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## QuickBooks for Lawyers: What Law Firms Need To Know

Dan Lin · Monday, January 19th, 2026

Managing your firm's finances should not feel harder than practicing law. Many attorneys still struggle with billing, bookkeeping, and trust account rules. Retainers create extra steps. Matter-based billing adds more detail to track. Trust requirements leave little room for mistakes. Small gaps can turn into big problems.

QuickBooks is a popular tool for small businesses. Many law firms use it too. Law firm accounting has special needs, though. Trust accounting and legal billing often require more structure than QuickBooks provides on its own.

This guide breaks down what QuickBooks can do for a law firm. It also explains where the limits show up. You will learn what setup matters most and when add-ons or legal software may be the better choice.

## Main Takeaways

- QuickBooks can handle basic accounting, but law firms have extra compliance needs. You need to know what QuickBooks can't do before you rely on it.
- QuickBooks Online is usually the better fit for law firms. It's easier to access remotely and works with more legal software.
- Trust accounting is a common gap with QuickBooks. Most firms need a legal tool or workflow to stay compliant.
- Matter-based billing and reporting often require extra setup or integrations. Otherwise, teams end

up doing more manual work.

- Most firms use one of three setups: QuickBooks alone, QuickBooks + legal tools, or an all-in-one platform like Centerbase. As firms grow, fewer systems usually means fewer errors.

## What Is QuickBooks?

QuickBooks is accounting and billing software made by Intuit. It is used by many small businesses, including some law firms. QuickBooks helps track income and expenses. It can also help manage invoices and payments.

Intuit offers two main versions of QuickBooks. **QuickBooks Online** is cloud-based and can be accessed from anywhere. **QuickBooks Desktop** is installed on a computer or server. Features vary by plan, but many versions include:

- Invoicing
- Expense tracking
- Payment collection
- Payroll support

## QuickBooks Online vs. Desktop for Law Firms

**QuickBooks Online** lets you log in from anywhere. It updates automatically and can connect to bank feeds. Many legal tools also connect more easily to QuickBooks Online. This makes it a common choice for firms that use practice management software.

**QuickBooks Desktop** runs locally on a computer or server. Some firms use it because they have older systems or prefer local control. Remote access can be harder, though. Integrations can also be more limited.

Most law firms choose QuickBooks Online because it is more flexible. It also gets regular updates and works well with other modern tools.

### Discover More Legal Accounting Terms

Confused by legal accounting jargon like IOLTA, retainer reconciliation, or three-way trust accounting? Visit our glossary to learn the terms every law firm needs to manage finances compliantly and confidently.

[Explore the Legal Business Glossary](#)

## Required QuickBooks Setup for Law Firms

To use QuickBooks properly, you need to customize your setup. Legal accounting requires more than tracking income and expenses.

- **Legal chart of accounts:** Create separate accounts for trust (IOLTA), client funds, and operating expenses. This setup keeps client money separate from firm money.
- **Client and matter tracking:** Track transactions by client and matter. Use the Classes or Projects feature for this. Many firms also connect QuickBooks to legal practice management software.
- **Bank account connections:** Connect your operating account and your trust/IOLTA account. Bank feeds can reduce manual entry and help you spot errors faster.
- **User roles:** Set permissions for each user. Limit trust access and accounting changes to the right people.
- **Reconciliation schedule:** Pick a consistent schedule for reconciliations. Follow your jurisdiction's rules and your firm's internal controls.

## QuickBooks Capabilities for Law Firm Accounting



QuickBooks can cover many accounting basics for a law firm. Legal work adds extra steps, though. QuickBooks works best when the setup is clear and consistent. Many firms also use legal tools for trust, timekeeping, and matter reporting.

### 1. Trust Accounting Support (IOLTA)

**Trust accounting** is a compliance requirement for many law firms. Many firms use an IOLTA account for client funds. QuickBooks can record trust transactions. QuickBooks is not a dedicated trust accounting system.

QuickBooks does not include built-in safeguards that many firms need for trust work, such as:

- Client-level trust ledgers that are automatically enforced
- Guardrails that prevent overdrawing a specific client's trust balance

- A single, built-in **three-way reconciliation** report

Trust accounting requires three balances to stay aligned:

- **Trust bank balance**
- **Trust account balance in your books**
- **Each client's trust ledger balance**

Trust problems can happen fast. Mixing trust funds with operating funds can create major risk. Missing client-level tracking can also lead to compliance issues.

**Did You Know?** Law firms in the U.S. are required to [reconcile trust accounts monthly](#) and keep records by client. QuickBooks alone can't enforce these rules, but integrations and legal-specific platforms can.

## 2. Time Tracking and Expense Allocation

[Billable time](#) and reimbursable expenses should tie to the right client and matter. Clean records support accurate invoices. Clear records also support better reporting.

QuickBooks Online supports time tracking and billable time. Many firms use it for basic billing inputs. Legal billing workflows can be more complex than QuickBooks is built to handle. Many firms add a legal timekeeping or practice management system for that reason.

Firms often choose this approach because it can support:

- Matter-based time entry and expense capture
- Cleaner [billing workflows](#) (including approvals and edits before invoices go out)
- More control over how timekeepers, matters, and billing rules connect

QuickBooks can still play a role in the process. Many firms map clients and matters to Customers and Projects. Consistent naming also helps reduce cleanup later.

### 3. Tracking Client Costs and Matter Profitability

QuickBooks can track expenses and report on profitability. Law firms need a clear method for assigning costs. Good cost tracking helps with billing. Good cost tracking also shows what each matter costs the firm.

Many firms separate case expenses into two groups:

- **Hard costs:** Payments to third parties (filing fees, court reporters, expert witnesses)
- **Soft costs:** Internal costs you may pass through (copies, postage, internal admin time)

Costs should be assigned to the correct client and matter. Projects can help with this. Synced matter data can help too. This approach helps you:

- Bill clients accurately
- Avoid missed reimbursable expenses

- Understand which matters are actually profitable

QuickBooks can show [profitability](#) at a project level. Many firms also want deeper matter reporting over time. Law firm reporting often includes billing changes, collections, and matter performance.

## 4. Billing and Invoicing Flexibility

QuickBooks for law firms supports flexible invoicing and can be used for:

- Hourly billing
- Flat fees
- Retainer-based recurring invoices
- Invoicing tied to different client arrangements

QuickBooks also lets you customize invoice templates. Recurring invoices can help you stay consistent month to month.

Where firms often hit limits is when billing needs to connect to legal context automatically—like matter records, trust balances, and more structured approval steps. In many cases, those workflows require a legal practice management platform integrated with QuickBooks (or an all-in-one legal system).

## 5. Integration With Legal Practice Tools

Most law firms don't use QuickBooks alone. Many firms connect QuickBooks to legal tools for

daily work. Legal tools often cover matters, timekeeping, billing, and trust processes.

Good integrations can reduce duplicate entry. Clean syncs can also improve accuracy. Common items that sync include:

- Client and matter data
- Time entries and expenses
- Invoice details and payments
- Trust activity and client ledger tracking (depending on the system)

QuickBooks Projects can help keep records organized. Projects work best with consistent naming. Many firms link Projects to clients and matters. Legal tools can make that connection easier.

### **Automate Law Firm Billing and Trust Accounting**

Manual data entry and generic accounting tools create costly risks. Centerbase offers built-in time tracking, billing, and trust management designed for mid-sized law firms—no third-party add-ons required.

[See Legal Billing in Action](#)

## **Potential Limitations of QuickBooks for Lawyers**

While QuickBooks for legal firms is widely used, it has several limitations for law offices:

- **No built-in trust accounting safeguards:** QuickBooks does not enforce three-way reconciliation or prevent you from overdrawing client trust balances.



- **Limited matter-level tracking:** You can't easily tie every transaction to a specific case unless you use additional tools.
- **No retainer or settlement workflows:** QuickBooks doesn't handle retainers or settlement disbursements without manual work or integrations.
- **Reliance on add-ons:** Many critical legal workflows require third-party apps or integrations.
- **Basic reporting:** QuickBooks offers standard reports, but not law firm KPIs like realization rates or attorney productivity.

These gaps are why many firms either add legal-specific tools to QuickBooks or move to an all-in-one platform built for law firm operations.

## Legal Practice Management Software vs. QuickBooks: What Law Firms Should Use



Legal practice management software is built specifically for law firms, so it supports workflows

that general accounting tools weren't designed to handle.

Instead of treating legal work like a standard small-business transaction, these platforms connect financial work to how law firms actually operate, including:

- **Matters and clients** (so billing ties back to the case)
- **Timekeepers and time entries** (so invoices reflect billable work accurately)
- **Trust activity** (so client funds and compliance requirements stay visible)
- Most legal platforms also support legal-specific billing needs and internal controls, such as:
  - **LEDES billing** for clients that require it
  - **Alternative fee arrangements** like flat fees, contingency, or hybrid models
  - **Structured invoice review and approvals** before bills go out

This becomes even more important as your firm grows and complexity increases. When trust activity rises, billing gets more layered, and leadership needs clearer visibility into matter performance, QuickBooks alone can start to feel like the wrong foundation.

When billing, matters, payments, and reporting live in one system, you can reduce double entry and minimize reconciliation headaches. You also get stronger reporting, so you can connect financial performance to:

- **Specific matters**

- Timekeepers
- Clients
- Practice areas

## Common Legal Accounting Stacks for Law Firms

Most firms end up in one of three setups: QuickBooks alone, QuickBooks paired with legal-specific tools, or an all-in-one legal platform. The table below shows how feature support typically changes across those approaches.

### How Common Law Firm Accounting Stacks Compare

Feature	QuickBooks Alone	QuickBooks + Legal Integration	Centerbase (All-in-One)
Trust Accounting	Manual/Not Native	Available	Built-In
Time Tracking	Basic	Improved	Advanced
Matter Management	No	Limited	Built-In
Legal Reporting	Basic	Some	Advanced

#### 1. QuickBooks + Legal Billing or Trust Add-Ons

Some firms use QuickBooks for firm accounting, then add a legal billing or trust tool to handle compliance workflows QuickBooks doesn't cover. This can be a practical bridge for smaller firms that want to keep QuickBooks while adding basic legal safeguards. The trade-off is managing two systems and ensuring client/matter data stays aligned across both.

#### 2. QuickBooks + Full Legal Practice Management Software

Other firms use legal practice management software for matters, timekeeping, billing workflows,

and trust activity, then sync key financial data to QuickBooks Online for general ledger reporting. This setup adds matter-level structure and better billing control while keeping QuickBooks as the accounting system of record. The trade-off is integration oversight and occasional reconciliation between platforms.

### 3. All-in-One Legal-Native Financial Platforms

Some firms move to a single legal-native platform, like Centerbase, that combines accounting, billing, trust management, and reporting in one system. This reduces duplicate entry and provides more consistent matter-based visibility across the firm. The trade-off is switching systems, but day-to-day operations are typically simpler once implemented.

## Five Best Practices for Using QuickBooks in a Law Firm



Even with proper setup, you get the most value from QuickBooks for attorneys by following consistent accounting and compliance habits.

- **Choose the right plan:** Select a QuickBooks plan that supports your firm's size and complexity,

and upgrade as you grow.

- **Monitor automation:** Regularly check your bank feeds and rules for errors; trust account transactions should be reviewed closely.
- **Separate duties:** Assign different people to enter transactions, approve payments, and reconcile accounts to prevent errors and fraud.
- **Reconcile monthly:** Always reconcile both your operating and trust accounts at least once a month.
- **Work with a legal accountant:** A legal accountant can help you set up trust workflows, reconciliation habits, and reporting that hold up under audit.

Use reporting to watch trends in your firm, such as outstanding balances and cash flow, not just basic profit and loss statements.

## Who QuickBooks Is Best for and When to Outgrow It



QuickBooks is a good fit if your firm is small, has straightforward accounting needs, and uses integrations to support legal workflows. It can work well when you primarily need:

- **Basic bookkeeping and financial reporting**
- **Simple invoicing**
- **Payroll and expense tracking**
- **Light trust activity** that's managed carefully with supporting tools

But as your firm grows, QuickBooks often requires more work to keep everything aligned—especially if you're dealing with higher trust volumes or more complex billing workflows.

You'll usually feel the shift when your team starts duplicating work across systems, like:

- Entering time in one tool, then rebuilding invoices in another
- Reconciling payments in a separate system from billing
- Manually checking trust balances to avoid compliance issues
- Troubleshooting sync errors or mismatched data between tools

Expansion adds pressure, too. If you're adding practice areas, staff, or locations, it gets harder to standardize how your firm handles:

- Billing workflows and approvals
- Reporting and performance tracking
- Trust processes and compliance checks

When you spend more time managing integrations than serving clients, it's time to consider an all-in-one legal platform.

### **Upgrade to Legal-Specific Financial Tools**

QuickBooks alone can't support your trust compliance or matter-based reporting. Centerbase integrates accounting, billing, and matter management in one platform built for law firms.

[Get a Personalized Demo](#)

## **Streamline Legal Accounting With Centerbase**

QuickBooks for law firms can work with the right setup and integrations, but relying on multiple tools creates complexity and increases the risk of errors.

[Centerbase](#) gives you a single platform for legal billing, accounting, trust management, and reporting. You get built-in compliance features, matter-based tracking, and the ability to manage your entire firm's finances in one place.

Legal practice and management software designed for optimal efficiency and profitability. The Center of your firm. The Base of your success. [Get a free demo.](#)

## **FAQs About QuickBooks for Lawyers**

### **What is the best accounting software for law firms?**



The best software depends on your firm's size and needs. Many small firms use QuickBooks for basic accounting. Many firms add legal tools to help with trust tracking and billing. Some growing firms choose legal software that includes accounting, billing, and reports. Centerbase is one option that brings these tools together in one platform to reduce manual work and support compliance.

## What accounting software do most law firms use?

Many law firms use QuickBooks with legal practice management software. Some firms use an all-in-one legal platform, like Centerbase. That setup can cover accounting, billing, and compliance in one place. Many firms choose this to reduce extra tools.

## What database do attorneys use?

Many attorneys use the database inside legal practice management software. These systems store client and matter details. These systems also store billing and documents. Many firms move away from standalone databases over time. Many firms prefer one system for both legal work and business data.

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