

There are 11 types of items available in QuickBooks Pro and QuickBooks Premier:

Item Type	Used For
Service	Services you provide such as accounting, computer repair, legal services, pruning
Inventory Part	Tangible items you purchase for resale or that you build and resell. Can only be added once "Inventory" is turned on in "Preferences"
Inventory Assembly	Tangible items you put together from individual items in your inventory. These "build" items are then sold as a package or product. Can only be added once "Inventory" is turned on in "Preferences"
Non-inventory Part	Tangible items you purchase for resale but do not wish to track by the "each" OR tangible items you produce but do not wish to track by the "each".
Other Charge	Miscellaneous charges to customers such as shipping and finance charges. Can be a set amount or a percentage.
Subtotal	Prints a subtotal on the Invoice or Sales Receipt. Will only subtotal the "Items" listed above it on the sales window.
Group	Allows a set of individual items from the Item List to be grouped consistently on an Invoice or Sales Receipt. The individual "Items" must be created in the Item List first.
Discount	Reduces the Invoice or Sales Receipt. Can be applied to a single line or a subtotal. Can be a set amount or a percentage.
Payment	Lists the payment that the customer is making at the time of sale or purchase. Can be for the whole transaction or a portion of the transaction. Multiple payments can be applied to an Invoice or Sales Receipt when it is generated. eg) customer can pay partly by cash, partly by credit card
Sales Tax Item	Tracks GST/HST and/or PST/QST to the appropriate Balance Sheet account. At least two Sales Tax Items must be created for a given sales tax (one for use in "sales" transactions and one for use in "purchase" transactions).
Sales Tax Group	Used when a province or territory has more than one level of sales taxes (such as GST and PST). Two group items must be created for each combination of sales tax (one for use in "sales" transactions and one for use in "purchase" transactions).

Note that QuickBooks defaults to the "Service" item. Press the "Tab" key on your keyboard

The screenshot shows the 'New Item' form in QuickBooks. The 'TYPE' dropdown menu is open, displaying a list of item types: Service (selected), Non-inventory Part, Other Charge, Subtotal, Group, Discount, Payment, Sales Tax Item, and Sales Tax Group. The 'Service' option is highlighted in green. Below the dropdown, there are several input fields: a text field for a description, a 'Rate' field with the value '0.00', and a 'Tax Code' dropdown menu with the value 'S'. The form also includes checkboxes for 'Item is a subitem of' and 'Item applies or is performed by a subcontractor or partner'.

There are a few things to note regarding the "New Item" window:

- the "Item Name/Number" field allows a total of 31 characters, with any combination of dashes, slashes, digits, letters, etcetera. It is not recommended to use the full 31 characters because when you are creating a transaction, you will not be able to see the full 31 characters from a QuickBooks activity (such as Invoice or Sales Receipt). Usually 10-15 characters is sufficient.
- the "Item Name/Number" is simply a coding tool and is not intended to completely describe the item. You can set QuickBooks to print the "Item Name/Number" on customer receipts and Invoices or not.
- the "Description" can be as detailed or as simple as you wish. The "Description" generally is printed on the customer receipt or Invoice.
- the "Rate" can be a fixed rate if you charge all customers the same rate. For ***New Beginnings Lawnscares***, the rate changes for each jobsite, depending on the time and equipment required. The "Rate" can be left blank and filled in manually on each Sales Receipt or Invoice created.
- the "Sales Tax Code" is as per government guidelines. Services are generally subject to GST only (Tax Code "G"). For provinces or territories with HST, use the Tax Code "H".
- the "Account" is selected by the user. The "Account" for items is generally an "income" account that relates to the service, product or charge.

NOTE: All sales "Items" in the "Item List" for ***New Beginnings Lawnscares*** will be created using the tax code "G".

Consideration must be given to the government taxes that the business is required to collect on sales because "items" are set up with an appropriate tax code for use on customer transactions: Invoices, Sales Receipts and Credit Memos. GST is consistent across Canada. GST/HST combined taxes are used only in some provinces. Provincial sales taxes do not apply to all provinces and are not applied in the same manner from province to province. Contact your provincial government agent or provincial government taxation branch for details on how PST applies to your goods and services.

The first items we will create for ***New Beginnings Lawnscares*** are "service" items.

To complete the "New Item" window, type the code you wish to impose in the "Item Name/Number" field.

Tab four times to the "Description" and type in a description for the Item (this generally prints on the hardcopy of the Sales Receipt or Invoice to the customer).

Tab to the "Rate". Tab once and fill in or select the "Tax Code".

The "Tax Code" depends on the province or territory where the business is located. If you are regularly selling tangible goods and shipping them to another province, you may still be required to collect the tax of the province where the goods are SHIPPED TO. ***New Beginnings Lawnscares*** includes fertilizers and horticultural sprays in some of its services. Those services are sold as a package along with application of the fertilizer or spray. As such, there is not a requirement to charge PST to the customer because ***New Beginnings Lawnscares*** pays PST on the fertilizer or spray when they buy it for commercial applications.

The “Tax Code” for all of **New Beginnings Lawns** services will be “G”

is performed by a subcontractor or partner

Rate: 0.00

Tag Code: G

Account: < Add New >

Tag Code	Description	Taxable
G	GST Only	Taxable
H	HST (BC) Only	Taxable
P	PST Only	Taxable
S	Standard Taxes (GST/PST)	Taxable
Z	GST/HST Zero Rated	Taxable
E	Tax Exempt	Non-taxable

Tab to the “Account” and select the income “Account” to track the sales of this service, item or charge.

The “Account” for sales items is selected by clicking on the arrow at the end of the “Account” field. Sales “Items” need to post to an “Income” account on the Chart of Accounts. The services of **New Beginnings Lawns** will all be set to account “48150 Lawn & Yard Services”

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

Rate: 0.00

Tag Code: G

Account: Lawn & Yard Services

Item is inactive

30000	Opening Balance Equity	Equity
30800	Owners Draw	Equity
32000	Owners Equity	Equity
44900	Installation Services	Income
45700	Maintenance Services	Income
48000	Fabricated Cement Sales	Income
48150	Lawn & Yard Services	Income
48300	Sales Discounts	Income
48600	Interest Income	Income
48700	Miscellaneous Income	Income
48800	Commission Income-PST	Income
51600	Materials Costs	Cost of Goods Sold
60000	Advertising and Promotion	Expense
60400	Service Charges	Expense
60406	Gov't Service Charges	Expense
60407	Merchant Account Fees	Expense
60409	Misc. Service Charges	Expense
60401	Bank Service Charges	Expense
60408	Interest Expense	Expense
63300	Insurance Expense	Expense

Click on “Next” to add more items to the “Item List” or click on “OK” to finish.

For **New Beginnings Lawscapes** this first “New Item” needs to be completed as shown. Click “OK” when finished

Description	Rate	Tax Code	Account
Fertilizing	0.00	G	48150 - Lawn & Y...

We need to add an account to the Chart of Accounts to track sales of landscaping supplies.

For **New Beginnings Lawscapes**, leave the “Item List” open. Click on the “Acctnt” icon on your Icon Bar or click on the “Company” menu at the top of your desktop and click “Chart of Accounts”.

Right-click anywhere in the COA. Click “New”

NAME	TYPE	BALANCE TOTAL	ATTACH
16500 · Land	Fixed Asset	0.00	
17000 · Accumulated Depreciation	Fixed Asset	0.00	
20000 · Accounts Payable	Accounts Payable	0.00	
21500 · CIBC Visa	Credit Card	228.99	
24000 · Payroll Liabilities	Other Current Liability	0.00	
24030 · Worker's Comp Accrued Liability	Other Current Liability	0.00	
24500 · Advance Customer Payments	Other Current Liability	0.00	
25500 · GST/HST Payable	Other Current Liability	-444.22	
25550 · PST Payable (BC)	Other Current Liability	0.00	
30000 · Opening Balance Equity	Equity	11,344.64	
30800 · Owners Draw	Equity	0.00	
32000 · Owners Equity	Equity		
44900 · Installation Services	Income		
45700 · Maintenance Services	Income		
48000 · Fabricated Cement Sales	Income		
48150 · Lawn & Yard Services	Income		
48300 · Sales Discounts	Income		
48600 · Interest Income	Income		
48700 · Miscellaneous Income	Income		
48800 · Commission Income-PST	Income		
51600 · Materials Costs	Cost of Goods Sold		
60000 · Advertising and Promotion	Expense		
60400 · Service Charges	Expense		
60406 · Govt Service Charges	Expense		
60407 · Merchant Account Fees	Expense		
60409 · Misc. Service Charges	Expense		

Account Activities Reports Attach Include inactive

Click beside “Income” and click “Continue” or press A”ALT+T” on your keyboard

Choose one account type and click Continue.

Categorize money your business earns or spends

- Income**
- Expense

Or, track the value of your assets and liabilities

- Fixed Asset (major purchases)
- Bank
- Loan
- Credit Card
- Equity

Other Account Types

Income Account

Categorizes money earned from normal business operations, such as:

- Product sales
- Service sales
- Discounts to customers

[More...](#)

[Help me choose the right account type.](#)

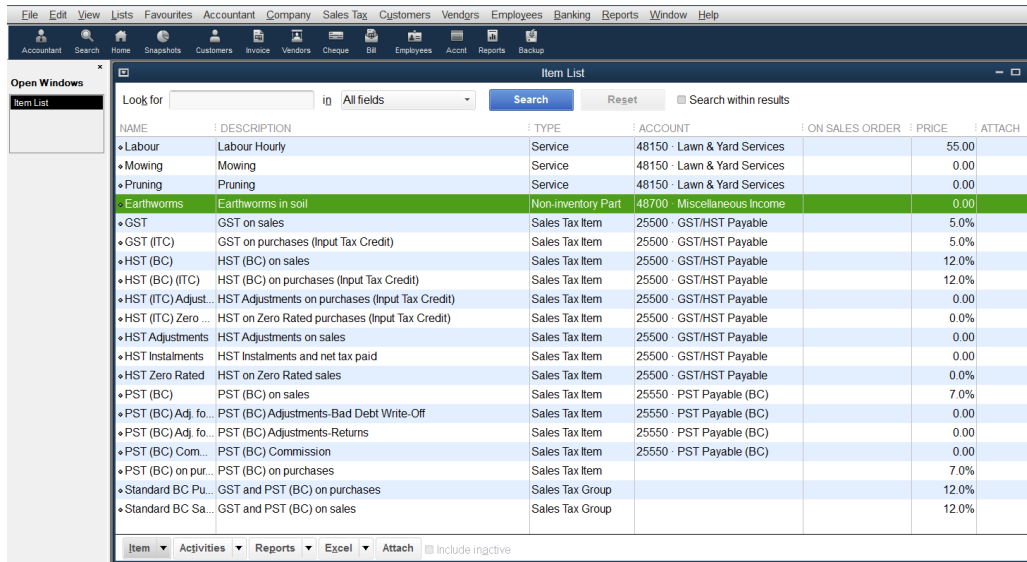
For **New Beginnings Lawscapes**, complete the “New Account” window as shown here. Click on “Save & Close” or press “ALT+A” on your keyboard

The screenshot shows the 'Add New Account' window. At the top, 'Account Type' is 'Income' and 'Number' is '47500'. The 'Account Name' field contains 'Landscape Supplies'. There is a 'Subaccount of' dropdown menu. Below, there are optional fields for 'Description' and 'Note'. At the bottom are buttons for 'Save & Close', 'Save & New', and 'Cancel'.

A new account has been created in the Chart of Accounts for **New Beginnings Lawscapes**. Press the “Esc” key on your keyboard

NAME	TYPE	BALANCE TOTAL	ATTACH
45700 - Maintenance Services	Income		
47500 - Landscape Supplies	Income		
48000 - Fabricated Cement Sales	Income		
48150 - Lawn & Yard Services	Income		
48300 - Sales Discounts	Income		
48600 - Interest Income	Income		
48700 - Miscellaneous Income	Income		
48800 - Commission Income-PST	Income		
51600 - Materials Costs	Cost of Goods Sold		
60000 - Advertising and Promotion	Expense		
60400 - Service Charges	Expense		
60406 - Gov't Service Charges	Expense		
60407 - Merchant Account Fees	Expense		
60409 - Misc. Service Charges	Expense		
60401 - Bank Service Charges	Expense		
60408 - Interest Expense	Expense		
63300 - Insurance Expense	Expense		
64900 - Office Supplies	Expense		
64950 - Postage and Delivery	Expense		
66000 - Payroll Expenses	Expense		
66030 - Worker's Comp Expense	Expense		
66090 - Meals 100% GST-Employee Event	Expense		
66100 - Meals and Entertainment	Expense		
66110 - Travel Expense	Expense		
66700 - Professional Fees	Expense		
67100 - Rent Expense	Expense		

At the left of the QuickBooks desktop, the Open Windows List should indicate that we have the Item List open. If the Item List is not available in the Open Windows List, click on the “Lists” menu at the top of the QuickBooks desktop and select “Item List”



Create the following “Service” items for **New Beginnings Lawnscares**. The “Type”, “Item Name/Number”, “Description”, “Rate”, “Sales Tax Code” and “Account” are listed here:

Type	Item Name/Number	Description	Rate	Sales Tax Code	Account
Service	Labour	Labour Hourly	55.00	G	48150 Lawn & Yard Services
Service	Mowing	Mowing	blank	G	48150 Lawn & Yard Services
Service	Pruning	Pruning	blank	G	48150 Lawn & Yard Services

“Non-inventory Part” items are used to sell tangible items that are not formally tracked as inventory. Create the following “Non-Inventory Part” item for **New Beginnings Lawnscares**:

Type	Item Name/Number	Description	Rate	Sales Tax Code	Account
Non-Inventory	Earthworms	Earthworms in soil	blank	G	48700 Miscellaneous Income

This screenshot shows the setup for the “Non-inventory Part” item called “Earthworms”. For **New Beginnings Lawnscaapes**, ensure that your “New Item” window displays as shown here. Click “Next”

Add the following “Non-Inventory Part” item for **New Beginnings Lawnscaapes**:

Type	Item Name/Number	Description	Rate	Sales Tax Code	Account
Non-Inventory Part	Decorat Rock Lg	Large Decorative Rock	5.50	G	47500 Landscape Supplies

If you receive this prompt for “Check Spelling on Form”, click on “Ignore All”