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Many businesses in Canada buy and sells products and services outside of Canada. Often this requires working in multiple currencies.

Lesson Objectives

In this chapter, you’ll learn how to:

• Setup Multiple currencies
• Create multicurrency transactions
• Create basic multicurrency reports

Multiple Currencies

Many businesses in Canada buy and sells products and services outside of Canada. Often this requires working in multiple currencies. QuickBooks Online Plus lets your clients track multiple currencies.

QuickBooks Multicurrency is ideal for businesses who do the following:

• Buy or sell goods and services outside of Canada.
• Buy or sell in foreign currencies.
• Have accounts in foreign currencies.
• The company is based in Canada and the $CDN is their home currency.

It is not for clients who:

• Have an office in a foreign country.
• Manage payroll in a foreign country.

Details about Multicurrency

• Once you turn multicurrency on in a client file you cannot turn it off.
• You can no longer change your home currency.

The following additional fields and labels are added QuickBooks.

• QuickBooks creates a Currencies list, which you can see when you click Gear > Currencies (under Lists).
• You can choose currencies when you add a customer or supplier.
• A Currency column appears in the Chart of Accounts. Note that once an account has had a transaction posted to it, you can’t change the currency.
• The currency appears in the Payment, Deposit, Sales tax, and Balance Due columns on bank and credit account histories.

• The currency appears in the Amount column on sales and purchase forms.

• QuickBooks reports convert all foreign currency to home currency amounts, and automatically reflect exchange rate changes.

**Exchange Rates**

To keep exchange rates as accurate as possible, QBO downloads the exchange rates every four hours and updates them in QBO. The source is the Wall Street On Demand service (exchange rates can be edited if you want to use another source).

**Enable Multicurrency**

1. Click the Gear icon and select **Account and Settings**.

2. Click **Advanced**.

3. Scroll down to Currency and click the pencil icon (Edit).

4. Select the **Multicurrency** checkbox.

5. Select the **I understand I can’t undo Multicurrency** checkbox.

6. Click **Save**.

**NOTE** Until you assign a foreign currency, the default value for all customers, suppliers, and accounts is your company's home currency.
What QuickBooks does when you Turn Multicurrency On?

1. **Currency List**—QBO adds a currency list that includes many currencies from around the world. If you don’t find the currency needed by your client, it can be added.

2. **Currency Fields**—Currency Field to Customers and Supplier and to some balance sheet accounts.

**NOTE** After you create a supplier or customer transaction in a foreign currency, QBO creates an AP or AR account in that foreign currency. This means that you do not need to create those accounts in multiple currencies.
3. **Transactions Fields**—New fields are added to transactions to display the customer or supplier currency.

4. **Currency Column**—A currency column is added to the Chart of Accounts.

5. **Assigns Currency**—After you enable multicurrency, all existing accounts are assigned the Home Currency.

**Additional Setup**

It may be helpful to setup any additional currencies or accounts before creating multicurrency transactions. For example, a client may buy or sell in a currency that is not listed in the currency list. A client may also have a foreign bank account (i.e. USD Chequing).

**Add a Currency**

1. Click the Gear icon.
2. Click Currencies.
3. Click New.
4. Choose the foreign currency.
5. Click Add.
Add an Account

1. Go to the Chart of Accounts.
2. Click New.
3. Choose Bank.

Multicurrency Transactions & Workflows

Creating multicurrency transactions is like creating regular transactions. Every transaction includes an exchange rate which can be edited. However, the exchange rate should be current and editing is not required.

Create Invoice to Foreign Customer

1. Create the Invoice as per usual.
2. Assume the Sales price/amount are in the foreign currency. QBO will convert the amount to the home currency and display at the bottom of the transaction.
3. Edit the **Exchange rate** if necessary.

4. Determine the **Sales Tax**.

5. Save the transaction.

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**Receive Payment from Foreign Customer**

1. Click the **New** menu.

2. Click **Receive Payment**.

3. Enter Customer information.
4. Update **Exchange rate** if necessary.

5. **Save** the transaction.

**Deposit Customer Payment**

In this example, you’ll receive $USD and deposit to a $CDN account.

1. Click the **New** menu.
2. Click Bank **Deposit**.
3. Choose the **Account** to deposit to.
4. Choose the **Currency**.
5. Enter an **Exchange rate**.

**NOTE** In this example, you’re depositing to $CDN account. QBO requires an exchange rate. This will be the rate that is used to finalize this settlement transactions. In this case an exchange gain or loss is recorded.
6. **Save** the transaction.

To view the journal entry on this transaction, click **More**. Note an entry to **Exchange Gain or Loss** is made for this deposit.

**Purchasing and Expenses in Multicurrency**

When you receive bills or from foreign suppliers or record foreign purchases they can be recorded in QuickBooks in a similar way to sales transactions.

**Enter Bills**

1. Click the **New** menu.
2. Select **Bill**.
3. Enter the **Supplier** name.
4. Enter the **Exchange rate** if necessary.

5. Complete the **Account** and/or **Item** details.

6. **Save** the transaction.

**Pay Bills**

1. Click the **New** menu.

2. Click **Pay Bills**.

3. Choose the payment account. The payment account can be the currency of your choice if you have multiple currency bank accounts.

4. Enter the **Exchange rate**.
5. Save the transaction (an exchange gain or loss will be recorded on this transaction).