# Applying a Customer Credit to an Invoice

Last Modified on 08/04/2022 5:04 pm EDT

This guide explains how to put a customer's overpayment or refund amount toward a separate invoice. It is intended for advanced users.

#### When clients overpay, you should process the overpayments

(https://aace6.knowledgeowl.com/help/processing-customer-overpayments) to reflect the real life situation. Additionally, there may be <u>credit/adjustments applied</u> (https://aace6.knowledgeowl.com/help/using-the-adjustment-field-indisbursements) from order changes or cancellations. In either case, the credit balance can be applied to other outstanding balances.

Before you use this process to apply a <u>customer credit</u> (https://aace6.knowledgeowl.com/help/issuing-a-customercredit), make sure you have the invoice ID of both the credit and destination records.

- 1. Navigate from Main Menu > Accts Receivable > Receipts.
- 2. Click New > Customer Payment.
- 3. In the Payment Info and Bank Info sections, enter these details:
  - Company Specify the customer
    - aACE auto-populates the Invoices list with the customer's pending and open invoices, including the credit. Invoices with an Amount of zero will simply be removed from the receipt on post, so you do *not* need to remove the other invoices from this listing.
  - Amount Set to zero (The amount you are moving is both a credit and a debit.)
  - Pmnt Method Set to Credit/Adj
  - Bank Account Specify any GL account
     Since the Amount for the receipt is zero, this movement will *not* affect bank reconciliation.
- 4. In the Invoices section, enter the needed invoices.

Note: If one of the invoices is already closed, you must manually locate it by entering the invoice ID or using the Selector ( <a>[]</a> ).

- 5. Enter the correct Amounts:
  - Credit invoice Enter a negative value for the credit amount
  - Open invoice Enter an equal positive value
     When you click the Update icon ( ), the Out of Balance amount should equal zero.

| Reco    | rd: 11 of 1 | 1      |          |                      |           |            |                   |                   |                  | ,        | New 🖶 🛛 Edit | 🖋 🛛 Delete 🕽   | Print 🗟 🔺      | ctions <b>y</b> |
|---------|-------------|--------|----------|----------------------|-----------|------------|-------------------|-------------------|------------------|----------|--------------|----------------|----------------|-----------------|
| Rec     | eipt:       | 600    | 49       | Applying             | Refund    |            |                   |                   |                  |          | 08/04        | /22            | PENDI          | NG 🤇            |
| Cu      | stomer Pa   | syment | Details  |                      |           |            |                   |                   |                  |          | Notices 😣    | Tasks 🗹        | Emails 🔛       | Docs            |
| ayme    | nt Info     |        |          |                      |           |            | Bank Info         |                   |                  |          |              |                |                |                 |
| Compan  | γ >         |        |          |                      |           | Amount     | Bank Account      | nt >              |                  |          |              |                |                |                 |
| Cogniti | 0           |        |          |                      | Q         | 0.00       | 1120 Und          | deposit           | ed Funds - Cash/ | Checks   |              |                |                |                 |
| mnt Me  | sthod       | Refere | ince #   | Customer Credit Card | Notificat | ion Status | Deposit On        |                   | Deposit Status   | Batch    |              | Bank Rec State | us > Reconcile | d               |
| REDI    | r/adj       |        |          |                      |           |            | 08/04/22          |                   |                  |          |              |                |                |                 |
| nvoic   | es          |        |          |                      |           |            |                   |                   |                  | $\frown$ |              |                |                |                 |
| Q       | Invoice     |        | Date     | Title                | c         | Irder      |                   | Sugges            | ted Balance 🚿    | Amount   | Adjustment   |                | Tota           | ×               |
| 2 >     | 60032       | Q,     | 07/20/22 | Cognitio             | > 6       | 0037       | Ξ                 |                   | 850.00 »         | 250.00   | 0.00         |                | 250.00         | ×               |
| 4 >     | 60124       | Q      | 08/04/22 | Cognitio             |           |            | Ξ                 |                   | -250.00 »        | -250.00  | 0.00         |                | -250.00        | ж               |
|         |             | Q,     |          |                      |           |            |                   |                   |                  | $\smile$ |              |                |                |                 |
|         |             |        |          |                      |           |            |                   |                   |                  |          |              |                |                |                 |
|         |             |        |          |                      |           |            |                   |                   |                  |          |              |                |                |                 |
|         |             |        |          |                      |           |            |                   |                   |                  |          |              |                |                |                 |
|         |             |        |          |                      |           |            |                   |                   |                  |          |              |                |                |                 |
|         |             |        |          |                      |           |            |                   |                   |                  |          |              |                |                |                 |
|         |             |        |          |                      |           |            |                   |                   |                  |          |              |                |                |                 |
|         |             |        |          |                      |           |            |                   |                   |                  | $\frown$ |              |                |                | -               |
|         |             |        |          |                      |           |            | Total A<br>Out of | llocate<br>Balanc | d<br>xe          | 0.00     | •)           |                |                |                 |
|         |             |        |          |                      |           |            |                   |                   |                  |          | /            |                |                |                 |

6. Click Save and Post.

## **Examples of Applying a Credit**

You may need to apply a credit when there are different ratios of the credit balance to the open invoice balance. You must enter the correct amounts to ensure the adjustment applies as needed.

### **Credit Less Than New Invoice**

Suppose a customer received an order, then returned some of the items

(https://aace6.knowledgeowl.com/help/understanding-processes-for-customer-returns) and did not want them replaced. This resulted in a credit on the order. Later, that customer placed a second order for a different product. The credit from the earlier order could be used to pay down the second invoice.

When the A/R rep saw that there was an open invoice with a credit from the return, she used the process above to enter a customer payment that applied the credit. For the return invoice line, she entered the \$61.89 amount as a negative value, then entered the same amount as a positive value for the new invoice:

| Rec        | ord: 12 of 1  | 12       |                              |   |                     |                                   | New 🜩                     | Edit 🖋 Delete 🕽 | C Print #h Actions 7           |
|------------|---|----------|------------------------------|---|---------------------|-----------------------------------|---------------------------|-----------------|--------------------------------|
| Rec        | eipt:   | 600      | 50                           | Credit from   | n ORD60063          | > ORD60064                        | 08/                       | 04/22           | PENDING                        |
| CL         | istomer P   | ayment   | Details                      |   |                     |                                   | Notices                   | B Tasks 🗹       | Emails M Docs (                |
| aym        | ent Info  |          |                              |   |                     | Bank Info                         |                           |                 |                                |
| Compa      | ny >  |          |                              |   | Amount              | Bank Account >                    |                           |                 |                                |
| Cover      | ed Bridge H   | ligh Sch | loc                          |   | ං.00                | 1120 Undeposited Funds - C        | ash/Checks                |                 | C                              |
| mnt M      | lethod  | Refere   | ence #                       | Customer Credit Card  | Notification Status | Deposit On Deposit Status         | Batch                     | Bank Rec Stat   | us > Reconciled                |
| CREDI      | T/ADJ   |          |                              |   |                     | 08/04/22                          |                           |                 |                                |
| 1 2<br>3 2 | <ul> <li>invoice</li> <li>60064</li> <li>60125</li> </ul> | d<br>d   | Date<br>07/22/22<br>08/04/22 | Title<br>Covered Bridge High School<br>Covered Bridge High School | Order > 60079       | Suggested Balance X               | Amount<br>61.89<br>-61.89 | 0.00<br>0.00    | Total X<br>61.89 X<br>-61.89 X |
|            |   |          |                              |   |                     |                                   |                           |                 |                                |
|            |   |          |                              |   |                     | Total Allocated<br>Out of Balance | 0.00 C                    |                 |                                |

When she saved and posted the receipt, the refund credit was reduced to zero, while the new invoice was reduced by the credit amount from \$61.89 to \$60.61:

| <ul> <li>Record: 12 of 1.</li> </ul> | 2                |                            | Re                  | ceipts                         |                  |                     | New 💠 Edit | 🥜 Delete 🗙      | Print 🖶 🗛    | ctions ; |
|--------------------------------------|------------------|----------------------------|---------------------|--------------------------------|------------------|---------------------|------------|-----------------|--------------|----------|
| Receipt:                             | 60050   C        | redit from ORD             | 60063 > OR          | D60064                         |                  |                     | 08/04      | /22             | POST         | ED 🤇     |
| Customer Pa                          | ayment Details   |                            |                     |                                |                  |                     | Notices 😣  | Tasks 🗹         | Emails 🞽     | Docs     |
| Payment Info                         |                  |                            |                     | Bank Info                      |                  |                     |            |                 |              |          |
| Company >                            |                  |                            | Amount              | Bank Account >                 |                  |                     |            |                 |              |          |
| Covered Bridge H                     | igh School       |                            | 0.00                | 1120   Undeposi                | ted Funds - Casi | n/Checks            |            |                 |              |          |
| Pmnt Method<br>CREDIT/ADJ            | Reference #      | Customer Credit Card       | Notification Status | Deposit On 08/04/22            | Deposit Status   | Batch               |            | Bank Rec Status | > Reconcilie | d        |
| nvoices                              |                  |                            | 0-1                 |                                |                  |                     |            |                 |              |          |
| 1 > 60064                            | Date<br>07/22/22 | Covered Bridge High School | > 60079             | = Sugger                       | 60 61            | Amount<br>61.89     | Adjustment |                 | 61.89        |          |
| 2 > 60125                            | 09/04/22         | Covered Bridge High School | - 00073             |                                | 0.00             | -61.00              | 0.00       |                 | -61.00       |          |
|                                      |                  |                            |                     |                                |                  |                     |            |                 |              |          |
|                                      |                  |                            |                     | Total Allocate<br>Out of Balan | ed<br>ce         | <b>0.00</b><br>0.00 |            |                 |              |          |
| Office AI                            | Tracking Stat    | Pmnt                       | Taken By AH         |                                |                  |                     |            |                 |              | -        |

Credit Exceeds New Invoice

Suppose a customer ordered several items, but overpaid on the invoice

(https://aace6.knowledgeowl.com/help/processing-customer-overpayments). This generated a credit memo invoice. Later that customer made a smaller, follow-up order for a different product. The credit from the earlier order would entirely cover the second invoice.

When the A/R rep saw this situation, she created a customer payment to apply the credit. For the credit memo invoice line, she entered the \$600 amount as a negative value, then entered the same amount as a positive value for the second invoice:

| •                             |  |  | Rec                 | ceipts                    |                       |                   |                 |                              |
|-------------------------------|--|--|---------------------|---------------------------|-----------------------|-------------------|-----------------|------------------------------|
| Receipt:                      | 60052  | Apply credit   | to ORD600           | 23                        |                       | 0                 | 8/04/22         | Print da Actions     PENDING |
| Customer Pa                   | ayment Details                                 |  |                     | Bank Info                 |                       | Noti              | ces 😣 🛛 Tasks 🗹 | Emails 🎽 Doc                 |
| Company ><br>Berkshire Magnel | t High School                                  | 0  | Amount<br>0.00      | Bank Account >            | neited Funds - Cash   | /Checks           |                 |                              |
| Pmnt Method                   | Reference #                                    | Customer Credit Card   | Notification Status | Deposit On 08/04/22       | Deposit Status        | Batch             | Bank Rec Sta    | tus > Reconciled             |
| Invoices                      | Date   | Title  | Order               | Sug                       | gested Balance ≫      | Amount A          | djustment       | Total 🕱                      |
| 2 > 60028<br>4 > 60128        | <ul> <li>07/20/22</li> <li>08/04/22</li> </ul> | Berkshire Magnet High School<br>Berkshire Magnet High School | > 60033             | E                         | 600.00 »<br>-641.25 » | 600.00<br>-600.00 | 0.00            | 600.00 ¥                     |
|                               | ٩  |  |                     |                           |                       | $\smile$          |                 |                              |
|                               |  |  |                     | Total Alloc<br>Out of Bak | ated                  | <b>0.00</b>       |                 |                              |
| P Office AI                   | Q. Tracking State                              | us Pmnt Ta   | aken By AH          |                           |                       |                   |                 | Cancel Save                  |

When she saved and posted the receipt, the credit was reduced to \$41.25, while the second invoice was reduced to zero and closed:

| Receipt:        | 60052   Ai     | oply credit to O   | RD60023             |                              | 08/        | 04/22             | POSTED        |
|-----------------|----------------|--|---------------------|------------------------------|------------|-------------------|---------------|
| Customer P      | ayment Details |  |                     |                              | Notices    | 👌 Tasks 💟 Em      | alls 🎽 🛛 Docs |
| ayment Info     |                |  |                     | Bank Info                    |            |                   |               |
| company >       |                |  | Amount              | Bank Account >               |            |                   |               |
| erkshire Magnel | t High School  |  | 0.00                | 1120   Undeposited Funds - C | ash/Checks |                   |               |
| mnt Method      | Reference #    | Customer Credit Card   | Notification Status | Deposit On Deposit Status    | Batch      | Bank Rec Status > | Reconciled    |
| REDIT/ADJ       |                |  |                     | 08/04/22                     |            |                   |               |
| 2 > 60128       | 08/04/22       | Berkshire Magnet High School<br>Berkshire Magnet High School | > 60033             | = 0.00<br>= 41.25            | -600.00    | 0.00              | -600.00 ×     |
|                 |                |  |                     |                              |            |                   |               |
|                 |                |  |                     |                              |            |                   |               |

### **Moving Payments**

If a payment needs to be transferred (e.g. if a credit is applied to the wrong invoice), you can easily <u>move a payment from one invoice to another</u> (https://aace6.knowledgeowl.com/help/moving-a-customer-payment-from-one-invoice-to-another).

## Applying a Customer Credit During Payment Processing

To see if a customer has an existing credit balance, navigate to the Companies module and locate the desired company. At the company's detail view, navigate to the Customer Details tab or the Finance & Accounting tab. The credit amount will be displayed in the A/R Balance field. As an example, below is the Customer Details tab:

| Company Details                              |                                  | lync with Office 🗙    | Billing Setup     |                  |                | ×                  | Shipping           | Setup                      |                     |                  |
|--|----------------------------------|-----------------------|-------------------|------------------|----------------|--------------------|--------------------|----------------------------|---------------------|------------------|
| Billing Salutation (Compan                   | y Name)                          |                       | Billing Terms     | A/P Contact >    |                |                    | Carrier            | Carrier Service            | Account #           |                  |
| Palmer Woods High Sc                         | hool                             |                       | Net 30            |                  |                |                    |                    |                            |                     |                  |
| Address                                      |                                  |                       | Send Docs Via     | Email            |                |                    | Shipping T         | erms                       | Ship Point          |                  |
| 9280 Golf St.                                |                                  |                       | Email             |                  |                |                    |                    |                            |                     |                  |
|  |                                  |                       | Order Printout    | Invoice Printout | Rate Card >    | Disc %             | Shipping R         | ate Type                   | Shipping R          | ate Valu         |
|  |                                  |                       |                   |                  | High School    |                    |                    |                            |                     |                  |
| 3ty  | State / Prov                     | Postal Code           |                   |                  |                |                    |                    |                            |                     |                  |
| Dekalb                                       | 11.                              | 60115                 | Current Billin    | g                |                |                    | Preferen           | ces                        |                     |                  |
|  | Deschol Franzish                 | Ourrency              | Last Order        | Credit Limit     | A/R Balance Cr | edit Balance       | Custor             | mer PO required. Must be e | intered to open new | orders.          |
| Sountry                                      | Postal Format                    | Garreny               |                   |                  |                |                    |                    |                            |                     |                  |
| Country                                      | American                         | USD                   | 8/4/2022          |                  | -385.96        |                    |                    |                            |                     |                  |
| Sales History                                | Orders (1) Inv                   | USD<br>Doices (1) Rec | 8/4/2022<br>eipts | Vendor           | -385.96        | Last Or            | der                | Date                       | Unit                | : Price          |
| Sales History Code                           | Orders (1) Invo                  | USD<br>Dices (1) Rec  | 8/4/2022<br>eipts | Vendor           | -385.96        | Last Or<br>> 60179 | der<br>  Palmer Wo | Date<br>pods High 08/04/22 | Unit<br>3           | Price<br>39.60   |
| Sales History<br>Code<br>> TB-FRNCH3   J'App | Orders (1) Inverse I Learn Frend | USD Rec               | 8/4/2022<br>eipts | Vendor           | -385.96        | Last Or<br>> 60179 | der<br>  Palmer Wo | Date<br>pods High 08/04/22 | Unit<br>3           | : Price<br>39.60 |
| Sales History<br>Code<br>TB-FRNCH3   J'App   | Orders (1) Invo                  | USD Rec               | 8/4/2022<br>eipts | Vendor           | -385.96        | Last Or<br>> 60179 | der<br>  Palmer Wo | Date<br>cods High 08/04/22 | Unit<br>3           | 89.60            |

You can apply this credit immediately when the customer places a new order.

- 1. After entering the needed details and opening an order for the company, click the Add icon ( 💽 ) near the Payment Due total.

| Amount Due  |          | _      | 1,188.00             |           |         |           |           |  |
|---|----------|--------|----------------------|-----------|---------|-----------|-----------|--|
| Credit Availab  | 385.96   | 5 »    | 385.96               | $\supset$ |         |           |           |  |
| Payment (Amount or Percent  | :)       | »      | 802.04               |           |         |           |           |  |
|   |          |        |                      |           |         |           |           |  |
| Balance after Payment<br>Payment Method                                 | IT CARD  | ) debi | 0.00                 | C CHECK   | ( ) ACH | ) BILL ME |           |  |
| Balance after Payment<br>Payment Method   Credit Card                   | DIT CARD | ) debi | 0.00<br>IT CARD CASH | CHECK     | C ACH   | ) BILL ME | e O other |  |
| Balance after Payment<br>Payment Method    Credit Card    Approval Code | DIT CARD | ) DEBI | 0.00<br>IT CARD CASH | CHECK     | C ACH   | ) BILL ME | e O other |  |

Note: If the credit is smaller than the order's total, the total amount due is reduced and the credit is zeroed. If the credit is larger than the total, the total amount due is zeroed and the Payment Method is automatically updated to Bill Me to preserve the remainder of the credit.

3. Continue with the standard process for applying the payment.

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