

How do I choose accrual- or cash-basis accounting?

When you first started your business, you needed to decide which bookkeeping method to use: accrual or cash. You had to specify which system you use when you filed your first tax return, but your bookkeeping method also affects how income, expenses, and account balances are shown on the applicable business reports, in the Business tab snapshots, and the Tax Planner.

You can set the accounting method one report at a time or for all applicable reports at once. Quicken uses cash-basis accounting by default.



Applicable Business Reports

If you have purchased **Quicken Business & Personal**, you can choose whether reports show income, expenses, and account balances on either an accrual or a cash basis. When you report on an accrual basis, you regard income as occurring as of your invoice dates and expenses as of your bill dates. When you report on a cash basis, you regard income as occurring when you are actually paid and expenses as when you actually pay the bills. Quicken can show the following reports on an accrual basis: Profit & Loss Statement; Profit & Loss Comparison; Balance Sheet; Tax Schedule; Schedule C; Itemized Categories. In addition, Quicken always shows the Tax Summary and Project/Job by Project reports on an accrual basis, even when you choose to report on a cash basis.,

Set the report basis for one report at a time

1. Click the **Business** tab
2. Click the **Reports** button, and then select the report you want.
3. Click **Customize**.
4. Click the **Advanced** tab.
5. In the **Report Basis** area, select **Cash** or **Accrual**.
6. Click **OK**.

Notes

Cash and accrual basis don't apply to all business reports. You must select an applicable business report for the option to appear on the Advanced tab.

Set the report basis for all reports at once

You can select which accounting method Quicken uses to present data in the applicable reports, Business tab snapshots, and the Tax Planner.

1. Choose **Reports** menu > **Reports & Graphs Center**.
2. Click **Preferences**.
3. In the **Select preference type** list, select **Reports and Graphs**.
4. In the **Select preferences** area on the right, select the appropriate option (which will apply to only the applicable business reports):
 - Clear the Cash-basis reporting if applicable checkbox to have Quicken automatically set to accrual basis every one of the applicable business reports.
 - Select the Cash-basis reporting if applicable checkbox to have Quicken automatically set to cash basis every one of the applicable business reports.

Notes

What is cash-basis reporting?

A method of bookkeeping in which you regard income or expenses as occurring at the time you actually receive a payment or pay a bill. A cash-basis report shows income only if you've received it, and expenses only if you've paid them. For example, if you haven't received a payment for an invoice yet, a cash-basis report on your sales doesn't include the amount of the invoice.

What is accrual-basis reporting?

A method of bookkeeping in which you regard income or expenses as occurring at the time you ship a product, render a service, or receive a purchase. Under this method, the time when you enter a transaction and the time when you actually pay or receive cash may be two separate events.

In Quicken, an accrual-basis report shows income regardless of whether all your customers have paid up, and expenses regardless of whether you've paid all your bills.

Which reports can you select a report basis for?

You can set the report basis for any applicable business report.

Can I change my reporting method?

Your bookkeeping method determines how you report income and expenses on tax forms. You must select a bookkeeping method when you file the first tax return for your business. After that, if you want to change your bookkeeping method, you need permission from the IRS. For more information, talk to your tax professional.



Note for our Canadian Customers

The following terms will be different in the Canadian releases of Quicken.

Canada: "Cheque" / United States: "Check"

Canada: "Colour" / United States: "Color"

Canada: "Centre" / United States: "Center"

Canada: "Realise" / United States: "Realize"

Canada: "Behaviour" / United States: "Behavior"

Canada: "Analyse" / United States: "Analyze"

This feature requires **Quicken Business & Personal**. Learn how you can [upgrade Quicken](#) in minutes.