RATE REMOVER
BUILT FOR REPAIR SHOPS

RATEREMOVER
MANAGEMENT SOFTWARE
Simplify Operations. **Increase Profits**

Introduction for Bookkeepers

Welcome, and thank you for taking a few minutes to review this guide. Your client recently signed up with **Rate Remover Software,** a shop management system. This system handles payment processing a bit differently than traditional shop management software.

Understanding how transactions flow will make reconciliation straightforward and avoid the most common points of confusion.

The short version: instead of adding a **credit card fee** at the time of payment, the cost of card processing is **built into the pricing** structure upfront. There is no separate fee line item on invoices.

How it Works

To comply with card brand rules and applicable state laws, Rate Remover does not apply a surcharge or add a separate line-item processing fee. Instead:

- A percentage is automatically added to eligible items when the regular price is entered
- This creates the card price displayed to the customer
- A lower cash price is also shown where applicable

All adjustments are applied before tax. Sales tax is calculated on the adjusted (card) price, and no card fee is added directly to the tax line.

Example:

Item	**Amount**
Regular Price	$99.00
Adjusted (Card) Price	$102.96*

*Based on 4% your client may have a lower rate based on volume.

Non-Adjustable Items

Some items are intentionally excluded from price adjustments, including:

- State inspections or emissions tests
- Government-regulated fees
- Any item where pricing is fixed by law

These items remain at their original price, and the merchant absorbs the processing cost on those portions. This is an important compliance distinction.

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How Processing Fees Are Deducted
Processing fees are deducted daily and calculated on the full transaction total, including sales tax and non-adjustable items.

Full Transaction Example

Item	Amount
Job (Adjusted Price)	$1,040.00
State Inspection (no tax or card fees)	$21.00
Subtotal	$1,061.00
Sales Tax (8%)	$83.20
Total Sale	$1,144.20
Processing Fee (3.846%)	$44.06
Bank Deposit	$1,100.14

Key Accounting Step
The $44.06 difference between the total sale and the bank deposit should be recorded as: *Credit Card Processing Fees (Expense)*

What This Means for Your Client
In this example, $40.00 was added to the original $1,000 job price to cover card processing. However, the total processing fee on the full transaction was $44.06 because deducted fees are calculated on the sales tax and non-adjustable items as well.

Summary	Amount
Amount recovered through pricing	$40.00
Total processing cost	$44.06
Out-of-pocket cost to merchant	$4.06

Common Questions and Answers

1. Why don't invoices match what I expect from a normal system?

The listed price already includes the card processing cost. There is no separate fee line item.

- Card price = full price (includes card fees)
- Cash price = a discounted version of the card price (original entered price)

2. Why don't my bank deposits match invoice totals?

This is the most common point of confusion, and the answer is: nothing is wrong. When a customer pays by card, the invoice shows the full card price, but the deposit arrives net of processing fees. The difference needs to be recorded as an expense.

Item	Amount
Invoice Total	$100.00
Bank Deposit	~$96.00
Processing Fee (Expense)	~$4.00

3. How should I record credit card fees?

Record the shortfall between the invoice total and the bank deposit as a merchant processing fee expense. Do not adjust the invoice amount. Here is a typical workflow:

1. Match the deposit to the batch total from Rate Remover
2. Record the difference as an expense: "Credit Card Fees" or "Merchant Fees"

4. How are cash transactions handled?

Cash transactions use the discounted (lower) price. This is intentional and compliant. Similar jobs may show different invoice totals depending on how the customer paid.

- Card sale: full (adjusted) price
- Cash sale: lower total (cash discount applied)

5. Are processing fees added to sales tax?

No. Processing fees are only added to pretax amounts. This is critical to the compliance model.

6. Why don't I see a processing fee line on invoices?

Because the cost is built into the pricing upfront rather than added as a surcharge at checkout. That is the entire compliance structure.

7. How do I reconcile daily deposits?

Use this simple process:

1. Pull the daily batch total from Rate Remover
2. Match it to the bank deposit
3. Record the difference as a processing fee expense

Please do not attempt to force deposits to equal invoice totals.

8. How does this affect QuickBooks?

QuickBooks receives gross sales (invoice totals), while the bank shows net deposits (after fees). You will need to either record fees separately or use a clearing account workflow to keep everything balanced.

9. Should I use a clearing account?

For higher-volume shops, a clearing account is recommended. Here is how it works:

- Post the full gross deposit to Undeposited Funds or a clearing account
- Record the fee as an expense
- Net amount matches the bank

This approach keeps reporting clean and makes reconciliation much easier over time.

10. What reports should I rely on?

No single system tells the full story on its own. Use all three together:

- Rate Remover: the source of truth for sales and pricing
- Bank account: cash movement and net deposits
- Accounting system: financial reporting

11. How do refunds work?

When a refund is issued on a card transaction, the customer is refunded the full amount. Processing fees may not be returned, and an additional refund fee may apply. Record accordingly.

- Original processing fee may be lost
- An additional refund fee may appear

12. Is the adjustment applied to everything on an invoice?

No. The system only adjusts eligible items. The following are excluded:

- Sales tax
- Government-regulated or fixed-price fees
- Non-adjustable items

13. Profit looks higher than expected. Is that correct?

Yes, but here is why: because card processing cost is built into revenue rather than deducted upfront, both revenue and expenses will appear higher than in a traditional setup. Net margin remains accurate once fees are recorded as expenses.

14. How should I explain this model to the shop owner?

Here is a simple way to put it:
“You collect the processing cost upfront in your pricing instead of losing it on the back end." Also point out - this provides a better customer experience. Instead of being penalized for using a card for payment, customers are rewarded for using cash.

15. What are the most common bookkeeping mistakes to avoid?

There are three errors that come up regularly:

- Trying to force deposits to match invoice totals
- Not recording processing fees as a separate expense
- Assuming something is wrong with the system

The system is working correctly. It is just structured differently than what most bookkeepers are used to at first.

16. Is this pricing model legal?

Yes, when implemented correctly. Rate Remover is designed to comply with card brand rules and applicable state regulations. The key compliance points are:

- No surcharge line item on invoices
- Dual pricing displayed to the customer at time of sale
- No fees applied to the sales tax line

17. How do I handle reporting for the CPA?

Once the bookkeeping is set up correctly, tax prep follows standard accounting practice. Provide:

- Gross sales (from Rate Remover)
- Merchant fees (from the expense account)
- Net deposits (from the bank)

That gives the CPA everything needed for accurate reporting.

18. What should I watch closely each month?

If these four things are clean, everything else will be clean:

- Fee totals vs. expected percentage
- Deposit consistency
- Refund leakage
- Missing expense entries

We want you and your client to have the best possible experience. Please call or email us with any questions.

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