

Versatile Method for Recording Customer NSF Check in QuickBooks

I split my NSF Charge into two different items, one expense (actual chargeback fee charged by my bank) and one income (difference between my cost and what I charge the customer). I create a Group item containing both items called NSF Charge so only one line shows up on the invoice/statement. If your bank doesn't charge you a chargeback fee, then create only one item and set it to Other Income – see *****OR**.

Step 1: Add items (and accounts if they don't already exist):

Other Charge --> NSF Fee Income, Account = Other Income --> NSF Fee Income, Amount = amount of NSF fee you charge customers over the cost of your banks chargeback fee to you (example: \$35 - \$6 = \$29.00).

Other Charge --> Rtrnd Chk Fee, Account = Expense --> Bank Charges: Rtrnd Check Fees, Amount = amount of chargeback fee your bank charges you (example: \$6.00).

Group --> NSF Charge (containing both previous items)

*****OR** create one Other Charge item called NSF Charge attached to Other Income account and the full amount of your NSF Charge.

Other Charge --> Rtrnd Check Amt "Customer's Returned Check Amount", Account = Checking Account

Step 2: Create the Invoice(s) to take the payment back out of the bank and charge an NSF fee.

Option 1: (if no sales tax and/or accrual basis) Create a new invoice for the customer with Rtrnd Check Amt. When you select Reports tab (2013+) and Transaction Journal, you will see A/R debited and Bank Account credited. This will match your bank statement's in and out of the check. Add a line item to the invoice of the NSF Charge. Print and mail or email new invoice to your customer.

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Option 2: (if sales tax and/or cash basis) Create a new invoice for the customer with Rtrnd Check Amt. When you select Reports tab (2013+) and Transaction Journal, you will see A/R debited and Bank Account credited. This will match your bank statement's in and out of the check.

Create another invoice for the customer containing the NSF Charge. You must make this separate from the Rtrnd Check Amount invoice because when QB applies partial payments it applies them evenly to all items (the bounced check doesn't include NSF Fee so it would only be a partial payment). Either create & send a statement to the client which will show the Rtrnd Check Amt invoice and the NSF Charge invoice, or print and mail or email both invoices to your customer.

To prevent paying sales tax before you get repaid, call up the bounced payment and unselect original invoice, then select the new Rtrnd Check Amt invoice. The original invoice now shows as unpaid as well as the NSF fee invoice.

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This also works for partial payments that bounced.