Billing: Understanding and Using Transaction Types

Payment or Receipt? Refunds? Writeoffs?
What is an Invoice?

• Transaction created when a purchase is made that is not paid for at the time.
• Utilizes an Accounts Receivable account in order to track money owed from customers.
Click ‘New Invoice’ from the Transaction History
Include any desired message.

Select the Item that is being purchased.

Customize description, if needed.

Assign Class (optional for QB users only).

Edit price, if needed.

Select to Print or Email at a later time and then click 'Save' OR choose to save and print/email immediately.
When to use ‘Payment’

• Money is received to pay for an invoice that has a balance due
• Money is received, but there is not an invoice with a balance due, and the customer has not indicated what they are paying for
• Use the ‘New Payment’ option to record money received on an open invoice balance.
• DO NOT create a ‘New Sales Receipt’ in addition to a Payment. This will duplicate the income reported on the financial reports.
• Enter Payment Amount
• Enter Payment Date
• Enter Reference # (check #, CASH, other distinguishing info)
• Select Payment Method
• Confirm the selected invoices that are being paid
• Click ‘Save’
• When money is received from a customer, but there are no open invoices, and it is unclear what the money is for….enter amount, date, ref #, click ‘Save’.

• Select ‘OK’ at next screen
• ‘Payment Remaining’ will now display the amount that was not applied to an invoice.

• Close the window
• Unapplied payments will show in the Transaction History as a negative balance item.
• To use an available payment click on the Ref #.
• Click ‘Apply Payment’

• Verify the application date (defaults to current date)
• Specify invoice to apply it against.
• Click ‘Apply Payment’
• Close the Payment window
When to use ‘Sales Receipt’

• Money is received to pay for something on the spot. AKA, Point of Sale Purchase

NOTE: Sales Receipts are not always preferred. Check with accountant as to preference.
• Enter Sale Date
• Enter Payment Reference #
• Select Payment Method
• Select the Item being purchased
• Click ‘Save’

NOTE: Since this is a point of sale, immediate, purchase payment info and purchase info are recorded at the same time. No use of Accounts Receivable.
Refunds

• Money that is returned to a client for a purchase that the client no longer wants

NOTE: Refunds do not re-open an invoice balance. If a balance needs to be opened again, a new invoice must be created.
• From the Transaction History click on the payment Ref# that needs to be refunded
• Click ‘Refund Payment’
• Original invoice line items that the payment was applied to will be reversed.
• If doing a partial refund, make necessary changes to line items
• Click ‘Save’
Writeoffs

• Used to decrease the uncollectible balance due on an invoice.
• Click on the invoice # for the transaction that needs to be written off
• Click on the ‘New Transaction’ drop-down
• Select ‘Writeoff Balance’
• Enter Writeoff Date (current date populates by default)
• Select the appropriate Expense Account (not necessarily an Expense account – ask accountant if unsure)
• If doing a partial writeoff, change the Writeoff Amount
• Click Finish

NOTE: In the Expense Account selection, do not select Accounts Receivable
Credits

• A transaction created to provide a customer with a value that can be put towards a future purchase.
• Credits are not paid to a customer if they aren’t used.
Click the ‘New Credit’ button in the Transaction History
• Enter the Credit Amount
• Enter the Credit Date
• Add any Notes (helpful in reporting)
• Select appropriate Item
• Click ‘Save’
• Close window
• Available credits will show in the Transaction History as a negative balance item.
• To use an available credit click on the Ref #.
• Click ‘Apply Credit’

• Verify the Date Posted (defaults to current date)

• Specify invoice to apply it against.

• Click ‘Apply Credit’

• Close the Credit window