Credit Memos

Introduction

Credit memos are used to credit the customer for overcharges or returned goods.

Credit memos for local customers are recorded in the **Multi-Shipment Invoices** form and for foreign customers in the **Export Invoices** form

When goods are returned, the credit memo must be accompanied by a return document recorded in the **Customer Returns** form.

Aim

- Produce a credit memo for a return of goods.

- Produce a credit memo for an overcharge (price differences).

Setups

- Parameters have been correctly defined in the Financial Parameters for Customers form for each overseas customer. If you are preparing a credit memo for foreign customers (Export Credit Memos), ensure the value in the **Invoice Type** field is **F** (in the **Invoices** tab).

Procedure

Process I: Preparing a Credit Memo for the Return of Goods

1. To prepare a credit memo for returned goods:

    – For a local customer – open the Multi-Shipment Invoices form.

    – For a foreign customer – open the Export Invoices form.

2. Select the customer in the **Customer Number** field. A temporary **Invoice No.** (with the prefix **T**) is assigned when you leave the field.

    Note: If the invoice is for a billing customer, select the billing customer's number when opening the invoice.

3. Today's **Date** appears automatically but may be revised.

Note: The invoice date determines the reference date in the journal entry for the invoice. It is also taken into account in calculating the payment date.

4. Change the value of the **Debit/Credit** field from **D** to **C**.

5. In the **Price** tab, the customer's default **Currency** appears automatically but may be revised.

6. In the **Financial Terms** tab, ensure that the **Tax Code** is correct (for dual-currency users: **VAT Code**).

7. Do one of the following:

   – To base the credit memo on one return document, enter the document number in the **Document** field in the **References** tab.

   – If the invoice is based on more than one return document, leave this field empty and add the relevant documents in the **Documents for Invoice** subform.

8. Move to the **Invoice Items** subform and review the following fields:

   – Parts, quantities, prices and discounts are displayed according to the linked return documents. Make sure all details are correct.

   – Check the **Income Account No.** This is filled in automatically, but may be revised.

9. Move to the **Invoice – Add'l Details** subform and fill in the following fields:

   – In the **Code-Orig Inv/Rec't** field, select the type of the original invoice for the returned goods.

   – In the **Orig Invoice/Receipt** field, enter the number of the original invoice. This allows for the reconciliation (full or partial) of the credit memo and the original invoice.

10. Return to the upper-level form and in the **Price** tab, ensure all fields are filled in correctly.

11. To finalize and/or print the invoice, run the **Finalize & Print Invoice** or **Finalize Invoice/Memo** programs from the Actions list.

12. To print or send the invoice by email, run the **Print Invoice/Credit Memo** program from the Actions list. For more information on sending digitally signed documents, see the **Sending e-Documents** SOP in the Xpert Knowledge Base.

Results

• A journal entry is posted to the ledger against the finalized memo (C-Customer, D-Income account in line, D-Sales Tax) and recorded in the **Journal Entries for Invoice** subform.

- If the original invoice is specified, the credit memo is reconciled (either fully or partially) against that invoice.

- If the number of the credited part is specified (as opposed to a general part number), total sales of that part will be reduced in sales reports based on invoices.

Process II: Preparing a Credit Memo for an Overcharge

Credit memos for overcharging are recorded manually. Ensure to enter the original invoice so that the overcharge will not appear in aging reports.

1. To prepare a credit memo for an overcharge:

   – For a local customer – open the Multi-Shipment Invoices form.

   – For a foreign customer (export credit memo) – open the Export Invoices form.

2. Select the customer in the **Customer Number** field. A temporary **Invoice No.** (with the prefix **T**) is assigned when you leave the field.

   Note: If the invoice is for a billing customer, select the billing customer's number when opening the invoice.

3. Today's **Date** appears automatically but may be revised.

   Note: The invoice date determines the reference date in the journal entry for the invoice. It is also taken into account in calculating the payment date.

4. Change the value of the **Debit/Credit** field from **D** to **C**.

5. In the **Price** tab, the customer's default **Currency** appears automatically but may be revised.

6. In the **Financial Terms** tab, ensure that the **Tax Code** is correct (for dual-currency users: **VAT Code**).

7. Move to the **Invoice Items** subform and fill in the following fields:

   – Select the **Part Number** to be credited or a general part number, not inventory controlled, defined in advance (e.g., "Overcharge").

   – In the **Quantity** field, enter **1**.

   – In the **Unit Price** field, enter the credited sum.

   – Mark the **Credit Only** checkbox.

   – Check the **Income Account No.** This is filled in automatically but may be revised.

8. Move to the **Invoice - Add'l Details** parallel subform and fill in the following fields:

- In the **Code-Orig Inv/Rec't** field, select the type of the original invoice for the returned goods.

- In the **Orig Invoice/Receipt** field, enter the number of the original invoice. This allows for the reconciliation (full or partial) of the credit memo and the original invoice.

9. Return to the upper-level form and in the **Price** tab, ensure all fields are filled in correctly.

10. To finalize and/or print the invoice, run the **Finalize & Print Invoice** or **Finalize Invoice/Memo** programs from the Actions list.

11. To print or send the invoice by email, run the **Print Invoice/Credit Memo** program from the Actions list. For more information on sending digitally signed documents, see the **Sending e-Documents** SOP in the Xpert Knowledge Base.

Results

- A journal entry is posted to the ledger against the finalized memo (C-Customer, D-Income account in line, D-Sales Tax) and recorded in the **Journal Entries for Invoice** subform.

- If the original invoice is specified, the credit memo is reconciled (either fully or partially) against the original invoice.

- If the number of the credited part is specified (as opposed to a general part number), total sales of that part will be reduced in sales reports based on invoices.