

CREDIT MEMO INFORMATION

We recommend that if you require entry of a credit memo to the customer for an invoice entered in error, then you should use a new invoice number, then offset the credit memo against the original invoice thru Cash Receipts.

Credit Memo – Direct Entry

1. Go to Accounts Receivable, Invoice entry
2. Assign the next invoice number **Do Not** use the same invoice number as original invoice that is being credited.
3. Enter your customer number and ship-to information on this first screen for the credit, set the invoice type to 'Credit Memo', you may be prompted to add additional Credit Memo information. This is optional – It is accessible thru ODBC and is the AT1 file-Credit Memo Information. You can use this if you wish to compile information at a later date on credits.
4. Summary Bill flag. Verify the settings for this flag. Do you wish to have this credit memo appear on the Summary Bill for this client?
5. Proceed to the line detail. Enter the line type needed. If this will be an internal credit, then Non-stock gives you the greatest flexibility to enter your data. Use the same product code used for the original invoice. At the quantity ordered, enter a negative one (-1) then enter the total Sell and cost. If you will be sending this credit memo to customer, then you will need to be more selective during your entry. Also enter a memo line indicated which invoice will be credited.
6. Verify the Tax code and commission settings are correct for this line.
7. Verify Totals on Invoice
8. Print invoice and update Sales Journal

Procedure to offset a credit memo against an invoice in Cash Receipts

1. Go to Accounts Receivable, Cash Receipts
2. This can be done as part of the daily cash receipts or by itself as a zero deposit.
3. Enter any reference number.
4. The check amount will be for a zero amount.
5. Go to the next screen that allows you to enter your invoice numbers.
6. Always enter the invoice number for the credit memo first. This will give you an amount to distribute. Your action will be normal.
7. Select the positive invoice and use an action of normal.
8. Exit out of your Cash Receipts, print your journal and update

You are done.

Note: This method for entry of your credit memo will post an entry to your open invoice file, sales tax file, and commission pending/payable file depending on parameter settings, Sales analysis for both customer and salesperson Statistics, and the E/I numbers for billings.

If you wish to have this credit memo also post to order history, then you can follow these additional steps. This can be a good option if the vendor will also be issuing a credit.

Credit Order

This will be entered thru Order Processing, Order Entry. The order lines will then be entered with a credit quantity. This procedure would not be used for items coming into inventory. If you choose to use the same order number for the credit as a previously entered order, you may wish to enter these lines outside of your prior entry lines to avoid confusion.

You can then process this thru the Purchase Order Receiving and create the credit to the customer. You can leave the PO receiving open until you receive the invoice from your vendor. However, if you are running the Open Purchase Order report, this will be a reminder to you that this is due to you. You may alternately choose to process thru Purchase Order Receiving and at the same time create the credit memo in Accounts Payable.

Review the notes above about creating the credit memo to your customer.

Some important points to remember when entering a credit memo:

- **Complete Credit.**
Make sure the cost and sell is the same as the original invoice. Verify that the totals match before updating your credit memo
- **Partial Credit**
If you are crediting just a portion of the invoice that was billed in error, be sure to enter the appropriate cost and sell for that line.