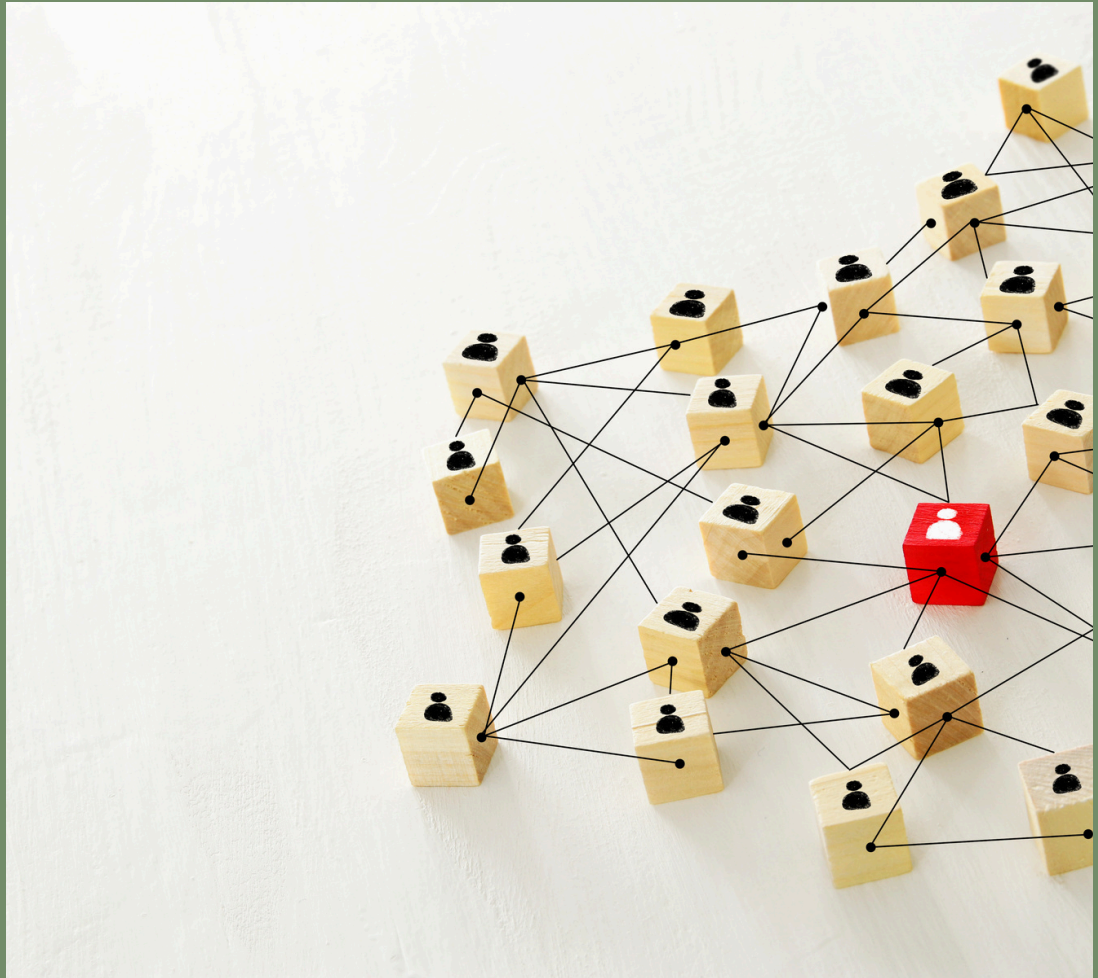


The App Connection Playbook for QuickBooks



A straightforward guide to linking sales tools like Stripe, Square, and PayPal directly to QuickBooks while preventing duplicate income errors.

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RW Bookkeeping

Introduction

The App Connection Playbook for QuickBooks. As small business owners, we want to be able to accept payments from our customers through various applications such as Stripe, Square, and PayPal. These apps allow us to grow our business and give our customers more options when paying for our products/services.

But once we have these sales channels connected to our QuickBooks Online account, we run into the issue of duplicate income entries, incorrect merchant fees, and reconciliation reports that can take up many hours.

The purpose of this playbook is to help bridge the gap between these sales channels and your QuickBooks Online account. At the end of this playbook, you will know how to properly connect and reconcile your sales channels with your books. So that your reports will always look clean and you don't have to spend time cleaning up your books.



01 The Core Challenge – Why Duplicate Income Happens

Before we get into tutorials to set this up correctly, let's make sure you know WHY your books are so often overstating income. When you plug most sales apps into QuickBooks, it automatically creates journal entries for two different financial transactions related to one sale:

- The sale, invoice, or sales receipt created in real time on your payment processor (Stripe, Square, PayPal, etc.) the second a customer purchases your goods or services.
- The bank deposit transaction created when those funds actually hit your business's checking account days later, after being processed (usually minus fees).

If you're entering both of these transactions into QuickBooks as general business income, QuickBooks is double-counting that same cash (once when the sale hits your processor and again when the bank deposit transaction is recorded). This double-counting tricks you into thinking you have higher profits than you really do, skewing your taxes.



02

Establishing a Clearing Account Structure

The best practice to avoid duplicate income entries and maintain pristine financial reports is to create a Clearing Account (also known as an Undeposited Funds account or Clearing House account in accounting terms) in your Chart of Accounts in QuickBooks.

Rather than having sales apps linked directly to your revenue or bank accounts...and send those transactions to a holding account on the balance sheet instead of to your income, your earned revenue will post when earned, and your bank deposits will clear the balance.

Create individual current asset clearing accounts for each app:

- **Stripe Clearing Account:** Easily categorize daily gross proceeds as a current asset until lump sum payouts are deposited into your bank feed.
- **Square Clearing Account:** Keep track of credit card tips, cash tips, and online invoice payments as they flow cleanly through your balance sheet.

PayPal Clearing Account: Automatically assign sales made with virtual wallets, collected in foreign currencies, and transferred balances until they're withdrawn.

03

Connecting Stripe Without the Stress



Stripe can be phenomenal for online store sales, subscription billing, and even invoicing bills to clients. It can make things difficult with currencies and fees if you let it.

How to Connect: Stripe offers a direct connection to QB Online or you can use a reputable, QB-certified solution such as SaasyCloud or A2X to connect safely.

Fees: Have your connection setup post fees to the account as a separate line item (Merchant Service Fees) rather than posting them against sales (netting) so you know your gross sales amount.

Payouts: Make sure that the lump sum payouts coming from Stripe equal the total of the batch coming into your bank feed for easier month end reconciliations.

04 Mastering Square Point-of-Sale Feeds

Square easily processes face-to-face payments for credit cards, cash drawers, and e-receipts for brick-and-mortar locations such as cafes, retail shops, and cell phone providers.



"Link your Square account" by using the QuickBooks integration located right below the Apps menu to create a "trusted connection" with your data.



If you process a large volume of transactions, you may want to map Square's daily batched sales receipts instead of individual sales transactions. Syncing transactions can hurt QB performance.



Ensure Square's sales tax goes to your liability account. You don't want it going to your revenue account.

05

Streamlining PayPal Integration



Automation is great, but that doesn't mean you can set it and forget it. Keep squeaky-clean books with a regular administrative schedule:

- **Daily:** Quick-check that automatically deposited sales receipts are posting to your clearing accounts without errors.
- **Weekly:** Confirm that bank deposits from Stripe, Square, and PayPal align with your clearing account balances.

- **Monthly:** Reconcile your clearing accounts to ensure there are no remaining balances from uncleared fees, sync errors, or missing payouts. Think of your PayPal account in QuickBooks as you would any other bank

Separately record any conversion charges if you frequently receive payments from overseas customers or asset account, not as a straightforward, one-way deposit.

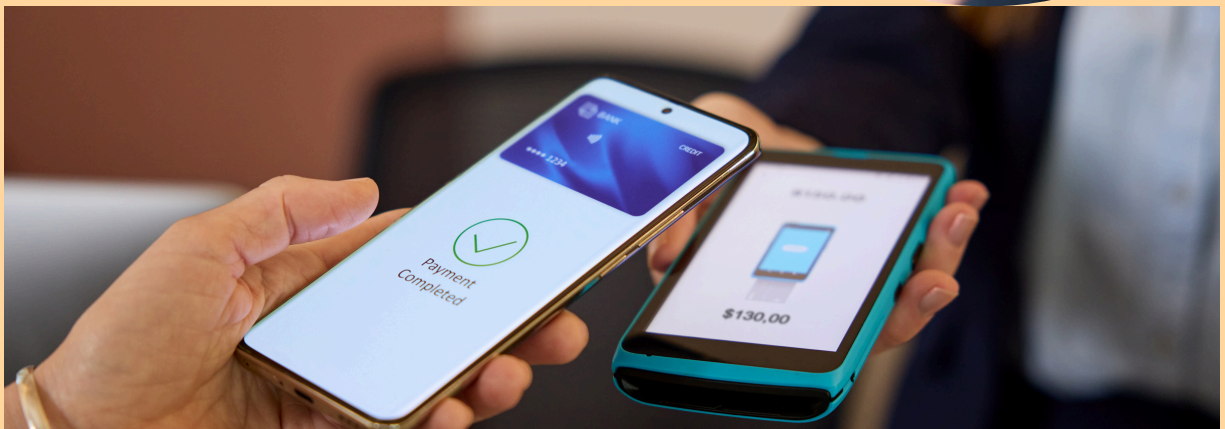
06 Daily and Weekly Workflow Best Practices

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07

Troubleshooting Common Sync Errors

Sometimes automation errors can occur even with well thought out configurations. Here's how to troubleshoot the most common ones:

Balance Too High on Profit & Loss: This happens when a payment is invoiced and matched with a bank deposit as income twice. To resolve, simply remove the bank feed match and reclassify the deposit transaction to clear the clearing account.

Positive Balance in Clearing Account: Often this is due to payouts or fees not being matched or entered during the automation process. Double check all batches that didn't transfer and manually enter any missing merchant fees to bring your balance to zero.



Bringing It All Together

Integrating third party sales platforms into QuickBooks should help run your business more smoothly, not leave you with more bookkeeping headaches. Set up dedicated clearing accounts, properly segregate gross proceeds from processor fees and maintain regular reconciliation habits and you'll never suffer from duplicate sales.

Ready for Support?

If you're feeling overwhelmed, behind, or unsure where to start, you're not alone. Many wellness professionals and small business owners come to us after months (or years) of trying to manage everything themselves.

RW Bookkeeping helps you create clarity, calm, and confidence in your finances — so tax season never feels stressful again. [BOOK FREE CONSULTATION](#)



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