

# Legal Billing or Project Billing – Hard Costs versus Soft Costs

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For a [robust legal and project billing solution](#) and accurate accounting, it is important that hard costs and soft costs are accounted separately.

Hard costs are expenses incurred on behalf of a client that require a direct payment by the firm to a vendor. For example if a firm writes a check for a court filing fee, it is considered a hard cost.

Soft costs are expenses that are charged to the client but a direct payment is not made to a vendor. For example, if a firm charges for photocopies using their own photocopy machine, they did not pay a vendor directly for those specific copies.

**Why it matters?** From an accounting perspective, hard costs are considered expenses and can be directly deducted from the income. Soft costs are considered income and are only offset by the depreciation and recurring equipment cost.

## **Use TimeSolv and QuickBooks for accurate accounting of hard and soft costs**

TimeSolv's billing solution provides the option to categorize expenses specific to your business needs. For example, your expenses may include categories such as travel, copies, meals, postage etc. Since hard and soft costs are required for accounting and not for billing, each cost item and expense category from TimeSolv would be mapped to a hard cost or a soft cost expense item in QuickBooks. Expense items in QuickBooks are then configured to point to a hard cost or a soft costs account.

If you need further help in setting up the correct mapping to differentiate hard and soft costs using TimeSolv and QuickBooks, please contact TimeSolv support at [support@timesolv.com](mailto:support@timesolv.com).

