

What's New in QuickBooks 2005

Intuit released QuickBooks 2005 in late 2004, and in this article we provide a review of the new version and an overview of some of the new features.

QuickBooks still comes in three versions: QuickBooks Basic, QuickBooks Pro, and QuickBooks Premier. You will also find some special editions of QuickBooks. QuickBooks Enterprise is aimed at companies using QuickBooks in a network with 5-10 users. Industry solutions include QuickBooks Accountant's Edition, QuickBooks Manufacturing, QuickBooks Construction, QuickBooks Nonprofit, QuickBooks Professional Services, QuickBooks Retail, and QuickBooks Wholesale. To satisfy our broad-based audience, we don't use any of the industry solutions when writing our articles; we use QuickBooks Premier. As in the past, all features in QuickBooks Basic are found in QuickBooks Pro and QuickBooks Premier. Similarly, all features in QuickBooks Pro are also found in QuickBooks Premier, and QuickBooks Premier has some features not found in the other two versions.

In this article, we will try to identify "Premier-only" features. We found that many of the new features are available in all versions of QuickBooks, with some features "doing more" in QuickBooks Pro and QuickBooks Premier than in

QuickBooks Basic. Also, several of the new features surround Payroll and are tied to the payroll service you select.

Installation

Change: For those of you who care, QuickBooks 2005 installs into a generic folder called "QuickBooks 2005" with no indication of the version you use. The QuickBooks 2005 folder still resides under Program Files\Intuit.

The QuickBooks Learning Center: When you first open QuickBooks, the QuickBooks Learning Center, shown in Figure 1, greets you. The QuickBooks

Learning Center is aimed at new users and is designed to help them learn their way around QuickBooks. To use the QuickBooks Learning Center, you click a tab on the left and then a link on the right. The tutorials are audio/video tours of the selected subject, and the

Continued on page 2

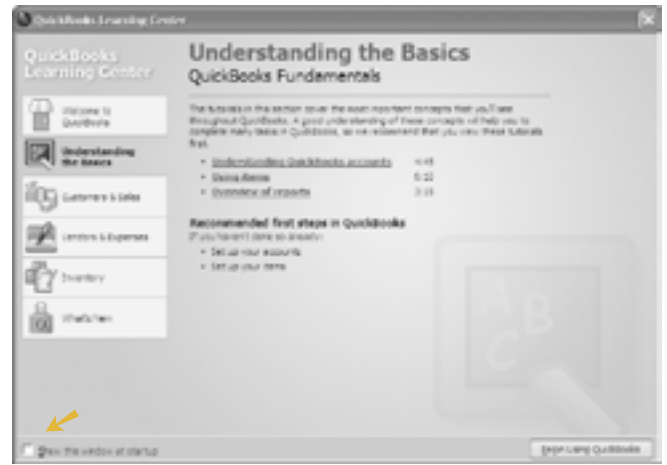


Figure 1. The QuickBooks Learning Center.

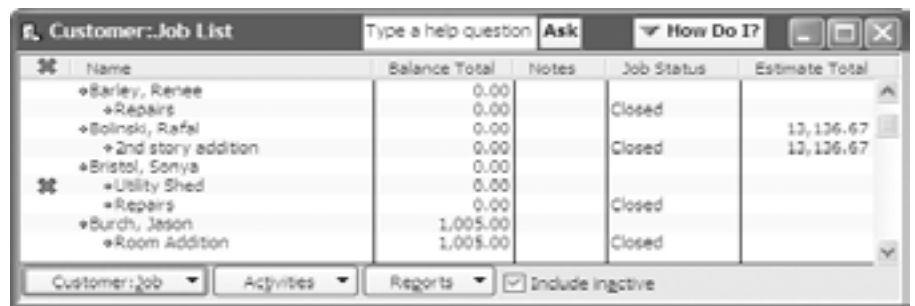


Figure 2. There's a minor change to the list windows.

QuickBooks 2005...

Continued from page 1

time necessary to complete a particular tour appears next to the link for the tutorial. By default, QuickBooks displays the QuickBooks Learning Center every time you open QuickBooks; you can change this behavior by removing the check from the *Show this window at startup* check box in the lower left corner.

Upgrade Online: If you decide that you want to upgrade QuickBooks Basic or QuickBooks Pro or buy additional licenses for QuickBooks Pro or QuickBooks Premier, you can now do so online. From the **Help** menu, you go online and use a credit card to make your purchase. Intuit provides you with a code that you enter. If you are buying an additional license, entering the code immediately provides you with the additional licenses that you purchased. If you are upgrading, entering the code immediately upgrades your product without installing any additional software. Don't worry; Intuit sends you a CD for your new product so that you can reinstall if you change computers.

List Window Changes: In the list windows, you'll find one minor change — as you can see in the *Customer: Job List* window shown in **Figure 2**, when a list contains hidden entries, the check box to display them is now named "Include inactive." In earlier versions, this check box was named "Show All."

You also can now customize the columns that appear in each list window, and you can control the order in which the columns appear.

Payroll Service Changes: The payroll services to which you can subscribe are now called Standard, Enhanced, Assisted, and Complete. With the Standard Payroll



Figure 3. Using the Enhanced Payroll Service, you can assign Workers' Compensation codes to earnings.

Service, you receive payroll tax updates so that you can print your company's paychecks and quarterly Federal payroll tax returns from QuickBooks. With the Enhanced Payroll Service, you can do everything that the Standard Service subscribers can do, and you also can prepare state payroll tax returns using QuickBooks data. The Enhanced Payroll Service also enables you to use the Rapid Time Entry feature, track Workers' Compensation, and easily prepare bonus checks using the Net to Gross feature (read more about these three features later in this article). With the Assisted Payroll Service, you prepare your own payroll, but Intuit's outside payroll service makes your payroll tax deposits for you and files your payroll tax returns and W2s.

Workers' Compensation: When you subscribe to the Enhanced Payroll Service, you can track Workers' Compensation wages in QuickBooks.

You set up Workers' Compensation codes, assign them to paychecks (see **Figure 3**), and you can print a number of reports that show the distribution of earning among Workers' Compensation codes.

New Overtime Payroll Item: QuickBooks contains a new Overtime payroll item that functions as a factor, such as 1.5 for time-and-a-half or 2 for double-time. The Overtime payroll item does not have a rate of its own; instead, QuickBooks calculates the value of overtime by multiplying regular pay by the Overtime payroll item factor. Even if you currently have an Overtime payroll item, you can convert it to the new Overtime payroll item. Watch for an article in the near future on setting up and using the new Overtime payroll item.

Rapid Time Entry: Enhanced Payroll Service subscribers also have access to Rapid Time Entry, an option that appears on the *Select Employees to Pay* window.



Figure 4. Using the Enhanced Payroll Service, you can rapidly create paychecks.



Figure 5. The New Receive Payments window.

and on Federal Form W2.

New Methods for Printing Federal Payroll Forms: QuickBooks 2005 contains a new feature that makes printing federal payroll forms very easy. Essentially, you complete an interview on-screen and QuickBooks prepares the proper version of the Federal Form 940 and Federal Form 941 for you. In an upcoming issue, we'll show you how the interview process works.

New Receive Payments Window: The *Receive Payments* window got a facelift (see **Figure 5**). Notice that you no longer select to deposit receipts to a checking account or group with other undeposited funds. In the *Preferences* dialog box, on the *Company Preferences* tab, you'll find an option — set by default — to use Undeposited Funds as the default deposit account. If you choose *not* to use Undeposited Funds for the default deposit account, the *Receive Payments* window changes to include a drop-down list from which you can select an account in which to deposit payments you receive.

Continued on page 4

When you select this option, QuickBooks displays the *Enter Hours* window shown in **Figure 4**. You can select up to five payroll items for which you want to enter time and then hours in the appropriate column for each selected employee. QuickBooks lets you review the paychecks after you enter the hours but before creating the paychecks.

Net to Gross: You may have heard your accountant use the expression “grossing up a paycheck.” The Net to Gross feature, available to Enhanced Payroll Service subscribers, does exactly that. Using this feature, you can easily create bonus payroll checks by entering the net amount for the bonus check and let QuickBooks calculate the gross amount and appropriate taxes.

State Payroll Forms: Subscribers to the Enhanced Payroll Service also can print a wide variety of state payroll forms, such as state withholding and state unemployment. Many, but not all, forms are available.

Health Savings Accounts: Health savings accounts are tax-sheltered, interest-bearing accounts that employees can use to offset medical expenses. Health savings accounts are the suc-

cessors of medical savings accounts; the health savings account legislation became law in December 2003. A health savings account is similar to an IRA, but the money deposited into it is designated for medical expenses. Contributions by individuals are deductible, and contributions by employers are not included in the individual's taxable income. Employees can easily withdraw money by check or debit card without penalty to pay routine medical bills until the insurance deductible is met. Larger medical expenses are covered by a low-cost, high-deductible health insurance policy that is required by the health savings accounts legislation. A health savings account differs from its predecessor because the money invested in the account remains the property of the employee. You can set up QuickBooks 2005 to record health savings account benefit payments on paychecks

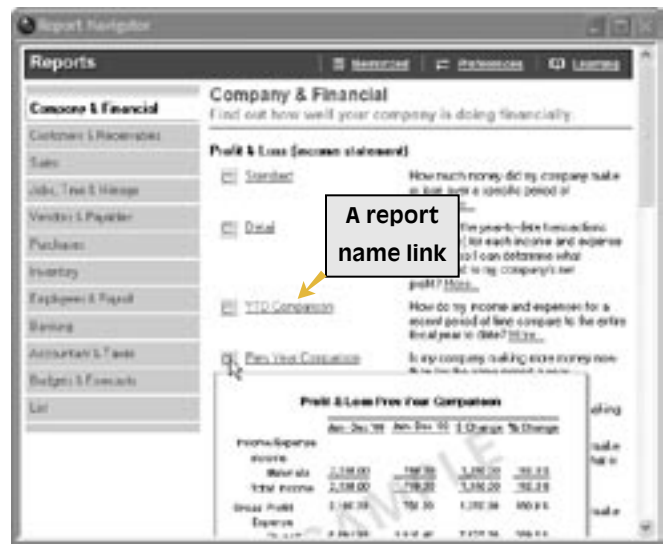


Figure 6. The Report Navigator.

QuickBooks 2005...

Continued from page 3

Creating and Applying Credits and Refunds: While the *Create Credit Memos/Refunds* window hasn't changed in any obvious way, you'll find some behavior changes when you create and apply credit memos or refund checks. Watch for an upcoming article on this new behavior.

Report Navigator: The Report Finder has been replaced with the Report Navigator (see **Figure 6**), an updated version of the Report Finder that helps you identify the report you want to print. The *Report Navigator* window organizes reports into major categories using the same categories that appear on the **Reports** menu. In addition, the Report Navigator provides a brief description of the information found in the report and, if you point at the icon, the Report Navigator displays a sample of the report so that you can identify the report that's appropriate for your needs. Once you find the report, you can click the report name link to display the report. If you need to set specific criteria for the report, you can modify the report after you display it.

Retained Earnings: In QuickBooks 2005, you can print an Account QuickReport for Retained Earnings (see **Figure 7**). Although Retained Earnings does not have a register, you can drill down on transactions in the report, and QuickBooks opens the register of the offset account. For example, if your journal entry debited Opening Bal Equity and credited Retained Earnings, QuickBooks would display the Opening Bal Equity register when you drill down on the transaction.

Prepare Letters with Envelopes: Intuit scaled down the Write Letters wizard and renamed it. Using the new Prepare

Letters with Envelopes wizard, you select the type of letter you want to produce before you start the wizard. After you complete the wizard and print letters from Microsoft

Word, QuickBooks offers you the option of printing envelopes as well. This feature works as described for QuickBooks Basic users; users of QuickBooks Pro, QuickBooks Premier, or QuickBooks Enterprise can also make permanent changes to a letter to better suit your business's needs, or add a letter that does not come with QuickBooks. You also can duplicate a letter, delete it, rename it, or move it to another group.

Shipping: Intuit has expanded the Shipping Manager so that you can now ship via either FedEx or UPS. In either case, QuickBooks helps you sign up for an account if you don't already have one, and you can get rate quotes and initiate package shipping tracking, or cancellation from within QuickBooks.

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Account Name	Type	Date	Amount	Balance
Retained Earnings	Opening Entry	01-01-1988	-487.00	-487.00
Retained Earnings	Opening Entry	01-01-1988	-8,313.00	-8,800.00
Retained Earnings	Opening Entry	01-01-2000	-14,750.00	-23,550.00
Retained Earnings	Opening Entry	01-01-2007	+18,750.00	-4,800.00
Retained Earnings	Opening Entry	08-10-2002	-18,807.00	-23,607.00
Retained Earnings	Opening Entry	01-01-2003	-12,744.00	-36,351.00
Retained Earnings	Opening Entry	08-10-2004	-12,407.00	-48,758.00
Retained Earnings	Opening Entry	01-01-2008	-12,127.00	-60,885.00
Retained Earnings	Opening Entry	01-01-2008	+17,088.00	-43,797.00
Retained Earnings	Opening Entry	08-10-2007	\$5,700.00	-38,097.00
Opening Bal Equity	Opening Bal Equity	01-01-2007	8,800.00	-29,297.00
Total Retained Earnings				-29,297.00

Figure 7. The Account QuickReport for Retained Earnings.

Change Item Type of Inventory Part to Assembly: If you are using QuickBooks Premier or Enterprise, you can convert an inventory part to an assembly and then add components. You also can edit the component list of an existing inventory assembly to change the components of the assembly.

Summary

While updating software can be costly, we believe that you should use a version as close to the most current version as possible because new versions introduce both new features and product reliability improvements. We hope this article has provided you with a sense of the changes you'll find in QuickBooks 2005. ♦