Item Proxies and Accounts

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*****Please do not attempt to switch from syncing inventory to using proxies without first discussing with the Support team.*****

For those who are not syncing inventory with their accounting software, the accounts used in the proxies become very important.

A proxy is a non-inventory item used to record transactions in QuickBooks or Xero. There is no limit to the number of proxies, you can create. **In fact, as you will see shortly, it is recommended to create different proxy for each Item Group to reflect the income and COGs accounts used in their related inventory items.**

- When an invoice is recorded, the proxy's income accounts is used to reflect the sale.
- When a bill is recorded, the proxy's expense account is used. If you elect to post journal entries, there will be a corresponding entry to inventory which offsets the expense entries.

Knowing this, here are the best practices in setting your accounts for proxies:

- **The Proxy's Income account should be the same as their related inventory Item's Income account.**
- **The Proxy's Expense account should be the same as their related inventory item's COGs account.**

Typical Accounting Entries for a Bill when not syncing inventory and posting journal entries.

Entry 1 : Bill or Item Receipt

	Debit	**Credit**
Expense [of the proxy]	50	
A/P		50

Entry 2 : Journal Entry

	Debit	**Credit**
Inventory [of the item]	50	
COGS [of the item]		50

Typical Accounting Entries for an Invoice when not syncing inventory and posting journal entries.

Entry 1 : Invoice

	Debit	Credit
A/R	100	
Sales [of the proxy]		100

Entry 2 : Journal Entry

	Debit	Credit
COGS [of the item]	50	
Inventory [of the item]		50

Click on this link to find more information on Creating Proxies.