CHAPTER 10- CREDIT CARDS

Financial credit is used by many farm operations to pay operating and other expenses during periods when cash outflows exceed cash inflows. Credit cards used for the same purpose are common in farming operations. Credit can be tracked within your Quicken farm records to help you know where you are financially at anytime.

Setting Up Your Accounts

It is recommended that you create a credit card account for each credit card you have. Follow the instructions in the **"Chapter 3: Accounts" on page 19** to set up your new credit card account(s). The information required to create your credit card account is the same as the information needed to create a checking account, except that you can enter the credit limit established for each line of credit or credit card. While the credit limit is optional, it is recommended that you enter this information. With the limit established and the register for a credit card account opened, the balances shown at the bottom of the register include the amount of credit used and the amount of credit remaining for this particular account.

Making Entries

Credit card transactions are entered into the appropriate register just like making entries into a checking account register. Each farm related transaction should be entered into the credit card register. Just like in a checking account register, credit card transactions can also be entered as split transactions if necessary. For credit card transactions that are for only personal expenses, it is optional if this type of transaction is entered into the register.

Note: When you use a credit card to pay business expenses, those expenses are deductible at the time of the charge rather than when the credit card statement is actually paid. To make sure these expenses are deducted in the correct year, you need to enter the business related charges in your credit card account as soon as possible after the transaction is made.

Example:

You and your spouse are going out to dinner for your anniversary. On the way to the restaurant you stop at the Farm & Ranch Store to pick up a few things for the farm. You use your Credit Card to pay for the items at the store. At the restaurant, the bill for dinner is $50 and you charge it to your Credit Card. The following split transaction is entered into your *Farm Credit Card* account.

Date	Payee	Memo	Category	Amount
1/15/ XX	Farm & Ranch Store		--SPLIT--	$607.50
	Split Screen Detail			
	Category & Tag	**Memo**		Amount
	1. Gas, Fuel & Oil & Over-head	Oil for truck		75.00
	2. Supplies & Cow Calf	Cattle supplies		400.00
	3. Repairs and Maintenance & Overhead	Chisel plow shank		125.00
	4. Misc. & Family Living	Candy for grandkids		7.50

Note: This transaction was entered as a split transaction since there are multiple categories. The personal transaction was included since it was part of the transaction at the Farm & Ranch Store.

Note: Since it is not mandatory that transactions of a personal nature are entered in the *Farm Credit Card* account, the restaurant transaction was not entered. Without the personal transactions entered, the account balance will not be correct. The correct outstanding balance is $657.50, but only $607.50 has been actually entered into the register.

Paying Your Credit Card Bill

When you write the check to pay your credit bill, you transfer money between your checking and credit card accounts if all transactions have been entered. If personal transactions have not been entered, the payment to pay off the account balance will be a split transaction that includes a line(s) for the family living (personal) portion of the payment.

Example:

You pay your credit card bill from your farm checking account. In your farm checking account, you write a check to the Credit Card Company for $657.50 to pay off your monthly credit card balance in full.

Date	Num	Payee	Memo	Category	Amount
2/5/XX	101	Master Card, Inc.		--SPLIT--	$657.50
		Split Screen Detail			
		Category	**Memo**		
		1. [Farm Master Card]			600.00
		2. Hfood	Anniversary dinner		57.50

After the above payment is made, the outstanding balance in the *Farm Master Card* account will be zero.

Note: If the restaurant charge of $50 had been entered in the *Farm Master Card* account register, the payment would have been a single line (rather than a split transaction) with the category being **[Farm Master Card]** and the amount paid $657.50.

Note: Even though the farm credit card paid for the candy for the grandkids, the end of year report will show it as a family living expense because of the category and tag used.

Note: Transactions and payments associated with a bank line of credit would be identical to the example above using a credit card account.

Reconciling Your Credit Card Account

If you enter all your credit card transactions into your credit card account, you can reconcile the account. The procedure is similar to reconciling a checking account.

With the credit card account window open, Click the Reconcile button in the account register tool bar.

Fill in the required information about your credit card statement in the "Credit Card Statement Information: credit card window.

Click OK.

Click every transaction that appears on your statement. Missing transactions can be added and transactions can be edited.

Click Finished.

Note: If desired, Quicken will make an entry into a selected bank (checking) account to make a payment on the credit balance. Click Yes if you want this option. Otherwise, Click No.

Credit Card Transactions In Reports

If you are using a credit card account to record expenses be sure to include your credit card account(s) in the reports that you use to generate tax-related reports and P&L statements.

When generating any of these reports:

Click the Customize button after the report has been created to open the "Customize Report" window.

Click the Accounts tab and select the credit card account(s), along with the other accounts, to be included in the report.

Debit Cards

Debit cards are not credit cards, even though they often carry the name of a major credit card company. When you make a purchase with a debit card, the money is withdrawn from your bank account as if you had written a check. It is different from a credit card in that it is not a loan or advance, but a deduction from your checking account. In Quicken, you record debit card transactions in a bank account register associated with that debit card, not in a credit card account. Debit cards are used to withdraw cash from a checking or savings account. Like the debit card, ATM transactions are recorded directly in the account associated with the Debit card.

USING DOUBLE TAGS

Farmers commonly rent cropland or pasture and may own multiple parcels of land. Tags can be used to track expenses and income by enterprise such as corn, soybeans, cow/calf, and alfalfa. Using double tags can add a location such as a farm or landlord. For example, double tags will allow the analysis the cash flow of corn at the Smith farm compared to the cash flow of corn on the Mathews farm.

Begin practice by adding new tags to your Quicken file

Click Tools

Tag List

New

Add the following Tags (if needed):

Corn 2015

Soybean 2015

Mathews

Smith

Bradner

Date: **3/22/2015**
Check Number: **1016**
Payee: **Buckeye Seed Dealer**
Payment: **5,000**
Category: **Seed and Plants**
Tags: **Corn 2015:Mathews**
Memo: **$250/unit, Hybrid A, 32K/ac**

Date: **4/23/2015**
Check Number: **1017**
Payee: **Buckeye Seed Dealer**
Payment: **7,200**
Category: **Seed and Plants**
Tags: **Corn 2015:Smith**
Memo: **$225/unit, Hybrid B, 32K/ac**

Date: **5/20/2015**

Check Number: **1018**
Payee: **Buckeye Ag Service**
Payment: **9,240**
Category: **Fertilizer and Lime: 28% N**
Tags: **Corn 2015:Smith**
Memo: **80 acres, 50 gal/ac, 22 ton @$420/ton**

Date: **6/21/2015**
Check Number: **1019**
Payee: **Buckeye Ag Service**
Payment: **7,425**
Category: **Fertilizer and Lime: 28% N**
Tags: **Corn 2015:Mathews**
Memo: **50 acres, 60 gal/ac, 16.5 ton @$450/tons**

Date: **7/28/2015**
Check Number: **1020**
Payee: **Country Service Exchange**
Payment: **834**
Split Category: **Chemicals:Insecticide   444**
                     Custom Hire:Chem Appl   390
Tags: **Soybean 2015:Bradner**
Split Memo: **37 acres Insecticide A @ $12/ac**
                     37 acres @ $10.54/ac

To run a report using double tags

Click Report

Banking

Cash Flow by Tag

Note: Make sure report date range includes the necessary enterprise date range

Click Next

Customize this report to only include Tag Corn 2015. It will include all Tags Corn 2015 and any attached Double Tags such as Mathews and Smith.

Click Customize

Click the Tag tab

Click Clear All

Click the tag named "Corn 2015" in tag list