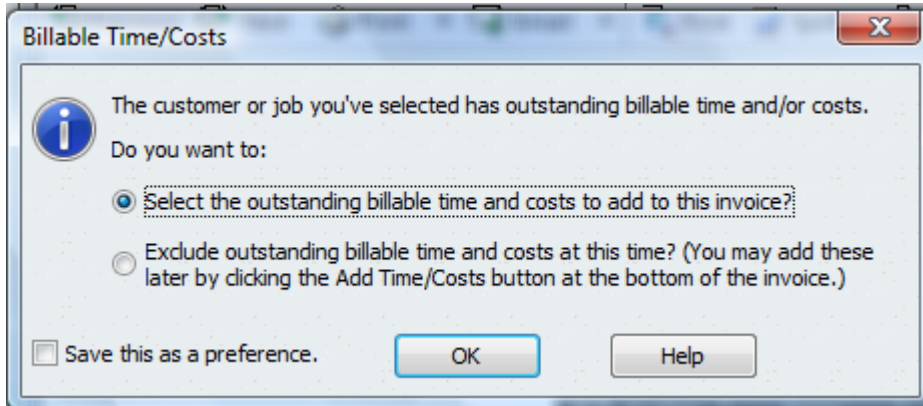
Step 5 - Transferring the Mileage to the Invoice

Once the information is recorded in QuickBooks, the mileage can be invoiced to the client:

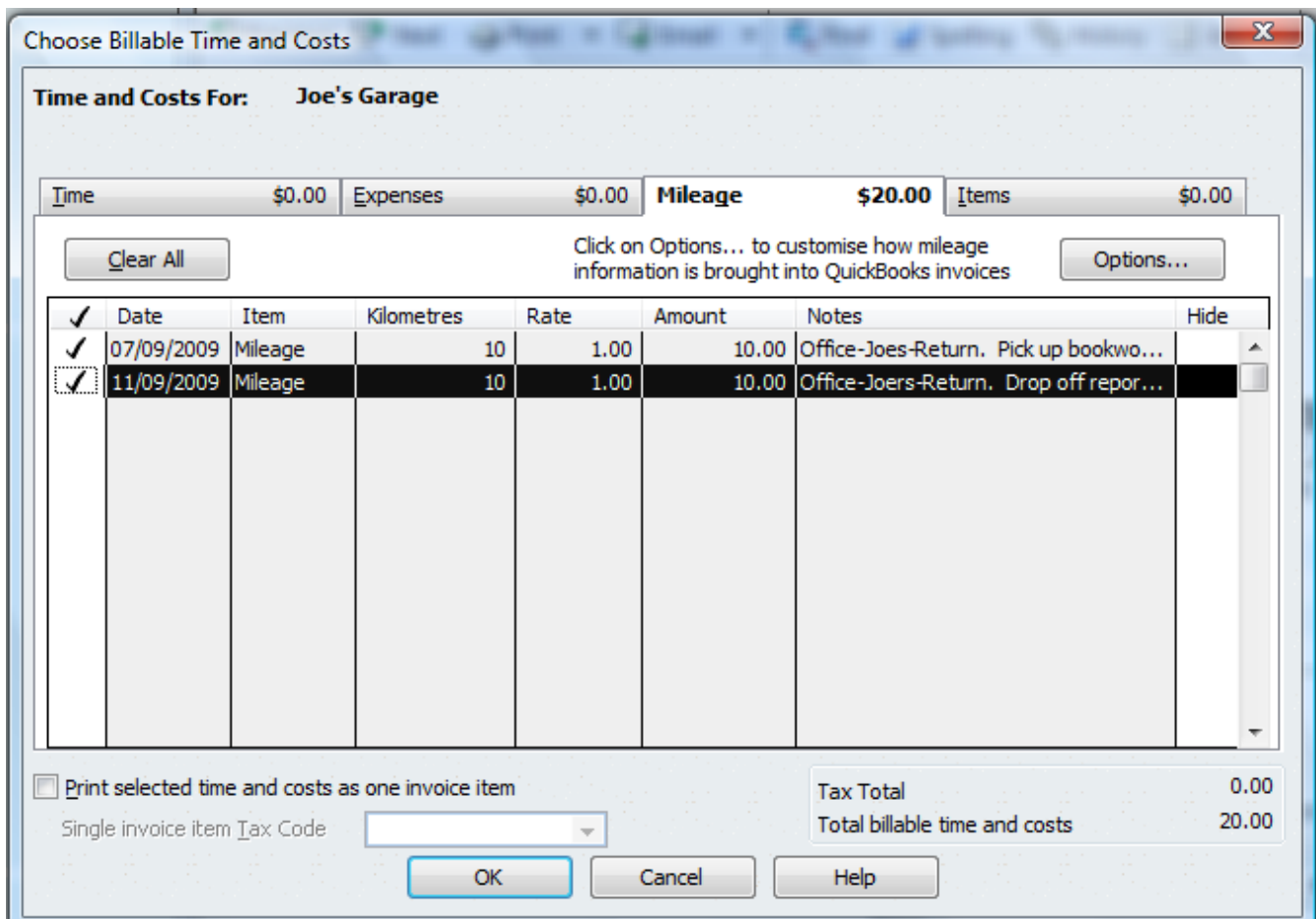
- Customers > Create Invoices
- Ensure "Amounts include tax" is unticked. (required to transfer Time/Costs.)

Amounts include tax

- Enter Customer's Name. The following window will now appear:



- Select "OK". (If the above doesn't appear, you can select "Add Time/Costs Box"). A "Choose Billable Time/Costs" box will appear - select Mileage Tab



Select the Mileage that you want to transfer to the invoice by ticking the left hand box then select ok.

The Tax Invoice will now look as follows:

Customer: Job
Joe's Garage

Template: Custom Invoice

Date: 12/09/2009 Tax Invoice #: 3

Tax Invoice

Tax Invoice To

P.O. No. Terms

Date	Item	Description	Qty	Rate	Tax	TAX AMT	Amount
07/09/2009	Mileage	Office-Joes-Return. Pick up bookwork for preparing August Statements.	10	10.00	GST	1.00	10.00
11/09/2009	Mileage	Office-Joers-Return. Drop off reports and statements ready for postage.	10	10.00	GST	1.00	10.00
						Total Tax	2.00
						Total	22.00

Customer Message: Thank you for your business.

To be printed
 To be emailed
 Amounts include tax

Add Time/Costs... Apply Credits... Payments Applied 0.00
 Customer Tax Code Balance Due 22.00
 Memo

Save & Close Save & New Clear

Note that the Rate Column will display incorrectly if "Amounts include tax" remains unticked. Once this is ticked, the rate column will correctly display. Either way, the calculation is still correct. The following shows detail of the invoice where Amounts Include Tax is ticked.

Date	Item	Description	Qty	Rate	Tax	TAX AMT	Amount
10/09/2009	Printing	Printing monthly mabagement reports	20	0.22	GST	0.40	4.40

Reporting

There are a number of reports available that track mileage by both vehicle and job under Reports > Jobs, Time & Mileage.

- Mileage by Vehicle Summary
- Mileage by Vehicle Detail
- Mileage by Job Summary
- Mileage by Job Detail

Betty's Better Bookkeeping Mileage by Job Detail

July 1 through September 12, 2009

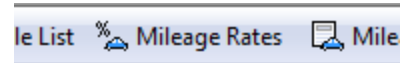
Vehicle	Trip End Date	Billing Status	Item	Total Kilometres	Sales Price	Amount
Joe's Garage						
BET-999	07/09/2009	Billed	Mileage	10	1	10.00
BET-999	11/09/2009	Billed	Mileage	10	1	10.00
Total Joe's Garage				20		20.00
TOTAL				20		20.00

Betty's Better Bookkeeping Mileage by Vehicle Detail

July 2009 through June 2010

Vehicle	Trip End Date	Total Kilometres	Mileage Rate	Mileage Expense
BET-999				
BET-999	07/09/2009	10	0.74	7.40
BET-999	11/09/2009	10	0.74	7.40
Total BET-999		20		14.80
TOTAL		20		14.80

Note that the Mileage Rate on this report comes from the not from our item list but from the "Mileage Rates List". This is accessed from the top of the "Company > Enter Vehicle Mileage" screen.



Pressing the Mileage Rates button brings up the following, allowing you to enter a rate. This is not as useful as it could have been as the one rate is used for all vehicles!

Mileage Rates X

The Taxation Office publishes authorised mileage rates. Employers should ascertain mileage allowances applicable to employees who use their own cars, pedal cycles and motorcycles, for business travel. Click Help to find the latest rates.

Enter the latest effective date and rate.

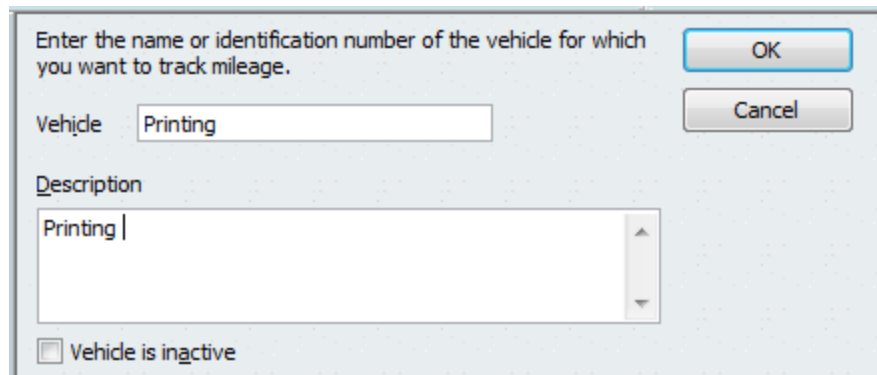
Effective Date	Rate
01/07/2009	0.74
01/01/2005	0.405
01/01/2004	0.375
01/01/2003	0.36
01/01/2002	0.365
01/01/2001	0.345

TRACKING CONSUMABLES

The Vehicle mileage tracker can not only be used for tracking vehicles! Betty also needs to track chargeable printing costs, and can use the same methodology outlined above.

Step 1 - Set up "Vehicle"

Set up "Printing" as a vehicle via Lists > Customer & Supplier Profile Lists > Vehicle List > Right Click > New. This will be used to record printing for clients



Enter the name or identification number of the vehicle for which you want to track mileage.

Vehicle

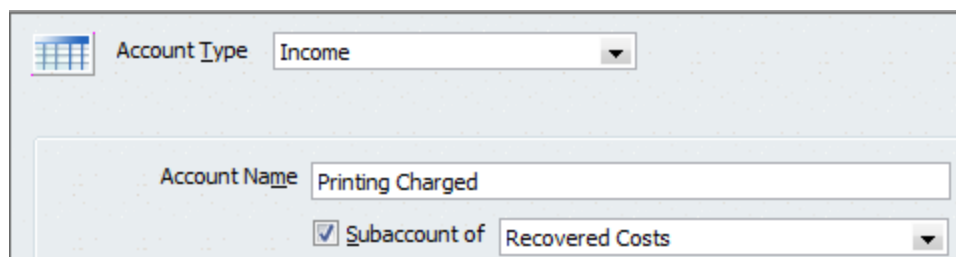
Description

Vehicle is inactive

OK Cancel

Step 2 - Set up an Income Item to Record the Income

This is done via Lists > Chart of Accounts > Right Click > New > select "Income" > continue ...then fill out the details.



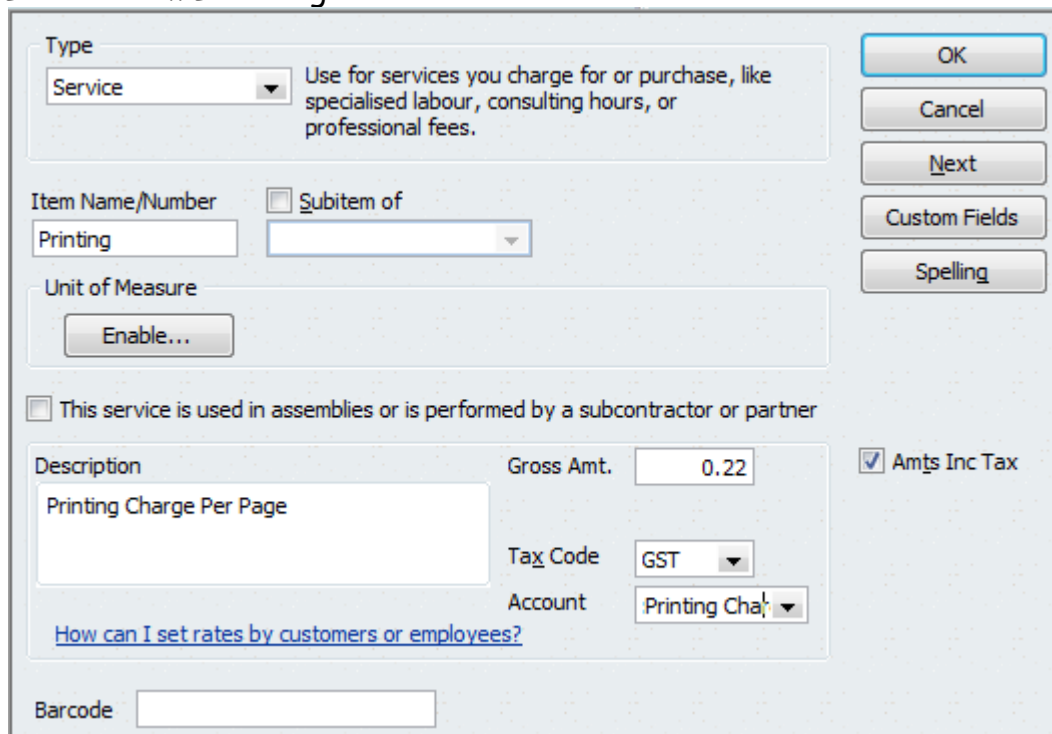
Account Type

Account Name

Subaccount of

Step 3 - Set up the Billing Item

Lists > Item List > Right Click > New:



Type Use for services you charge for or purchase, like specialised labour, consulting hours, or professional fees.

Item Name/Number Subitem of

Unit of Measure

This service is used in assemblies or is performed by a subcontractor or partner

Description Gross Amt. Amt's Inc Tax

Tax Code Account

[How can I set rates by customers or employees?](#)

Barcode

OK Cancel Next Custom Fields Spelling

Step 4 - Recording the Usage

Printing usage is recorded via Company > Enter Vehicle Mileage. Select "Printing" as the vehicle and fill in other relevant details, putting chargeable pages in "Odometer End".

Vehicle: Printing

Trip Start Date: 09/09/2009

Trip End Date: 09/09/2009

Odometer Start: 0

Odometer End: 100

Total Kilometres: 100

Customer: Job: Joe's Garage

Item: Printing

Notes: Printing Monthly Statements for Customers

Not Billed

Billable

Step 5 - Transferring the Usage to the Invoice

Printing charges can then be invoiced in the same manner as described above.

Choose Billable Time and Costs

Time and Costs For: Joe's Garage

Time	\$0.00	Expenses	\$0.00	Mileage	\$24.00	Items	\$0.00
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Select All | Click on Options... to customise how mileage information is brought into QuickBooks invoices | Options...

✓	Date	Item	Kilometres	Rate	Amount	Notes	Hide
✓	09/09/2009	Printing	100	0.20	20.00	Printing Monthly Statements for Cust...	▲
✓	10/09/2009	Printing	20	0.20	4.00	Printing monthly management reports	■

USAGE

As you can see, the Vehicle Mileage Tracker is capable of tracking usage of more than just vehicles. Other uses include tracking Machinery Hours, Factory Hours, Facility Hours...just about anything. It doesn't have to be billable either. You can mark the items Not Billable, but still put them against Customer:Jobs for costing purposes.

RELATED PAPERS

There is also a companion paper, Handling Reimbursable Expenses in QuickBooks, which may be relevant to your business.

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