

## Chapter 5 **WHAT OTHERS OWE YOU VS. WHAT YOU OWE OTHERS**

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Many people view invoices and bills as the same thing. The same can be said for Payment and Pay Bills. They certainly resemble each other. In QuickBooks, however, they refer to two different things.

OTHERS OWE YOU	YOU OWE OTHERS
Invoice	Bill
Payment (of an invoice)	Pay Bills
Sales Receipt (charge and payment received)	Check, Credit Card Charge
Statement (all transactions or just open balances)	

Table 1 Others Owe You vs You Owe Others

The terms in this table are defined on the following pages.

### Objectives

Upon completion of this chapter you will be able to:

- Define terms regarding what others owe you
- Define terms regarding what you owe others

## **TRACKING WHAT OTHERS OWE YOU**

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**Invoices** are created by YOU and track what OTHERS owe YOU. For example, you will create an invoice in QuickBooks to reflect that a tenant owes you money for a monthly rent or for a late fee. The invoice is created some time before the tenant pays the amount due on the invoice. Although you may choose not to mail invoices to tenants for the regular monthly amounts due, you will still create them in QuickBooks so the records will correctly indicate that there is an outstanding amount due. Of course, if you create an invoice for a fine or for another reason, you will be able to print and mail it, or e-mail it, as you can for regular monthly invoices.

**Payment** is used in QuickBooks to indicate that OTHERS paid YOU for an invoice.

**Sales Receipts** are like invoices but are created when the tenant pays you the full amount of a charge at the time the charge is made, such as a violation fee. A sales receipt reflects a charge and a payment received in one transaction.

**Statements** are created in QuickBooks to summarize the history of a tenant's account, such as all invoices, payments, and credits that have occurred during a time period of your choosing. You can also choose to create a short statement which shows only invoices that are not paid in full. The statement will show the "bottom line" amount due, and can be printed, mailed, or e-mailed to the tenant.

## **TRACKING WHAT YOU OWE OTHERS**

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**Bills** are created by OTHERS and track what YOU owe OTHERS. For example, if you hire a vendor to make a repair, the vendor will present you with a bill that he created, reflecting money that you owe him. You can “re-create” the vendor’s bill in QuickBooks in order to keep track of what you owe him and what type of work was performed. Later, you will write a check to the vendor for that amount, and QuickBooks will match the two.

**Pay Bills** is the QuickBooks way for you to pay what YOU owe OTHERS as reflected in a bill.

**Write Checks** is a method of paying bills to others. You may also pay others by credit card or online payments.

These terms can get confused very easily. Refer to the table in this chapter which should help you keep track of QuickBooks terms related to who owes whom, and who is paying whom.