Applying a Vendor Credit to a Purchase

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> This guide explains how to pay a vendor using an existing credit memo. It is intended for general users.

If you have a [credit memo on file for a vendor](https://aace6.knowledgeowl.com/help/processing-refunds-for-vendor-purchases) (https://aace6.knowledgeowl.com/help/processing-refunds-for-vendor-purchases), you can apply that credit to other outstanding balances on open purchases.
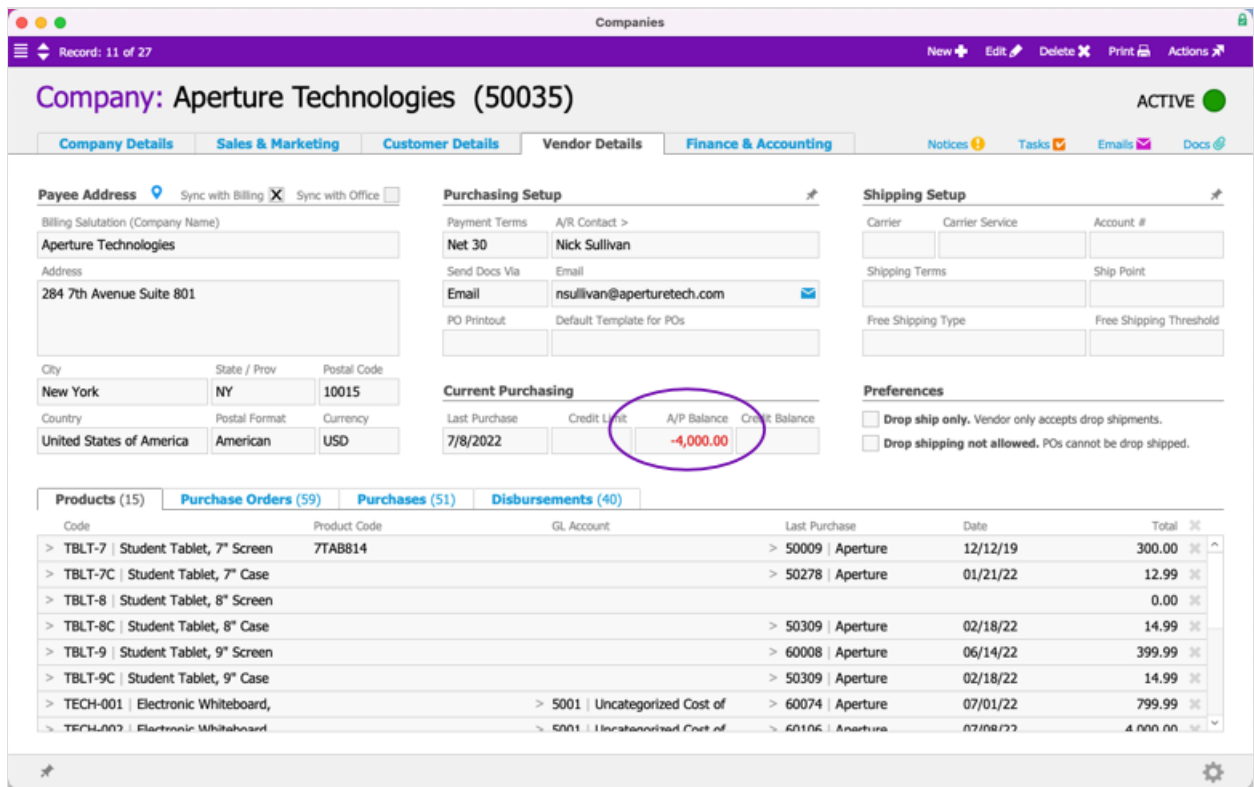
Apply a Vendor Credit from the Disbursements Module

1. Navigate from **Main Menu** > **Accts Payable** > **Disbursements**.
2. In the menu bar, click **New** > **Vendor Payment**.
3. In the **Company** field, specify the vendor with whom you have a credit.
   The company's open purchases are displayed in the Purchases list, including the available credit showing as a negative amount.
4. Remove any unrelated purchases from the Purchases list — the list should only show the available credit and the purchase you want to apply that credit to.
5. Click the **Apply** (») icon for the Suggested Balance of the credit and the purchase.
6. In the Totals section, click the **Refresh** icon (🔄).
7. In the General Info section, update the **Amount** to match the Total Allocated (i.e. so the balance zeroes out).
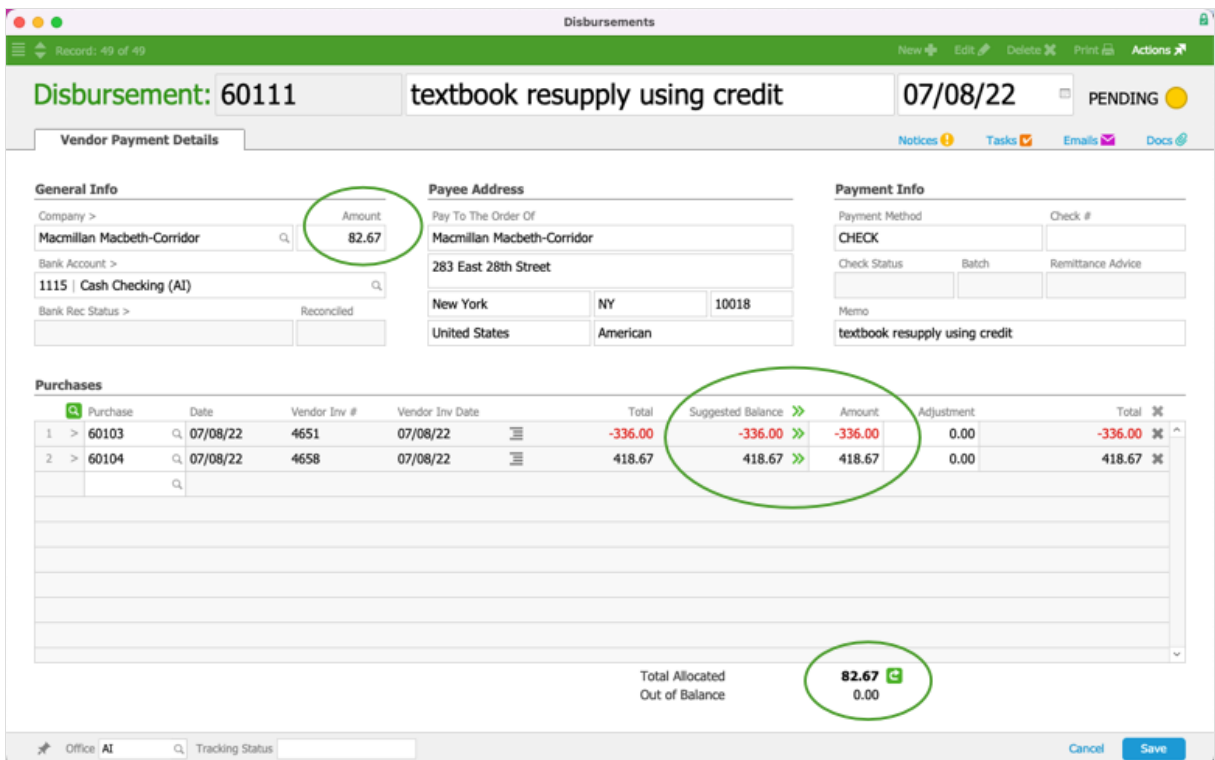
8. Click **Save** and **Post**.

Example

Suppose that aACME Education Solutions has a $4,000.00 credit with a vendor from a recent product return. This shows as a negative value on the company record Vendor Details tab:

They also have an open purchase with that vendor, totaling $4,034.94:

The available credit can be applied to the current purchase from the Disbursements modules, using the steps described above.

At the disbursement record, the suggested balances from the open purchase and the available credit are displayed. By updating the Amount field in the General Info section, the Out of Balance value becomes zero — the check plus the product return credit offsets the open balance of the purchase:

This same process can be used when a vendor has a credit balance that will *entirely* cover another purchase. Suppose the second purchase in our previous example was only for $4,000.00. The actual disbursement would total $0.00 because the $4,000.00 credit would cover the entire balance. No payment would be sent to the vendor, but the credit would be accounted for in aACE and the purchase would be closed.