BOOKKEEPING KIT · 2026

T-Bill & Money Market Recording Kit 2026

Record Treasury bills, money market funds and broker cash correctly — split cost and interest, tie out every month, and match the 1099s at year-end.

Inside this kit

- Excel workbook (7 tabs): T-Bill Tracker, Journal Entries, Monthly Tie-Out, 1099 Tie-Out, Test Scenarios, Setup & Fixes
- This guide: account setup, entries, rollovers, year-end and common fixes
- Works with QuickBooks Desktop and QuickBooks Online (any accounting software that takes journal entries)

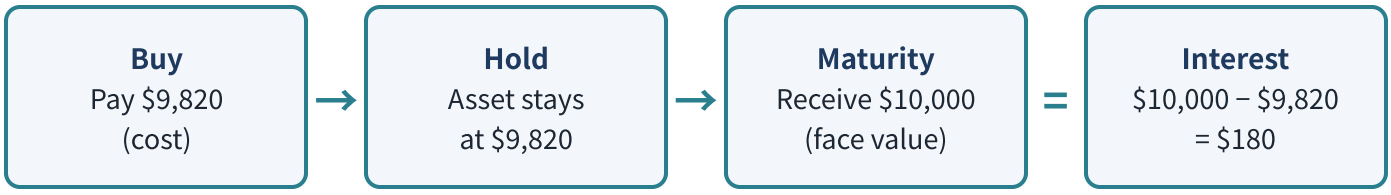
Good to know

- Built by a US tax and bookkeeping practice with 20+ years of bookkeeping experience.
- Educational tool, not tax or legal advice. Your tax preparer decides how income is reported.
- Privacy: the kit never asks for account numbers, SSNs or passwords.
- Personal-use license: use for your own business or your clients; do not resell or share the files.

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1. How a T-bill works in your books

A Treasury bill is sold at a **discount** and pays its full **face value** at maturity. There is no separate interest check. The interest is hidden inside the price.



Example values only.

Three rules the kit is built on

1. **Interest = face value − purchase cost.** IRS Publication 550 calls the difference between the discounted price and the face value interest income.
2. **Timing:** IRS Pub. 550 says you generally report this interest when the bill is paid at maturity. A bill bought in December 2026 that matures in January 2027 is generally 2027 interest.
3. **The purchase is not an expense.** Buying a bill moves cash into another asset. Only the discount becomes income.

Where it shows up at tax time

- Brokers and TreasuryDirect report Treasury interest on **Form 1099-INT, box 3** (IRS Pub. 550).
- Treasury interest is subject to federal income tax but exempt from state and local income taxes (IRS Pub. 550). Tell your preparer so it is not taxed by your state.
- Money market **fund** payouts are generally dividends, not interest (IRS Pub. 550), so they usually appear on Form 1099-DIV.

> **Accrual-method businesses and corporations:** special rules for short-term obligations can change the tax timing. The kit gives an optional book-only accrual. Ask your tax preparer which timing applies to you.

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2. Set up the accounts (once)

Account (suggested name)	Type	Use it for
Brokerage Cash	Bank	Cash sweep at the broker or TreasuryDirect
T-Bills at Cost	Other Current Asset(s)	Bills you still hold, at purchase cost
Money Market Fund	Other Current Asset(s)	MMF shares, if not treated as cash
Interest Income - US Treasury	Other Income	The discount, when a bill matures
Dividend Income - MMF	Other Income	Money market fund payouts
Accrued Interest Receivable	Other Current Asset(s)	Optional year-end accrual

QuickBooks Online (checked against Intuit's help article, Aug 2026)

1. Go to **All apps** → **Accounting** → **Chart of accounts** → **New account**.
2. Enter the **Account name**, pick the **Account type** first, then the **Detail type** in the list that appears.
3. Optional: tick **Make this a subaccount** to group the accounts under a parent such as “Investments”. Click **Save**.

The Online menu layout can differ by plan. If you do not see All apps, open the Chart of accounts from the Accounting or Settings menu.

QuickBooks Desktop

1. **Lists** → **Chart of Accounts** → **Account** → **New**.
2. Choose **Bank** for Brokerage Cash, **Other Current Asset** for T-Bills at Cost, **Other Income** for the income accounts.

Optional layout with sub-accounts

Parent	Sub-account	Balance should equal
Investments	Brokerage Cash	Statement cash / sweep
	T-Bills at Cost	Open bills at cost (green answer)
	Money Market Fund	Statement MMF value

> Type your account names once at the top of the **Journal Entries** tab. Every generated line then uses your names.

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3. Record a purchase, a maturity and a rollover

Purchase (on the buy/settlement date)

Account	Debit	Credit
T-Bills at Cost	$24,770.00	
Brokerage Cash		$24,770.00

Maturity (on the maturity date)

Account	Debit	Credit
Brokerage Cash	$25,000.00	
T-Bills at Cost		$24,770.00
Interest Income - US Treasury		$230.00

Example: 13-week bill, $25,000 face bought for $24,770.

Rollover (statement shows only net cash)

When a bill matures and a new bill is bought the same day, many statements show one small net amount. Record **two** entries: the maturity (above) and the new purchase. Never book the net cash as income — in Test Scenario C the net cash is $100 but the real interest is $180.

Where to enter it

- **Online: + Create → Journal entry**. Pick the account on each line, enter Debits or Credits, then **Save and close**. Debits and credits must match.
- **Desktop: Company → Make General Journal Entries**.
- Moving money from the business checking to the broker: **Online + Create → Transfer**; **Desktop Banking → Transfer Funds**.

> If a bank feed is connected, **match** the downloaded line to the transfer or entry you made instead of adding it again (Online: Bank transactions → Transaction type "Transfer" → Record transfer). Adding it twice doubles the cash.

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4. Monthly tie-out to the statement

Each month, copy two numbers from the broker statement and two from QuickBooks into the **Monthly Tie-Out** tab. The tab works out the cost of bills you held on each month-end from your T-Bill Tracker.

Month end	Statement cash	QB cash	Bills at cost	QB T-bill bal.	Status
07/31/2026	$26,391.50	$26,391.50	$44,065.00	$44,295.00	**Check**
10/31/2026	$26,632.06	$26,657.06	$48,940.00	$48,940.00	**Check**
12/31/2026	$31,865.40	$31,865.40	$59,060.00	$59,060.00	OK

Example values only.

Reading a "Check"

- **T-bill difference** (July, $230): the interest of a matured bill was left inside the asset account. Move it to interest income.
- **Cash difference** (October, $25): a fee or transfer is missing or entered twice in QuickBooks. Find it on the statement.
- **Market value vs cost** is information only. Most small businesses keep T-bills at cost; marking to market is a choice to discuss with your accountant.

Where to find the numbers on a statement

- **Cash / sweep balance:** the ending cash line in the account summary.
- **Purchases and maturities:** the activity section, often labeled "Bought" and "Redeemed" or "Matured".
- **Holdings:** each bill with its maturity date, quantity (face) and market value.

> Goal: every month shows **OK** before you close the year.

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5. Year-end: match the 1099s

When the 1099s arrive, enter the box amounts on the **1099 Tie-Out** tab next to your book totals.

Income type	Books	1099 box	1099	Difference
Treasury bill interest	$1,765.00	1099-INT box 3	$1,765.00	-
Bank / CD interest	$118.40	1099-INT box 1	$121.07	($2.67)
Money market fund dividends	$642.18	1099-DIV box 1a	$642.18	-

Example values only.

Bills that cross the year-end

The tracker puts each bill's interest in the **year it matures**. In the example, the 8-week bill bought 11/19/2026 matures 01/14/2027, so its $230 is not in the 2026 total, and the bill is still on the 12/31 balance sheet at its $39,770 cost.

Optional: accrual-basis books

If your books are on the accrual basis, the tracker estimates the discount earned so far on open bills (days held ÷ term). The Journal Entries tab shows an optional entry for it; reverse it on January 1. This is a book estimate only and does not decide your tax timing.

> A difference is a clue, not a mistake by itself. Common reasons: a December bill maturing in January, interest credited on Dec 31, dividends posted as interest, or a bill sold before maturity (not covered by this kit).

What to hand your tax preparer

- The three green totals and the 1099 Tie-Out tab
- A note that the T-bill interest is U.S. Treasury interest (state-exempt)
- The list of bills still open on 12/31

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6. Common mistakes and the 3 test scenarios

Mistake	Fix
Purchase booked as an expense	Move it to T-Bills at Cost (asset)
Whole maturity booked as income	Only face − cost is income
Rollover: net cash booked as income	Record the maturity and the new buy separately
Interest left inside the asset	Asset must equal the cost of open bills
Bank feed line added twice	Match it to the transfer instead
MMF dividends booked as interest	Use a dividend income account

Test scenarios (checked by hand in the workbook)

Scenario	Inputs	Result
A · one 26-week bill	$10,000 face, $9,820 cost, 03/05 → 09/03/2026	182 days, $180 interest, 2026, ≈3.68%
B · crosses year-end	$10,000 face, $9,940 cost, 12/03/2026 → 01/28/2027	$60 interest in 2027; $0 for 2026; $9,940 open; $30 book accrual
C · rollover net cash	Old bill $10,000 / $9,820; new bill $9,900	Net cash $100; real interest $180; error −$80

> **Bank CDs:** record CD interest when the bank credits it, from the bank statement (1099-INT box 1). **Bills sold before maturity** are outside this kit; ask your preparer.

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7. Checklists

Every time you buy or a bill matures

- ☐ Add the bill on T-Bill Tracker (name, buy date, maturity date, face, cost)
- ☐ Copy the Buy or Maturity lines from Journal Entries into QuickBooks
- ☐ Match any bank-feed line instead of adding it again

Every month

- ☐ Type statement cash and QuickBooks cash on Monthly Tie-Out
- ☐ Type the QuickBooks T-Bills at Cost balance
- ☐ Fix every “Check” before the next month

At year-end

- ☐ Set the as-of date to 12/31 and the tax year on T-Bill Tracker
- ☐ Confirm open bills at cost = balance sheet T-Bills at Cost
- ☐ Enter 1099-INT box 1 and box 3 and 1099-DIV box 1a on 1099 Tie-Out
- ☐ Give your tax preparer the green totals and say which interest is Treasury interest
- ☐ Accrual books only: post and reverse the optional accrual

Not covered: stocks, ETFs, Treasury notes or bonds with coupons, bills sold before maturity, and tax filing itself.
Sources: IRS Publication 550 (2025), irs.gov/publications/p550 · TreasuryDirect, treasurydirect.gov · Intuit QuickBooks help articles (Create journal entries; Add an account to the chart of accounts; Transfer funds between accounts).

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