## Issuing a Customer Credit

Last Modified on 06/01/2023 3:49 pm EDT

This guide defines customer credits and explains how to create a standalone credit memo. It is intended for advanced users.

A 'customer credit' in aACE is *any* invoice with a negative balance. A credit might occur because of a return, an overpayment, an order cancellation, etc. The customer can apply the credit as a <u>payment against other open invoices</u> (https://aace6.knowledgeowl.com/help/applying-a-customer-credit-toan-invoice) or they can request that it be <u>refunded</u> (https://aace6.knowledgeowl.com/help/processing-refunds-for-customerpayments).

You can generate a customer credit in various ways:

- <u>Create an adjustment invoice (https://aace6.knowledgeowl.com/help/understanding-adjustment-invoices)</u> (e.g. for returned product)
- <u>Process an overpayment (https://aace6.knowledgeowl.com/help/processing-customer-overpayments)</u>
- Create a standalone credit memo (see below)

## Issuing a Standalone Credit Memo

A standalone credit memo is not linked to any other transaction. It is a negative invoice created as a direct incentive for a specific customer.

Suppose that a long-time customer heard of a recently ended promotion you were offering, but they hadn't been able to participate in. When they asked about the deal, your team agreed that it was appropriate to reward them for their loyalty.

The A/R representative would go to the Invoices module and create a new invoice. They would specify the customer, note the reason for the credit, and use the appropriate LIC to enter the credit amount as a negative number:

E 🗣 Record: 2 of 2				New 🖶 Edit 🖋 Delete 🐹 Print 📇 Actions :
Invoice: 60055 Montboro Sc			hool District - REW	06/01/23 PENDING
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Sill To		*	Description	Payment Comments
3il To >	• Order >	Customer PO #	Credit memo to extend Spring 2023 promotion.	
fontboro School District rica Dawson				
rica Dawson 498 Lakeshore Drive	Billing Terms		Additional Info	
fontboro, CO 80508	Net 30		Adultional Info	
	Invoice Due	Pmnt Expected		
	07/01/23	07/01/23		
Code 1 > REW	Q Customer Rev	ward		It Price Unit Adj Total Tax Profile 36 50.00 0.00 -250.00 OUT 36
				Subtotal -250.00 C Adjustment 0.00 0
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				Subtotal         -250.00         C           Adjustment         0.00            Total         -250.00           Shipping         0.00         0.00           Q. Tax         OUT         0.00         X
				Adjustment         0.00         7           Total         -250.00         -250.00           Shipping         0.00         0.00

The A/R rep saves and opens the invoice. When they print the invoice to send a copy to the customer, the negative Grand Total prompts aACE to display the record as a credit memo:

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	ME Education Solutio				Invoice #	00055
1238 Broadway, New York, NY 10001 (555) 418-97					Date	06/01/23
			Contact	Alexis Kohn (555) 624-0143 alexis.kohn@aacme.com	Billing Terms Date Due	Net 30 07/01/23
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	1498 Lakeshore Drive Montboro, CO 80508					
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					Shipping Tax Grand Total (\$) Credits/Adjs	0.00 0.00 -250.00 0.00
					Shipping Tax Grand Total (\$) Credits/Adjs Receipts	0.00 0.00 -250.00 0.00 0.00

The reward credit also shows up as an A/R Balance on the customer's company record. This can help your sales staff to remind customers when they have a <u>credit to apply on</u>

subsequent orders (https://aace6.knowledgeowl.com/help/applying-a-customer-credit-to-an-

invoice#ApplyCustomerCreditDuringPayment).

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## **Credit Memos Isolated vs Integrated**

Some business software solutions isolate credit memos from other invoices. However, we've found that presenting credits alongside other invoices and in aging reports produces better results. This integrated view gives a more complete picture to aid with decision-making. We also believe that a customer's A/R balance should tie out with the balance of their open invoices. For these reasons, aACE does not feature a separate module for credit memos.