

CREDIT MEMO - SALESTAX

PROCEDURE TO CREATE A CREDIT MEMO FOR SALES TAX ONLY

You may have a situation where a line on the invoice or the entire invoice should have been coded to a different taxing jurisdiction. This will allow you to create an internal credit for the tax amount only rather than having to enter a complete credit and re-bill.

1. Go to Accounts Receivable, Invoice entry
2. Assign a new invoice number (this can be the next available invoice number or if you would like to tie this adjustment to the same invoice, you can enter the same base invoice number and then use a letter in the 8th position such as -A or -T (example 1234567-T). **Do Not** use the same invoice number as original invoice that is being credited. You can reference the original order number if you wish for your own records.
3. Enter your customer and ship-to code on first screen of invoice. If this is a summary bill client, you need to determine if this invoice should post to your summary bill report.
4. For the line detail, you can use either a Non-Stock or special charge, and enter a negative quantity ordered. You will want the total extension on this line to be the total sell that needs to be credited. Then set the Sales Tax code on this line to the tax code you are crediting.
5. Add a second line; you will use the same line type. This time you will enter a positive quantity and the total extension will be equal to the total net sell on the previous line. Set the Sales Tax Code field to the corrected sales tax code. You also have the option to set the taxable flag from Yes to No.

This procedure will create a credit invoice for only the tax amount. You will then need to offset this credit against the original invoice thru cash receipts.

This process will also make 2 postings on your sales tax payable report.

NOTE: This procedure cannot be used if you are processing your General Ledger on a Cash Basis. Will need to issue a complete credit and rebill.