TAKING PAYMENTS WITH PAYPAL ? – SIMPLIFY THE ACCOUNTING !

Businesses that are actively selling online or where taking payments from international customers, will often use Paypal to take customer payments quickly and efficiently for the business.

Ensuring that these payments are then immediately **AND** accurately updated in your **Quickbooks or Xero** accountancy software, with clarity around business income or outstanding customer invoices is absolutely key !

If ensuring that

- you have accurate visibility of your own business income and customer invoices is not enough, then
- avoiding the possibility of penalties or interest from HMRC for not including sales income through PayPal activity on VAT returns - **is enough of a reason to simplify the recording of this activity !!**

Both **Quickbooks and Xero** accounts software are great with their '**Payment Services'** integrations with PayPal, which

1. enable **payments to be taken directly** against invoices issued to Customers from the software, and
2. these payments are **automatically updated** in Quickbooks and Xero so the invoices are reflected as being '**Paid'.**

WHAT HAPPENS IF PAYPAL PAYMENTS ARE NOT AGAINST INVOICES RAISED TO CUSTOMERS FROM QUICKBOOKS OR XERO ?

Where payments are being taken via PayPal for a business, **BUT** the invoices have not been raised directly from Quickbooks or Xero software, these payment amounts may need to be :

- included in Quickbooks or Xero as Sales invoices, and
- each PayPal payment must then be allocated against each invoice **(to reflect the 'Paid' status)**.

This will require staff time to manually manage a weekly or monthly process to review, download and input the PayPal transactions into the accountancy software, ensuring the invoices are shown as being in a '**Paid'** status.

Where individual transactions are not required or necessary for inclusion in your accounts, then the use of daily/weekly or monthly '**Summary only'** invoices may be sufficient, but there may be some very good practical or business reasons that the individual detail is required in **Quickbooks or Xero.**

Therefore, if there are more than a handful of PayPal payments being received each day/week, eventually this **'manual'** process becomes **increasingly complex, time consuming and inefficient !!**

HOW CAN THIS BE SIMPLIFIED AND MADE MORE 'AUTOMATED' ?

Luckily there are some options available for simplifying the accounting for these transactions !

These tend to fall into two options:

1. **specific 'Add on' software** - that can enable downloaded excel files of transactions to be imported into Quickbooks or Xero, whether to generate individual sales invoices, **AND/OR** allow payment transactions to be imported against the invoices and set to '**Paid'**

2. **apps** – that can be integrated or linked to Quickbooks or Xero and that update the accountancy software **'automatically'** i.e. when a payment is received into the PayPal account, this **'triggers'** the creation of a Sales invoice in Quickbooks or Xero
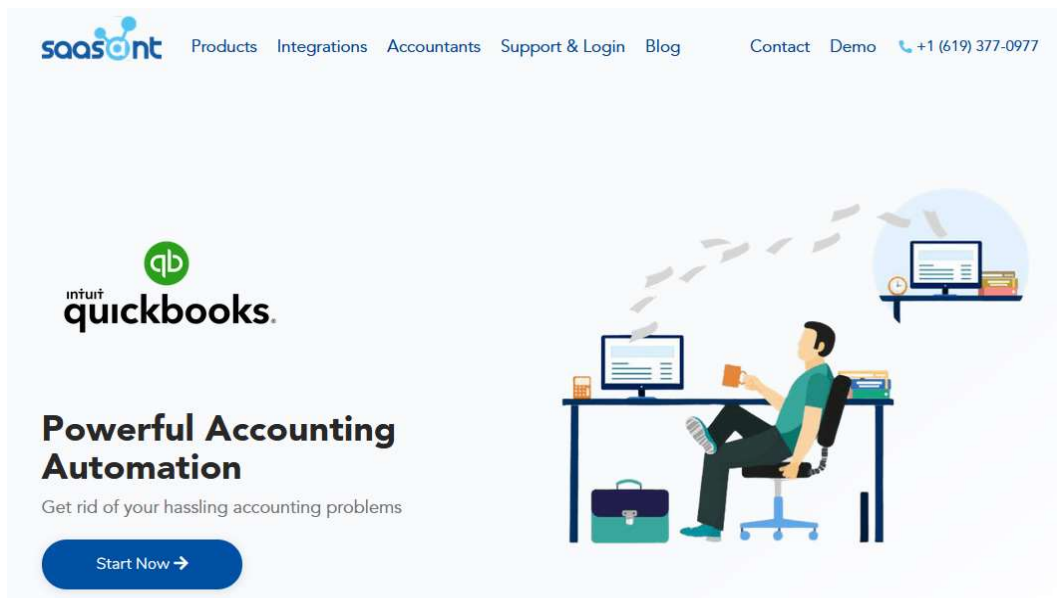
CLIENT CASE STUDIES

SaasAnt

SaasAnt is an example of a **'Add on'** software that enables a downloaded list of PayPal payments and/or third party sales transactions to be imported simply and quickly into Quickbooks on a daily, weekly or monthly basis.

Once the SaasAnt software has been setup for your own business requirements, the imported list can

- create invoices from a list of (third party sales) transactions in Quickbooks
- immediately add the PayPal payments against the '**newly created'** Quickbooks invoices (to show as '**Paid'**)
- capture the VAT amounts appropriate to those transactions

PROs

1. Can manage with large numbers of individual transactions
2. Maintains the detail for each of your business transactions
3. Not only creates the invoices from sales data (from a third party source), but also adds the payment to **'pay'** the invoices as well
4. The software is quite inexpensive (and great '**value for money'** against staff time saved)

CONS

1. It's not an automated process i.e. much quicker and more accurate than manual processes - **but requires some manual time each week or month**
2. The software has been created specifically for Quickbooks ONLY (and **NOT** Xero)
3. There is some setup time and effort required to configure it for your business **– which we can assist with !**
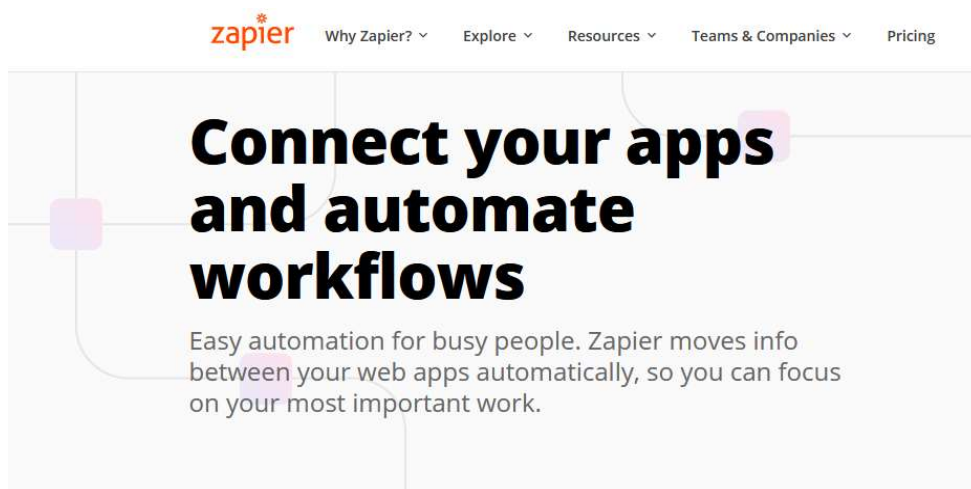
We have used SaaSAnt for UK membership businesses, as well as businesses with international subscription payments e.g. reducing errors/omission on VAT returns, reducing days of staff time (raising invoices, allocating payments), as well as simplifying issues with foreign currency.

Zapier

Zapier is an automation tool that creates integrations and workflows with many types of software - **including with both Quickbooks and Xero accountancy software !**

Once the connection or integration has been created between Zapier, PayPal and either Quickbooks or Xero, every new transaction into your PayPal account will '**automatically'**

- create a new Sales invoice in Quickbooks or Xero
- capture the VAT amounts appropriate to those transactions

PROs

1. The connection or integration '**automatically'** creates new transactions in the accountancy software
2. Maintains the detail for each of your business transactions
3. The integration works for **BOTH** Quickbooks and Xero accountancy software
4. The software is quite inexpensive (and great '**value for money'** against staff time saved)

CONS

1. This solution does not resolve the '**payment'** of the invoices created in Quickbooks and Xero for each new PayPal transaction i.e. invoices are not immediately set to a '**Paid**' status
2. A bank connection for PayPal (similar to a standard bank connection) need to be setup to obtain the PayPal payment transactions into Quickbooks or Xero
3. Payment of invoices needs to be allocated via the '**PayPal bank account'** in Quickbooks or Xero on a manual basis i.e. a much quicker process that the manual process but will requires some time.
4. **There is some setup time and effort required to configure it for your business – which we can assist with !**

Can the Sakura Team assist with this ?

Yes – however given that businesses operate in different ways, there will be a requirement to consider what integration solution (whether from a **Case Study** above or a different setup) may be most appropriate for your business !

If you are on our **Quickbooks or Xero Support service**, then arrange a call with Nasima who will deal with **the Initial 'Fact Find' Review** with you '**free of charge'**.

Otherwise - our detailed **Case Studies** and **How To Guides** on the various '**Add on'** software and Apps can be found on the **Xero, Quickbooks and Apps** section of the website - or alternatively ask Nasima to forward copies for you to find out more !