

Recording Cashback Promotions in QuickBooks

Aim

The aim of this paper is demonstrate how Cashback promotions accompanying purchases can be recorded in QuickBooks.

Versions

This paper was written using QuickBooks 2007/08. The principles are applicable to most versions of QuickBooks.

Background

As an inducement to buy their product, companies often offer "cashback" promotions on goods purchased. In general:

- the good is purchased at the ticketed price;
- a claim is made on the manufacturer or distributor of the goods;
- the manufacturer sends a cheque or deposits money into your bank account.

This paper shows how to correctly record the transaction and GST in QuickBooks.

Example

HP Australia recently offered a \$200 cashback on a HP Color Laser Printer. The printer was purchased through Officeworks on 1/2/07 for \$359 with a cheque.

PROCEDURE

Step 1 - Record the Purchase as per Normal.

The screenshot shows the 'Write Cheques' window in QuickBooks. The window title is 'Write Cheques - ABC Bank'. The 'Bank Account' is 'ABC Bank' and the 'Ending Balance' is '\$258,173.44'. The cheque is for '\$359.00' dated '01/02/2007', payable to 'Officeworks'. The amount in words is 'Three hundred fifty-nine dollars and 0 cents'. The 'Address' field contains 'Officeworks'. The 'Memo' field is empty. Below the cheque form, the 'Expenses' section shows a total of '\$359.00' and 'Items' of '\$0.00'. The 'Amts inc Tax' checkbox is checked. A table below the expenses section shows the following data:

Account	Tax	Gross Amt	Tax Amt	Memo
Plant & Equipment at Cost	NCG	359.00	32.64	

Once the manufacturer accepts the claim and processes the payment, a deposit will appear in your bank account. Here I have assumed that the \$200 is deposited a month after purchase, on 1st March 2007. There are now a number of steps.

Step 2 - Record the CashBack as a Bill-Credit.

Go into "Enter Bill" and select the "Credit" radio button. Fill the form as per below. Note that the allocation account is the same as we used on the purchase in Step 1 and that the supplier is the manufacturer (usually, but not always, a different legal entity from the supplier from whom you purchased).

The screenshot shows the 'Enter Bills' window with the 'Credit' radio button selected. The form contains the following information:

- Supplier: HP Australia
- Date: 01/03/2007
- Credit Amount: 200.00
- Ref. No.:
- Memo: HP Cash Back Promotion
- Expenses: \$200.00
- Items: \$0.00
- Amts inc Tax:

Account	Tax	Gross Amt	Tax Amt
Plant & Equipment at Cost	NCG	200.00	18.18

Step 3 - Record the Deposit.

Two important things to note here:

- the "received from" needs to be the same supplier name used in step 2; and
- the allocation account **must** be Accounts Payable.

The screenshot shows the 'Make Deposits' window with the following information:

- Deposit To: ABC Bank
- Date: 01/03/2008
- Memo: Deposit

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

Received From	From Account	Memo	Chq No.	Pmt Meth.	Class	Amount
HP Australia	Accounts Payable	HP CashBack Promotion		DirDeb		200.00

By using Accounts Payable, the deposit will show on the Unpaid Bills report.

HP Australia			
Credit	01/03/2007		-200.00
Deposit	01/03/2008		200.00
Total HP Australia			0.00

Step 4 - Finalise the Transaction

Use the Pay Bills function to offset the Bill-Credit against the Deposit

Select Bills to be Paid

Show bills Due on or before 11/03/2008 Show all bills

Sort Bills By Due Date

Date Due	Supplier	Ref. No.	Amt. Due	Credits Used	Amt. To Pay
03/01/2004	Remarkable Hotel		198.00	0.00	0.00
25/02/2004	Homeware House Items		1,905.25	0.00	0.00
07/03/2004	Georgian Plywood Import Co.		4,000.00	0.00	0.00
10/03/2004	Remarkable Hotel		605.00	0.00	0.00
15/03/2004	Rajah Furniture		2,310.50	0.00	0.00
<input checked="" type="checkbox"/>	HP Australia		200.00	0.00	200.00
Totals			9,218.75	0.00	200.00

Credit Information for Highlighted Bill

Supplier **HP Australia** Number of Credits **1**

Bill Ref. No. Total Credits Available **200.00**

Go to Bill Set Credits

Payment Account: ABC Bank Ending Balance 278,561.44

Payment Method: Cheque To be printed Assign cheque no.

Payment Date: 01/03/2008

Clear Selections Pay & Close Pay & New Clear

Steps are:

- select the Deposit for HP Australia (showing as a Bill w/out a due date);
- select the "Set Credits" button. The screen on right will appear with the credit selected
- select "Done" - you will return to the Pay Bills screen.
- select "Pay & Close"

Pay & Close

Bill

Supplier HP Australia Amount Due 200.00

Ref. No. Credits Used 200.00

Date 01/03/2007 Amt. To Pay 0.00

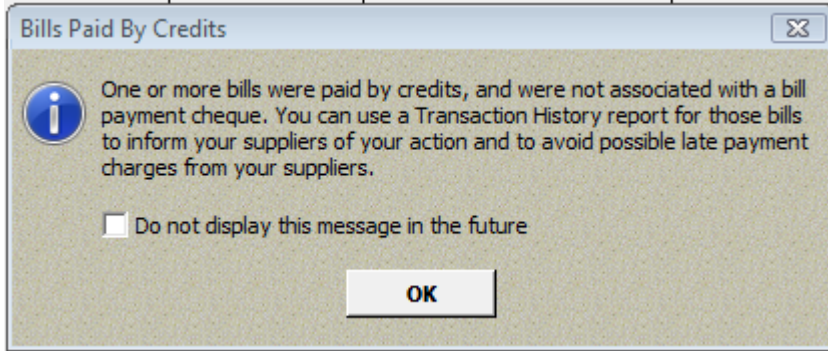
Original Amt. 200.00

Date	Ref. No.	Credit Amt.	Amt. To Use	Credit Balance
<input checked="" type="checkbox"/>		200.00	200.00	0.00
Totals		200.00	200.00	0.00

Clear

Done Cancel Help

After "Pay & Close" is selected, the following message may appear - select OK:



Step 5 - Check the Results

5/12/09

Transaction Detail by Account

February 1 through March 1, 2007

Type	Date	Num	Name	Memo	Split	Amount
ABC Bank						
Cheque	01/02/2007	138	Officeworks		-SPLIT-	-359.00
Deposit	01/03/2007			Deposit	Accounts Payable	200.00
Total ABC Bank						-159.00
Plant & Equipment at Cost						
Cheque	01/02/2007	138	Officeworks		ABC Bank	326.36
Credit	01/03/2007		HP Australia	HP Cash Back Promotion	Accounts Payable	-181.82
Total Plant & Equipment at Cost						144.54
Accounts Payable						
Credit	01/03/2007		HP Australia	HP Cash Back Promotion	-SPLIT-	200.00
Deposit	01/03/2007		HP Australia	HP CashBack Promotion	ABC Bank	-200.00
Total Accounts Payable						0.00
Tax Payable						
Cheque	01/02/2007	138	Officeworks	Total Tax	ABC Bank	32.64
Credit	01/03/2007		HP Australia	Total Tax	Accounts Payable	-18.18
Total Tax Payable						14.46

Note:

- Money in and out of Cheque Account
- Plant & Equipment showing Amount of Purchase net of GST $(\$359-200)/11*1$
- Money in and out of Accounts Payable
- Tax Payable showing GST on purchase $(\$359/11= \$32.64)$
- Tax Payable showing GST on Cashback $(\$200/11= \$18.18)$.

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