

Configuring Vendors

In this chapter:

- The Vendor Center
- Creating vendors
- Editing vendors
- Deleting vendors
- Merging vendors
- Creating custom fields for vendor records

The vendors you purchase goods and services from have to be entered into your QuickBooks system, and it's far easier to do it before you start entering transactions. Otherwise, you'll have to go through the process of establishing the vendor and entering all the detailed information about that vendor at the moment you need to enter a vendor bill or write a check.

The Vendor Center

The Vendor Center is where your Vendors List is stored, along with all the information about each vendor's transactions. To open the vendor center, choose Vendors | Vendor Center from the menu bar (or click the Vendor Center icon on the Icon Bar). The Vendor Center displays your Vendors List along with a slew of functions and features (see Figure 4-1).

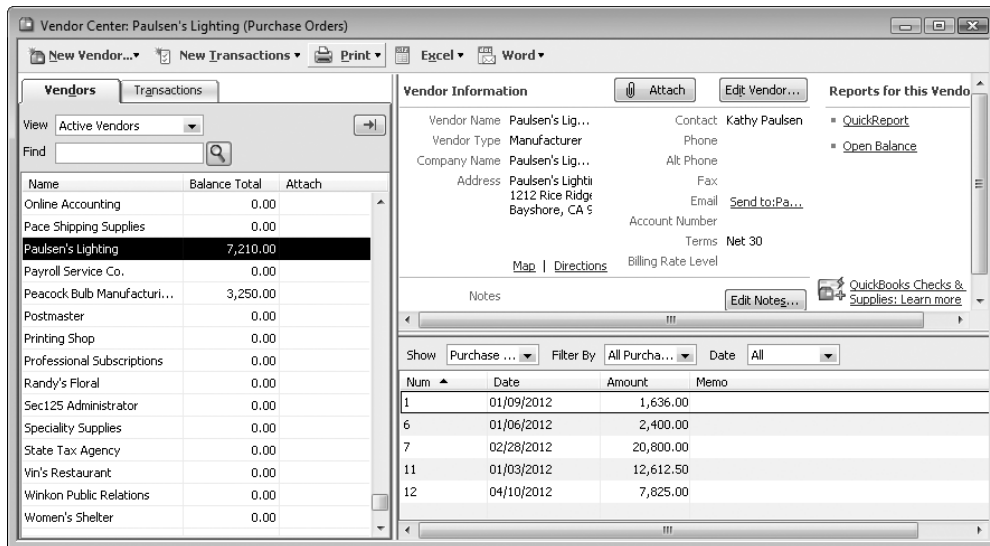


FIGURE 4-1 The Vendor Center is where all the information about your vendors lives.

The left pane of the Vendor Center has two tabs: Vendors (which is your Vendors List) and Transactions. A vendor is always selected in the list (by default, the first vendor in the list when you first open the Vendor Center), and the right pane of the Vendor Center displays information about the selected vendor.

The financial information in the bottom of the right pane can be filtered by choosing different categories in the drop-down lists and sorted by selecting a column heading. The Transactions tab lists all your transaction types. Selecting a transaction type displays the current transactions of that type in the right pane.

The display can be manipulated and filtered by choosing categories and sorting by column.

Customizing the Vendor Center

You can customize the information displayed in the Vendors List (the Vendors tab in the left pane of the window), as well as the Vendor Information pane on the right side of the window.

Customize the Vendors List

By default, the list has three columns: Name, Balance Total, and Attach. The Attach column will display a paper clip icon next to the vendor name if you've attached a scanned or other document to that record using the QuickBooks Document Management Service. Use the scroll bar to get to the part of the list that has the vendor you want to see.

You can use the View drop-down list at the top of the Vendors tab to display your vendors in any of following ways:

- All Vendors
- Active Vendors
- Vendors With Open Balances
- Custom Filter

Use the Custom Filter to display only vendors that match the criteria you set in the Custom Filter dialog. The options in the dialog are easy to understand and use.

You can add more columns to the list by right-clicking anywhere in the list and choosing Customize Columns to open the Customize Columns dialog seen in Figure 4-2.

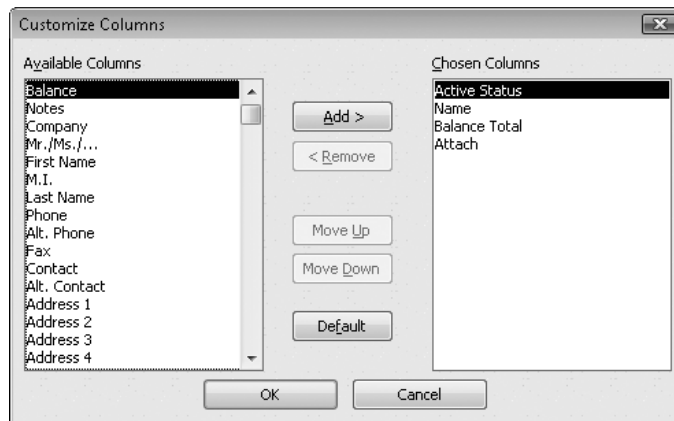


FIGURE 4-2 Decide for yourself what you want to see in the Vendors List.

To add a column, select its label in the left pane and click Add. The information the column describes is displayed for each vendor in the list. As long as the vendor you're interested in is displayed on the portion of the list that's visible, the information is available—you don't have to select the listing or open the record.

You can rearrange the left-to-right order of the columns by opening the Customize Columns dialog and selecting a column you want to move. Choose Move Up to move a column to the left or Move Down to move it to the right. The order of columns displayed in the Chosen Columns pane of the dialog translates as Top to Bottom = Left to Right.

If you add columns to the Vendors List, you won't be able to see all the information unless you widen the list's pane and also adjust the width of each column. To widen the list's pane, place your pointer over the vertical line on the right side of the pane. When your pointer turns into a horizontal double arrow with a vertical line in the middle, hold the left mouse button and drag to the right. To change the width of an individual column, position your mouse on the vertical line between columns at the top of the list. When you see the double arrow, drag in the appropriate direction.

Customize the Vendor Information Pane

You can filter the information that's displayed for each vendor by choosing different criteria for the three filters displayed above the columns. In addition, you can add and remove columns by clicking anywhere on or below the column headings and choosing Customize Columns. In the Customize Columns dialog (see Figure 4-3), add, remove, and change the order of columns.

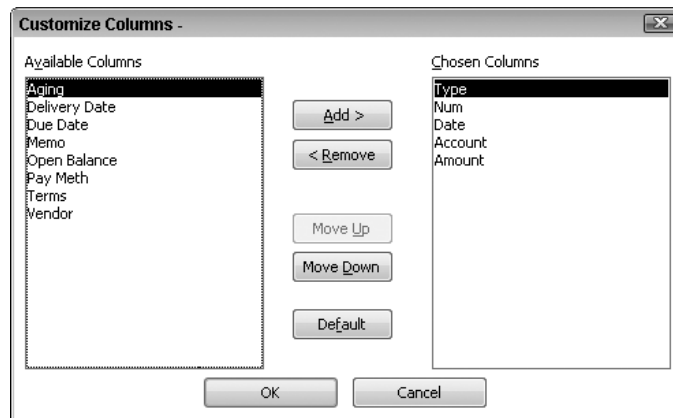


FIGURE 4-3 Change the information that appears for each vendor.



TIP: If you use the Memo field in vendor transactions, it's useful to add that field to the columns.

Creating Your Vendors List

As with your Customers List, you have two options when building your list of vendors in QuickBooks. You can choose to add them one by one (the details for using that method are covered in this section), or you can use the Add/Edit Multiple List Entries window (which is covered later in this chapter).

To create a vendor, click the New Vendor icon above the Vendors List and select New Vendor, which opens the New Vendor dialog seen in Figure 4-4.

FIGURE 4-4 Vendor records are less complicated than customer records.

Start by filling in the Vendor Name field at the top of the dialog. (You may not want to use the real vendor name; to learn why, see the section “Establishing Protocols for Vendor Names” later in this chapter.)

It's best *not* to enter anything in the Opening Balance field. Instead, separately enter historical data for vendors by inputting the existing vendor bills that represent the current open (unpaid) balances. See Chapter 8 to learn how get vendor history into your company file.

Currency

If you've enabled multicurrency, select the appropriate currency for this vendor if the vendor is in another country.

Vendor Address Info Tab

Fill in as much information about vendor names, contacts, telephone numbers, and so on, as you think you'll need. The Name and Address block is important if you're planning to print checks and the vendor doesn't enclose a return envelope. You can purchase window envelopes, and when you insert the check in the envelope, the vendor name and address block is in the right place.

Establishing Protocols for Vendor Names

It's a good idea to think through how you want to enter information in the Vendor Name field. While this field doesn't appear on checks or purchase orders, it's used to sort and select vendors when you need to select a vendor from a drop-down list or when you want to create a report about vendor activity.

Think of the Vendor Name field as an internal company code. Take your phone bill as an example. Use your telephone number as the Vendor Name, but in the Company Name field use the name of the telephone company.

Note that when you enter the phone company's name in the Company Name field, QuickBooks duplicates that data in the Print On Check As field. In addition, by using codes in the Vendor Name field, you can create as many vendor records as you have phone numbers and then can generate individual checks to pay each phone bill.

The need for protocols such as this becomes even more important (and more apparent) when you're dealing with government and tax agencies. Think of how many checks you send to your state or local governments for different reasons. There may be checks for remitting sales tax, employee payroll withholding, corporate income tax, to name a few. To avoid confusion, especially when multiple payments are made the same day (but the addresses on the enclosed envelopes or coupons are different for each type of payment), consider using Vendor Name entries that contain the name of the form number or type of tax you are remitting. Every one of those vendor records can have your own state Department of Revenue as the data for the Print On Check As field.

Vendor Additional Info Tab

The Additional Info tab for vendors (see Figure 4-5) has several important categories:

FIGURE 4-5 Add data to this tab to make it easier to print checks and produce detailed reports.

- **Account No.** Enter your account number with this vendor (to the vendor, it's your customer number), and the number will appear in the memo field of printed checks.
- **Type** Optionally, select a vendor type or create one. The Type field is handy if you want to sort vendors by type, which makes reports more efficient. For example, you can create vendor types for inventory suppliers, tax authorities, and so on.
- **Terms** Enter the terms for payment this vendor has assigned to you.
- **Credit Limit** Enter the credit limit this vendor has given you.
- **Tax ID** Use this field to enter the social security number or EIN if this vendor receives a Form 1099.
- **1099 status** If appropriate, select the check box for Vendor Eligible For 1099.
- **Custom Fields** You can create custom fields for vendors (see the section "Using Custom Fields in Vendor Records" later in this chapter).

Account Prefill Tab

This is a marvelous way to save time and ensure accuracy when filling out vendor bills or writing checks. You can prefill an account for this vendor (see Figure 4-6) and have the right account(s) appear automatically in the transaction window.

The screenshot shows a 'New Vendor' window with the following details:

- Vendor Name:** EasyStreet Leasing
- Opening Balance:** [Empty] as of 12/15/2012
- Account Prefill Tab:**
 - Select accounts to pre-fill transactions
 - Dropdown 1: k Expense:6131 - Car Lease
 - Dropdown 2: [Empty]
 - Dropdown 3: [Empty]
 - Clear All button
- Buttons:** OK, Cancel, Next, Help

FIGURE 4-6 Prefill the usual posting account for a vendor to save time and avoid errors.

When you're using the vendor in a transaction, you can replace the prefilled account, if necessary.

You can prefill up to three accounts for a vendor, which is very useful for credit card vendors (for which you post accounts for each purchase), loan payments (which require postings to principal and interest), and other multi-account payments.



TIP: If you have a vendor that needs only one account, but you often split the amount due in order to assign parts of the bill to customers, enter the same account in all three fields of the Account Prefill tab. QuickBooks will list all the accounts in the transaction window. For example, parts of your telephone bill (usually long distance charges) may be charged to multiple clients as reimbursable expenses.

After you fill in the information on all the New Vendor tabs, choose Next to move to the next blank card and enter the next vendor. When you're finished, click OK.

• Editing Vendor Information

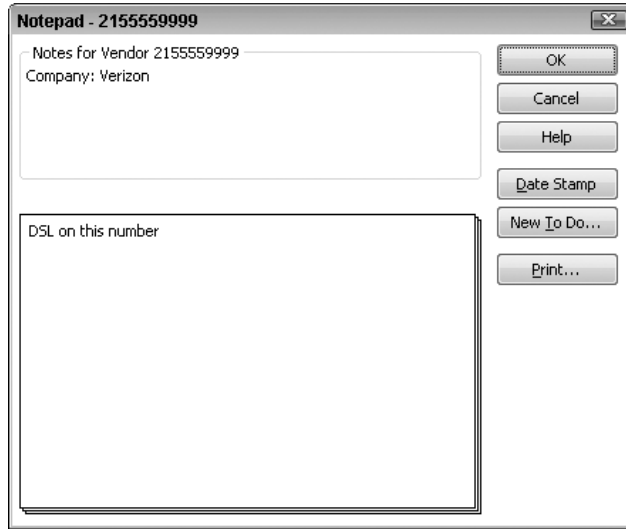
You can edit a vendor's information by double-clicking the vendor's listing in the Vendors List. The vendor's record opens in Edit mode, as seen in Figure 4-7.

FIGURE 4-7 The Edit Vendor dialog is slightly different from the original dialog you used to create the vendor.

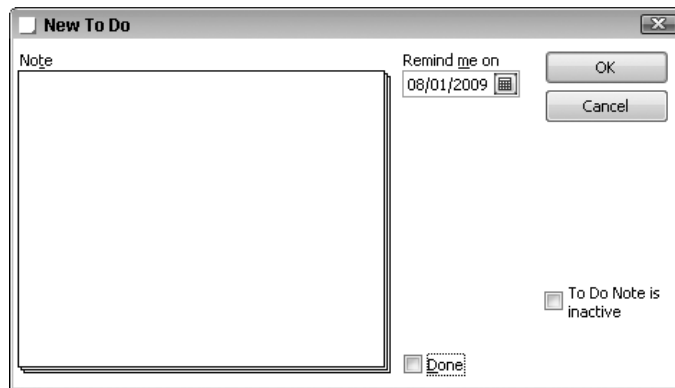
You can fill in data details you didn't enter when you first created the vendor. (Many QuickBooks users prefer to enter just the vendor name and company name when they set up vendors, so they can start entering historical transactions immediately. Later, when they have some time, they edit the record to fill in the missing data.)

You can change any data you've previously entered, but change the data in the Vendor Name field with caution since doing so will change the way it appears in your Vendors List and in key vendor reports.

Click the Notes button to open a Notepad window that's dedicated to this vendor. You can enter information, remarks, or track orders. Click the Date Stamp button to auto-insert the current date in front of any note you enter.



Click the New To Do button to compose a reminder, and specify the date on which you want to be reminded. QuickBooks adds this task to the Reminders List. (Choose Edit | Preferences and select the Reminders category to make sure you've enabled To Do Notes in your Reminders settings.) When the task is complete, open this reminder and click Done to remove the note from the Reminders list.



Adding and Editing Multiple Vendor Records

In the previous section, I covered the steps involved in creating a single vendor record and explained the many fields that are available to store key information

about these vendors. But suppose you want to add additional information to many or all of your vendor records, or you want to find an easy way to enter new vendors in a more streamlined way? You can use the Add/Edit Multiple List Entries window to do just that. From the Vendor Center, select New Vendor | Add Multiple Vendors (you can also access this window by selecting Lists | Add/Edit Multiple List Entries and selecting Vendors as the list type). The Add/Edit Multiple List Entries window opens, as shown in Figure 4-8.

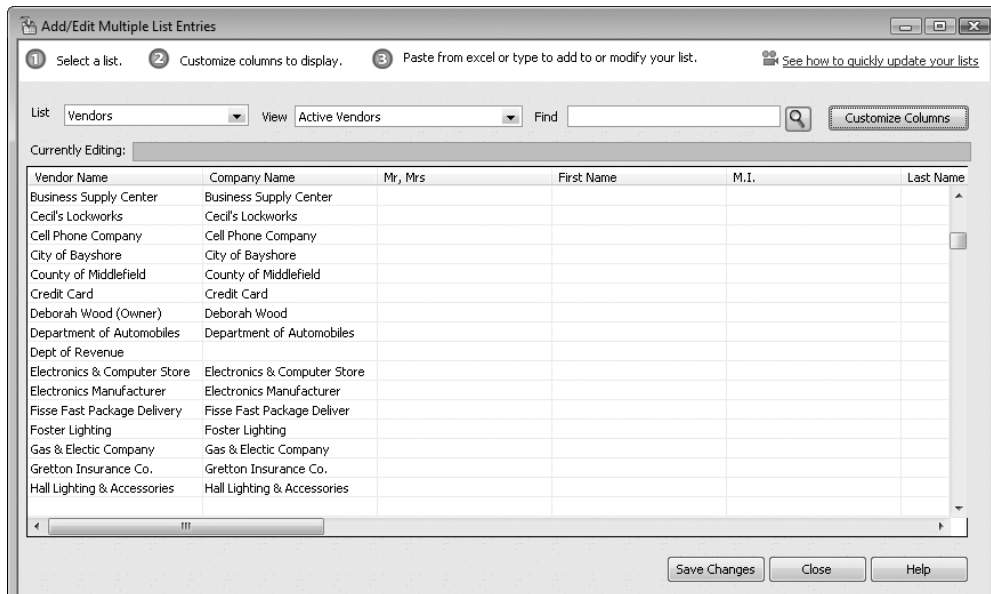


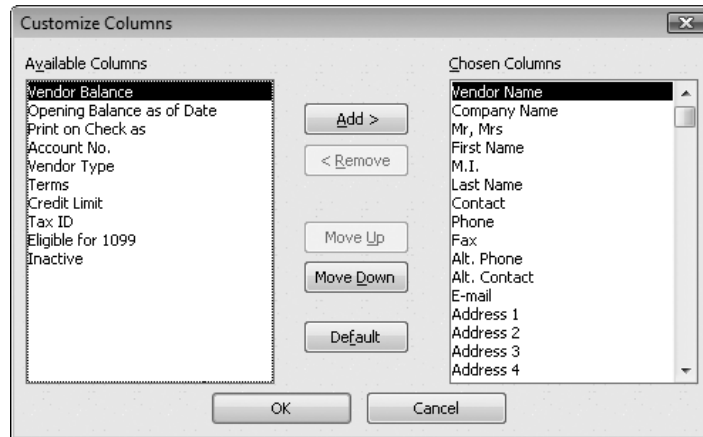
FIGURE 4-8 Adding and editing multiple vendor records

From here you can add new vendors, change or update key information, or fill in data you perhaps didn't have when you first created the vendor. You can even copy and paste vendors from an Excel worksheet into the Add/Edit Multiple List Entries window to quickly create a new vendor record.

Here's a list of some of the important features and functionality that you should be familiar with to get the most benefit from using the Add/Edit Multiple List Entries window:

- **List and View Filters** Select the List or View drop-down arrow to display only those records in your list that you want to work with.

- **Customize Columns button** Use this button to open the Customize Columns window. Here you can add the columns to the vendor record that you want to modify.



- **Copy Down** By right-clicking a field in the table, you can select the Copy Down command, which copies the contents of a selected field to all the remaining records in the list (however, you can't use the Copy Down command with the Name field).
- **Duplicate Row** By right-clicking any row in the table, you can duplicate the selected record in the row below. The new duplicate record name will start with DUP.

• Deleting a Vendor

You can only remove a vendor from the list if that vendor has never been involved in a transaction. It doesn't matter if there's no open balance, or the last transaction was a long time ago; the fact that a vendor is in your transaction history means you cannot delete the vendor.

To delete a vendor, select its listing in the Vendors tab of the Vendor Center and press CTRL-D. QuickBooks asks you to confirm the fact that you want to delete the vendor; just click OK to finish the task. If the vendor has ever been involved in a transaction, QuickBooks issues an error message saying you can't delete this vendor.

If you can't delete a vendor but you don't want this vendor used in transactions, you can hide the vendor's listing (covered next).

• Making a Vendor Inactive (Hiding a Vendor)

If you have a vendor who can't be deleted, but you don't want to use the vendor anymore, you can prevent users from selecting this vendor in transaction windows by making the vendor inactive (hiding the vendor name so it doesn't appear in drop-down lists).

To make a vendor inactive, right-click its listing in the Vendors List and choose Make Vendor Inactive.

If your Vendors List is configured to show Active Vendors (the default view), inactive vendors don't appear on the list. To see which vendors are inactive, click the arrow to the right of the View field at the top of the list and select All Vendors from the drop-down list. Inactive vendors have an "X" to the left of their listings.

To make a vendor active again, select All Vendors as the view, and click the "X" next to the hidden vendor or job to toggle the setting back to active.



NOTE: Inactive vendors are included in reports, so you can continue to get accurate reports on purchases and other vendor activity.

• Merging Vendors

Sometimes you create a vendor and enter transactions for that vendor before you realize it's a duplicate of an existing vendor. This happens often if you haven't insisted on rigid protocols for entering data in the Vendor Name field when you create a vendor.

You need to merge the vendors to keep accurate records. To merge two vendors and move all the transaction history into one vendor record, use the following steps:

1. Double-click the listing of the vendor you do *not* want to keep, which opens its record in Edit mode.
2. Change the data in the Vendor Name field to match the name of the vendor you want to keep.
3. Click OK.
4. QuickBooks displays a message telling you that the name is in use and asks if you want to merge the names.
5. Click Yes.

Remember, the trick to merging is to start with the vendor name you *don't* want and merge into the vendor name you *do* want.

Using Custom Fields in Vendor Records

You can add your own fields to the Vendor, Customer, and Employee records. QuickBooks provides the ability to create custom fields for Names lists (and also offers custom fields for Items).

Custom fields for Names lists are added to all Names lists, but you can configure each custom field you create to limit its appearance to specific Names lists. For example, you might create a custom field that you want to use in only the Vendors List, or in both the Customers & Jobs and Vendors Lists.

Custom fields are useful if there's information you want to track but QuickBooks doesn't provide a field for it. For example, if you have vendors with whom you've signed contracts, you might want to add a field that will let you track contract renewal dates.

Adding a Custom Field for Names

To add one or more custom fields to a names list, follow these steps:

1. Open one of the Names lists (Vendors, Customers & Jobs, or Employee).
2. Select any name on the list and press CTRL-E to put the record in Edit mode.
3. Move to the Additional Info tab.
4. Click the Define Fields button to open the Set Up Custom Fields For Names dialog, where you can name the field and indicate the list(s) in which you want to use the new field (see Figure 4-9).

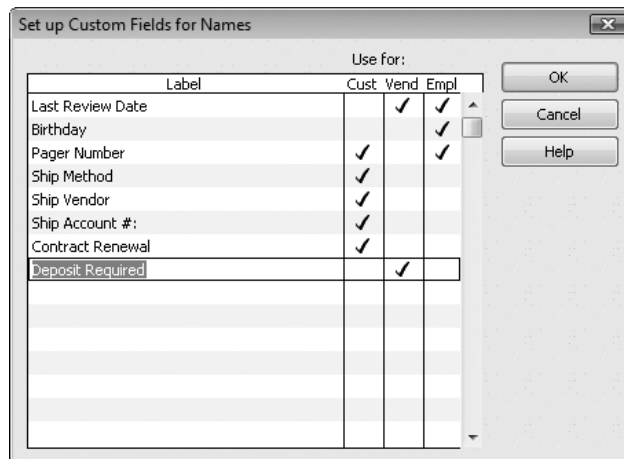


FIGURE 4-9 Design custom fields that you can use for one list or multiple lists.

That's all there is to it, except you must click OK to save the information. When you do, QuickBooks flashes a message reminding you that if you customize your templates (forms for transactions, such as bills or checks), you can add these fields. The Additional Info tab for every name in the list(s) you selected now shows those fields, and you can add data to any name for which these fields have relevance.

Adding Data to Custom Fields

To add data to the custom fields for each name on the list that needs the data, select the name and press CTRL-E to put the record into Edit mode. Move to the Additional Info tab where the custom field you created appears (see Figure 4-10).

The screenshot shows the 'Edit Vendor' window for 'Paulsen's Lighting'. The 'Additional Info' tab is active. The 'Custom Fields' section is expanded, showing two fields: 'Last Review Date' and 'Deposit Required'. The 'Deposit Required' field contains the character 'Y'. A 'Define Fields' button is located at the bottom of the Custom Fields section. Other fields include 'Account No.', 'Billing Rate Level', 'Type' (Manufacturer), 'Terms' (Net 30), 'Credit Limit', and 'Tax ID'. A checkbox for 'Vendor eligible for 1099' is also present.

FIGURE 4-10 Add data to the custom field for each vendor to which this custom field is relevant.

Be sure that you enter data in a consistent manner for each vendor, or you won't be able to get the information when you customize a report to include this information.

For example, consider the data entered in the custom field shown in Figure 4-9. The protocol for this data is established as a single character. If you enter Y for

some vendors, and Yes for others, and then customize a report looking for “Y,” all the “Yes” vendors will be missing from the report.

• Creating 1099 Vendors

If any vendors are eligible for 1099 forms, you need to configure 1099 settings for your system and then link the appropriate vendors to that configuration.

• Configuring 1099 Options

To configure your 1099 settings, choose Edit | Preferences and select the Tax: 1099 icon in the left pane. Then click the Company Preferences tab to see the dialog shown in Figure 4-11.

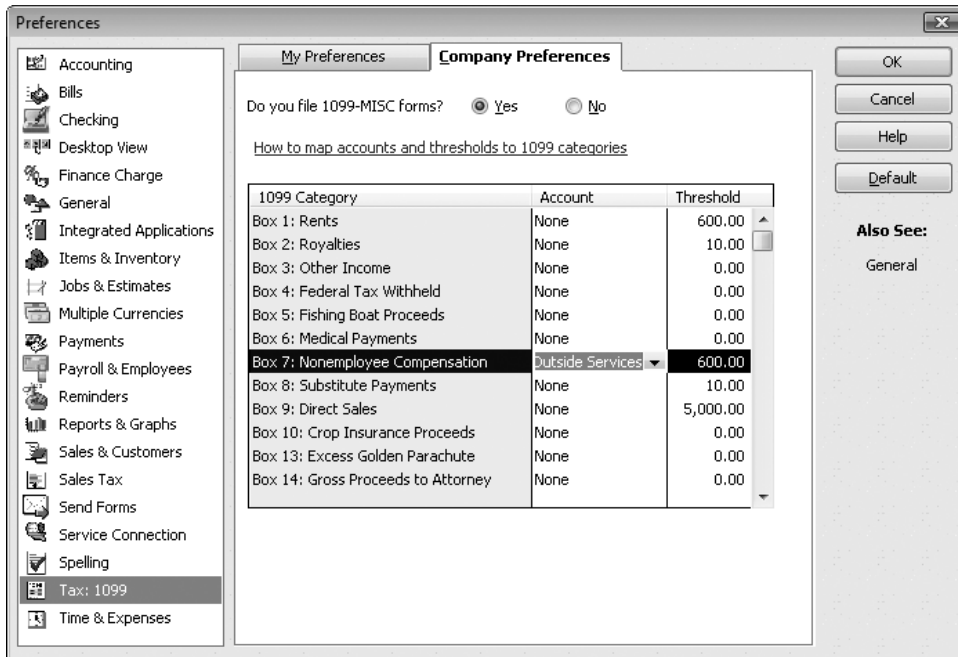


FIGURE 4-11 Set up your 1099 configuration options in order to send the forms to vendors who need them.

You must assign an account to each category for which you’ll be issuing Form 1099-MISC to vendors. You can assign multiple accounts to a 1099 category, but you cannot assign any accounts to more than one 1099 category.

For example, if you have an expense account “subcontractors” and an expense account “outside consultants,” both of the accounts can be linked to the same 1099 category (Nonemployee Compensation). However, once you link those accounts to that category, you cannot use those same accounts in any other 1099 category.

To assign a single account to a category, click the category to select it. Click the text in the account column (it probably says “None”), and then click the arrow to select the account for this category.

To assign multiple accounts to a category, instead of selecting an account after you click the arrow, choose the Multiple Accounts option (at the top of the list). In the Select Account dialog, click each account to put a check mark next to its listing. Click OK to assign all the accounts you checked. Then click OK to close the Preferences dialog.

Marking Vendors as 1099 Recipients

You are required to issue Form 1099 at the end of the calendar year to any vendor who operates as a business, unless the vendor is a corporation. Businesses that are organized as LLCs can opt to be proprietorships, partnerships, or corporations for the purpose of filing tax returns, so ask any LLC vendors whether they are reporting as a corporation and are therefore exempt from Form 1099.

To issue Form 1099, you must have the vendor’s federal Tax Identification Number (TIN), which can be a social security number or an Employer Identification Number (EIN).

Open each appropriate vendor listing and move to the Additional Info tab. Select the option labeled Vendor Eligible For 1099, and fill in the Tax ID Number as seen in Figure 4-12.

Managing Transactions for 1099 Vendors

When you enter a bill or a direct disbursement check for a 1099 vendor, you must post all expenses to accounts that have been linked to your 1099 configuration options, as explained in this chapter. Otherwise, the total amount you pay the vendor won’t be reflected in the Form 1099 you send.



NOTE: To learn how to print 1099 reports and issue Form 1099 to vendors, see Chapter 24.

The screenshot shows a software window titled "Edit Vendor" with a close button in the top right corner. The window contains the following elements:

- Vendor Name:** A text box containing "Jeff's Janitorial".
- Current Balance:** A label "Current Balance:" followed by a text box containing "0.00". To the right is a link: "How do I adjust the current balance?".
- Navigation Tabs:** Three tabs are visible: "Address Info", "Additional Info" (which is selected), and "Account Prefill".
- Form Fields:**
 - Account No.:** An empty text box.
 - Categorizing and Defaults:** A sub-section containing:
 - Type:** A dropdown menu with "Supplies" selected.
 - Terms:** A dropdown menu with "Net 30" selected.
 - Credit Limit:** An empty text box.
 - Tax ID:** A text box containing "123-45-6789".
 - Vendor eligible for 1099:** A checkbox that is checked.
- Custom Fields:** A sub-section containing:
 - Last Review Date:** An empty text box.
 - Define Fields:** A button located at the bottom right of this section.
- Action Buttons:** A vertical stack of buttons on the right side: "OK", "Cancel", "Notes", and "Help".

FIGURE 4-12 Mark each eligible vendor for 1099 reporting and fill in the TIN.