



How to Track Use Tax in QuickBooks®

Most people track their Use Tax in a separate spreadsheet, which of course creates double data entry and increased the chance for error. While QuickBooks® does not come with a specific feature to address this need; there is a viable tracking method.

First, create a *Current Liability* account called **Use Tax**. Then, when entering a Bill, Writing a Check, or Entering a Credit Card Charge for an expense that you need to track for Use Tax, simply follow this procedure.

- The payment amount is the invoiced amount
- In the detail, increase the amount of the expense by the use tax percent (for 5% tax, multiply by 1.05)
- Add another line item to the bill or check using your Use Tax account and enter the tax amount as a negative.
- In the memo for this line, put the original amount of the invoiced amount you calculated use tax on

Account	Amount	Memo
Job Materials	420.00	
Use Tax	-20.00	400.00

- Then you can run a report on the Use Tax account to view the Use Tax transactions without having to rekey in a separate spreadsheet and your Balance Sheet will reflect what you owe

Your Company Name
Find Report
 All Transactions

Type	Date	Num	Name	Source Name	Memo	Account	Debit	Credit
Check	02/19/2011	3761	Doe, John	Hardware Hank	400.00	Use Tax		20.00
Total							0.00	20.00