

# Writing off an A/R Balance

After all payments have been received, you may still have unapplied amounts remaining that you need to clear. These can be positive or negative. This discussion will cover the miscellaneous types that occur. Some examples of situations requiring this type of correction are:

- Service charges not paid by the customer.
- Cash discounts given when you do not normally give these.
- Account balances that cannot be collected.

In the example, we want to write off a balance that cannot be collected.

1. In a new A/R session, go to “Enter A/R Payments and Adjustments” and select “Application/Correction with no Cash Receipt”. Enter your customer and click “Submit”.

Enter A/R Payments & Adjustments

Type Entry:  Cash Receipt  Deposit from Customer  Miscellaneous Receipt (no Customer)  Application/Correction with no Cash Receipt

A/R Credit  A/R Debit

Invoice Number:  Enter an Invoice number to find Customer (optional)

Order Number:  Enter an Order number to find Customer (optional)

Customer: 900000 WHITMAN LIGHTING CENTER

Show Cleared Detail?

Receipt/Transaction Date: 6/12/12 Book period will be: 1206 June, 2012

Submit Reset Exit

2. On the “Application/Correction” screen, find the invoice with the balance that you are wanting to write off. You will see to the right of the balance a red “Credit” link. Click this link to initiate the credit. A 2<sup>nd</sup> screen will open.

Application/Correction of A/R data

Customer: 900000 WHITMAN LIGHTING CENTER

Unapplied amount: .00 Unapplied discount: .00

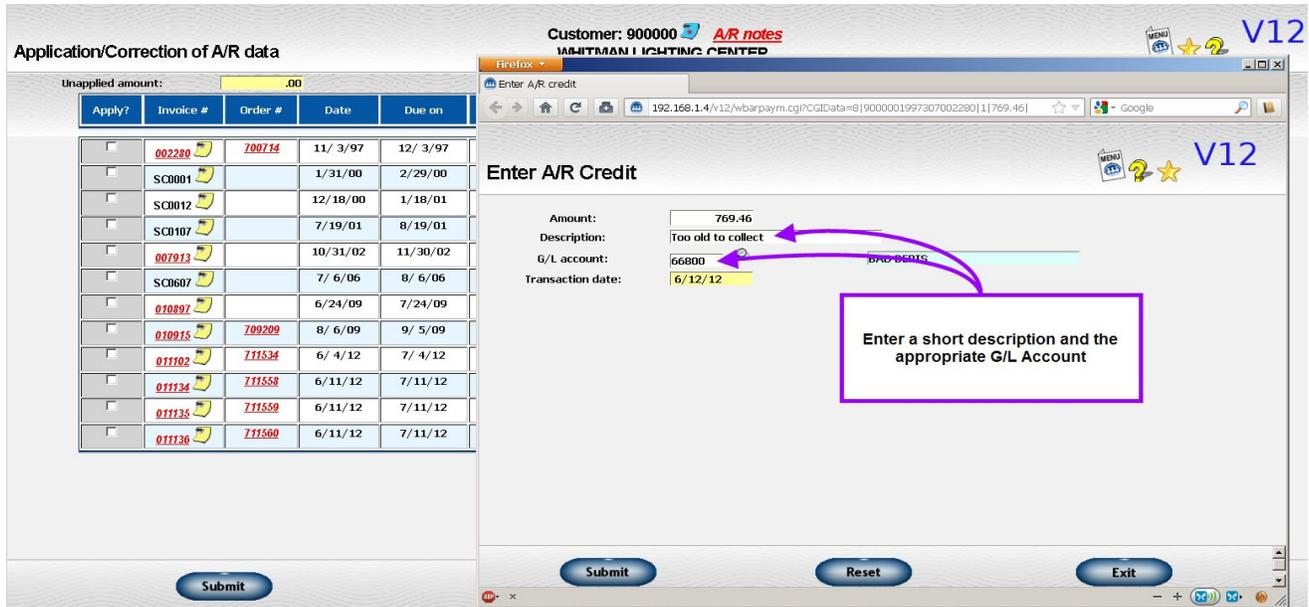
Apply?	Invoice #	Order #	Date	Due on	Original Amount	Already applied	Amount due	New application	Cash Discount	Disc. Date	Discount Taken	Adjustment links
<input type="checkbox"/>	002280	100134	11/ 3/97	12/ 3/97	2769.46	2000.00	769.46			12/ 3/97		Tax Credit
<input type="checkbox"/>	SC0001		1/31/00	2/29/00	-41.54		-41.54			2/29/00		Credit Print
<input type="checkbox"/>	SC0012		12/18/00	1/18/01	-41.54		-41.54			1/18/01		Credit Print
<input type="checkbox"/>	SC0107		7/19/01	8/19/01	-41.54		-41.54					Credit Print
<input type="checkbox"/>	007013		10/31/02	11/30/02	-41.54		-41.54					Tax Credit
<input type="checkbox"/>	SC0607		7/ 6/06	8/ 6/06	-41.54		-41.54					Credit Print
<input type="checkbox"/>	010897		6/24/09	7/24/09	214.29		214.29		4.29	7/ 4/09		Tax Credit
<input type="checkbox"/>	010915	109209	8/ 6/09	9/ 5/09	86.80		86.80		1.74	8/16/09		Tax Credit
<input type="checkbox"/>	011702	111534	6/ 4/12	7/ 4/12	130.20		130.20		2.60	6/14/12		Tax Credit
<input type="checkbox"/>	011134	111558	6/11/12	7/11/12	-425.32		-425.32		8.51	6/21/12		Tax Credit
<input type="checkbox"/>	011135	111559	6/11/12	7/11/12	-434.00		-434.00		8.68	6/21/12		Tax Credit
<input type="checkbox"/>	011136	111560	6/11/12	7/11/12	1540.70		1540.70		30.81	6/21/12		Tax Credit

For the invoice that you are going to write-off, click on the credit link.

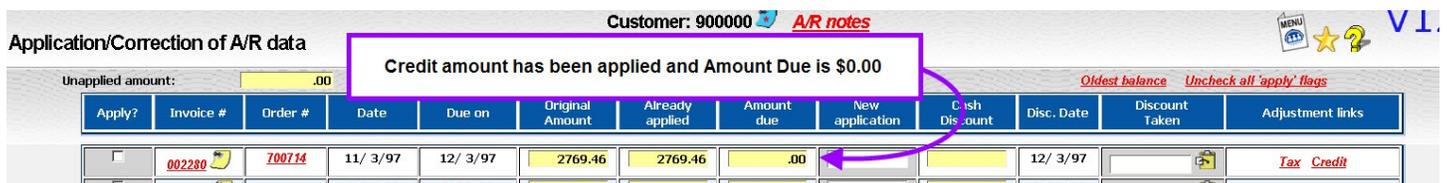
Submit Reset Exit

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3. On the "Enter A/R Credit" screen, enter a short description and then the G/L Account number that you want to use. For an uncollectible amount, this is usually a "Bad Debt" account. Once you have the information entered, click the "Submit" button.



4. The credit has been applied and you will see that the Amount Due for the invoice is now \$0.00. Note that once the A/R credit has been entered and applied, you may exit from the screen by clicking on either the "Submit" button or the "Exit" button. No further application actions are required.



5. Once you close the Cash Receipts journal, everything will get posted.

There are several strategies for handling balances remaining on a customer's account after all payments have been applied:

- Issue a credit invoice through Customer Invoicing.
  - Issue a credit through Invoicing rather than A/R for things like sales discounts, adjustments for faulty product, or similar issues that should be reflected in sales history and commission.
- Issue an A/R credit or debit memo
  - You can clear small differences with an A/R credit or debit memo. These can be generated as part of the application process or entered later in an "application only" session. Click on the "Credit" or "Debit" link to get to these functions

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- Issue a sales tax correction.
  - If the difference is because the wrong sales tax routine was used, you can correct the sales tax data base and issue the correct credit memos in one transaction. Click on the "Tax" link to get to this function. This special type of A/R credit is discussed in detail in another section of this manual.
- Refund a credit balance to a customer.
  - Customer refunds are discussed in detail in another section of this manual. Click on the "Refund" link to get to this function.