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FREE TUTORIAL

Set Up Net 30 in QuickBooks So the Chasing Starts Without You

"30 days payment" (Net 30) means the client has 30 calendar days from the invoice date to pay you. The term takes ten seconds to set. What decides whether you get paid on day 30 or day 70 is what you set up for day 31, so this walks through both in QuickBooks Online.

WHAT THIS ADDS

Net 30 is a cost you can measure. The money you have tied up in unpaid invoices is roughly your monthly billing times the days clients actually take to pay, divided by 30. A $10,000-a-month business whose clients drift to day 45 is carrying $15,000, so the automatic reminder after the due date matters more than the term printed on the invoice.

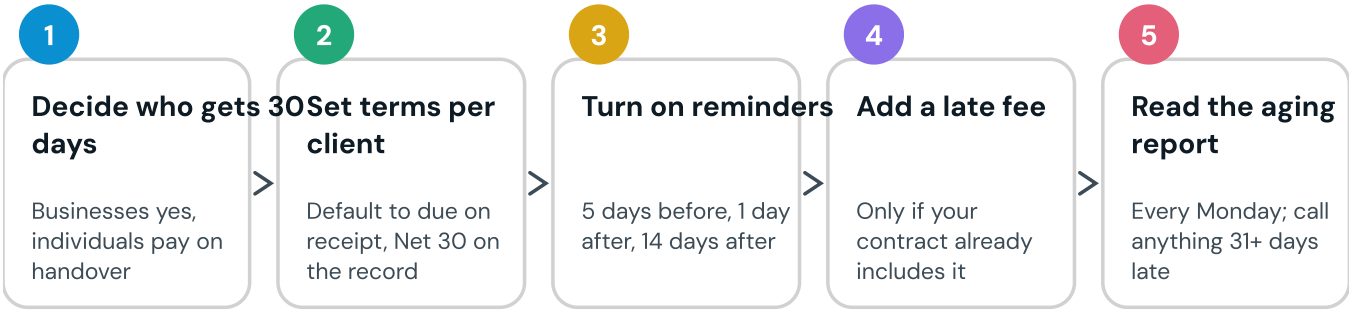
What you will have at the end, and what you need first

By the end of this you will have QuickBooks Online doing four things. It prints a real due date on every invoice for the clients you choose to give 30 days. It sends payment reminders without you. It adds a late fee where your contract allows one. And it gives you a weekly list of who is past due. Set aside about 20 minutes.

Before you start, you need:

- **A QuickBooks Online subscription that includes invoicing.** Late fees are not on every plan. If you do not see that setting in Step 5, your plan does not include it.
- **Your payment terms in writing** on the quote or contract the client agreed to. QuickBooks can print "Net 30", but the client agreed to whatever your paperwork says. If those two disagree, your paperwork wins.
- **A short list of which clients are businesses and which are individuals.** You will treat them differently in Step 1.

If you use Xero, Wave, Square or Stripe instead, the same four settings exist under different names: default terms, terms per customer, automatic reminders, and late fees. Follow the order below and look for the equivalent screen.



The order to set it up: terms first, then the automation that enforces them.

Step 1: Decide who actually gets 30 days

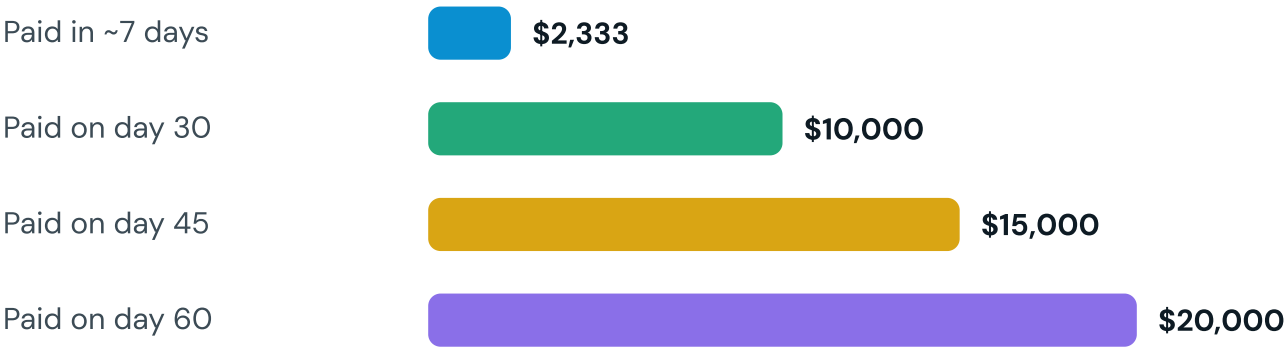
A common assumption is that Net 30 is the standard term and everyone gets it. That is not true. Net 30 is what businesses with an accounts payable department expect, because they pay suppliers in batches. A property manager, a dental group or a general contractor hiring you as a sub will often ask for it, and some will send you a supplier setup form before they pay anything.

Individuals are different. A couple booking a wedding photographer, or a driver collecting their car from a body shop, has no payment run. Giving them 30 days mostly gives them 30 days to forget. Collect at handover, or take a deposit up front and invoice the balance on completion. The deposit invoice guide covers how to lay out that second invoice.

Here is the math that makes this decision worth five minutes. The money sitting in unpaid invoices at any moment is roughly your monthly billing times the number of days clients actually take to pay, divided by 30. Say you bill $10,000 a month:

- Clients pay about a week after the invoice: about $2,333 outstanding.
- Clients pay on day 30, exactly as agreed: $10,000 outstanding.
- Clients drift to day 45: $15,000 outstanding.
- Clients drift to day 60: $20,000 outstanding.

That $15,000 is money you have already earned and are lending out for free. To find your own figure, run the aging report from Step 7 and add up everything that is not in the "Current" column.



Money tied up in unpaid invoices for a business billing $10,000 a month, by how long clients actually take to pay (monthly billing × days ÷ 30).

Step 2: Confirm the Net 30 term and set a safe default

QuickBooks usually comes with Net 30 already set up. Check it:

1. Click the **gear icon** (Settings) at the top right.
2. Under **Lists**, click **All lists**, then **Terms**.
3. Look for **Net 30**. If it is missing, click **New**. Enter the name *Net 30*, select **Due in fixed number of days**, enter *30*, and click **Save**.

Now set the default for new invoices:

1. Gear icon, then **Account and settings**, then the **Sales** tab.
2. In the **Sales form content** section, click the pencil icon.
3. Open **Preferred invoice terms**.

Here is the non-obvious choice. Set the default to **Due on receipt**, not Net 30. Then give Net 30 only to the business clients from Step 1, on their own customer records. If you set Net 30 as the default, every new client gets 30 days unless you remember to change it. You will not always remember.

Click **Save**, then **Done**. Intuit moves these screens around from time to time. If a menu is not where this says, type "terms" into the search box at the top of the Settings page.

Step 3: Put Net 30 on each business client's record

1. Go to **Sales** (or **Customers & leads**, depending on your menu), then **Customers**.
2. Click the client's name, then **Edit**.
3. Open the **Payments** tab. It may be labeled **Payment and billing**.
4. Set **Terms** to **Net 30**.
5. Check that the **Email** field holds the address of the person who actually pays the bills. That is often accounts@ rather than the person who hired you. Step 4 depends on this.
6. Click **Save**.

From now on, every invoice you create for this client fills in Net 30. The due date is calculated as the invoice date plus 30 calendar days. You can still override it on a single invoice using the **Terms** dropdown near the top of the invoice form.

QuickBooks counts from the invoice date, not from when the client opens the email. That is the better arrangement, and the piece on "30 days upon receipt" explains why a printed due date beats a clock that starts on receipt.

Step 4: Turn on automatic reminders before and after the due date

1. Gear icon, then **Account and settings**, then **Sales**.
2. Find the **Reminders** section and click the pencil icon.
3. Switch on **Automatic invoice reminders**.
4. Set up to three reminders, each a number of days before or after the due date.

A sequence that works for most service businesses:

- **5 days before the due date.** A plain heads-up: the amount, the invoice number, and the date it is due. Accounts departments often need a few days to get you into the next payment run, so this one does more work than it looks like.
- **1 day after the due date.** "This was due yesterday." Most late payments are forgotten payments, and this catches them.
- **14 days after the due date.** Firmer. Restate the amount and mention the late fee if your contract has one.

Edit the subject and message of each reminder. Put the amount and invoice number in the first line, and leave the placeholders QuickBooks inserts in place. The guide to payment emails and texts has wording you can copy. Click **Save**, then **Done**.

If you would rather run quotes, contracts and invoices from one place, Fynl can send the same reminder sequence as an automation from your own Gmail account. It does not send text messages yet, so a nudge by text still has to come from your phone.

Step 5: Add a late fee, but only if your contract already says so

1. Gear icon, then **Account and settings**, then **Sales**.
2. Find **Late fees**, click the pencil, and switch on the option to charge late fees by default.
3. Choose a **fixed amount** or a **percentage**, and set how many days after the due date it applies.
4. Click **Save**, then **Done**.

Many people assume they can add a late fee to an overdue invoice whenever they like. You cannot, not in any way that holds up. The fee has to be in the quote or contract the client agreed to before you did the work. If it is not there, leave this setting off for now and add a late-fee line to your paperwork for new jobs.

Limits on late fees and interest also vary by state. Before you pick a percentage, check your state attorney general's website or ask your accountant what the cap is where you work. Do not copy a number from another business's invoice. Their state may allow something yours does not.

Step 6: Send a test invoice to yourself

1. Create a customer named *Test – your name*, using your own email address, with Terms set to **Net 30**.
2. Click **+ New**, then **Invoice**, and choose the test customer.
3. Check that **Terms** shows Net 30 and that **Due date** is exactly 30 days after the **Invoice date**.
4. Add one line for $1 and click **Save and send**.
5. Open the email on your phone. Can you see the due date and the amount without opening the attachment? If you cannot, neither can your client.

To test reminders, temporarily set the first reminder to 0 days, change the invoice date so the invoice is due today, and wait for the email. Reminders run on a schedule, so allow a day before deciding it failed. Then set the reminder back and void the test invoice.

Step 7: Read the aging report every Monday

1. Click **Reports** and type *Accounts receivable aging summary* into the search box.
2. Open it. Columns run **Current**, **1–30**, **31–60**, **61–90** and **91 and over** days past due.
3. Anything in 1–30 is the reminders' job. Anything in 31–60 needs a phone call from you. A third email will not do what a call does.

On some plans you can save the report as a custom report and set it to email you on a schedule, which saves you remembering to open it. This report is also where your real Step 1 number comes from. Add up everything outside Current and you know what Net 30 is costing you.

If it does not work: the two usual culprits

The due date is wrong, or still says "due on receipt"

Terms on the customer record override your default, and changing either one does not update invoices you have already created. Open each unpaid invoice, set Terms again, and save. Also check the invoice date. If you create an invoice on the 1st and send it on the 10th, the client still owes on the 31st, and they will argue they only had 21 days. Set the invoice date to the day you actually send it.

Reminders are not going out

Reminders go to the address in the invoice's email field. If that field was blank, or holds the address of someone who left the company, nothing useful arrives. This happens most often when you downloaded a PDF and emailed it yourself. Fix the address on the customer record and on each open invoice.

Next, confirm you clicked both **Save** and **Done** in Settings. Leaving the page without them discards the change. If both are fine, the reminders may be landing in spam, because they come from QuickBooks' mail system and not from your inbox. Ask your client's accounts contact to check their spam folder once and mark the message as safe.

> DO THIS
>
> Set your default to due on receipt, give Net 30 only to business clients on their customer records, and turn on three automatic reminders today. Then open the aging report every Monday and phone anyone more than 30 days late.

Sources

- Investopedia: Days Sales Outstanding (DSO) — https://www.investopedia.com/terms/d/dso.asp
- QuickBooks Online Help and Support (Intuit) — https://quickbooks.intuit.com/learn-support/en-us
- U.S. Treasury Bureau of the Fiscal Service: Prompt Payment — https://www.fiscal.treasury.gov/prompt-payment/