

**#1: Recording the write off as a discount**

**Receive Payments**

Previous Next History Journal Get Online Prints

**Customer Payment**

Received From: Jacobsen, Doug:Kitchen Customer Balance: 2,245.00

Amount: 0.00 Date: 12/15/2007

Print Method: Check Check #

Memo: Where does this payment go? [Learn more](#)

☐ Process credit card payment when saving Find a Customer/Invoice...

Date	Number	Orig. Amt.	Amt. Due	Payment
10/25/2007	93	2,245.00	2,245.00	0.00
Totals		2,245.00	2,245.00	0.00

Amounts for Selected Invoices

Auto Apply Payment Amount Due 0.00

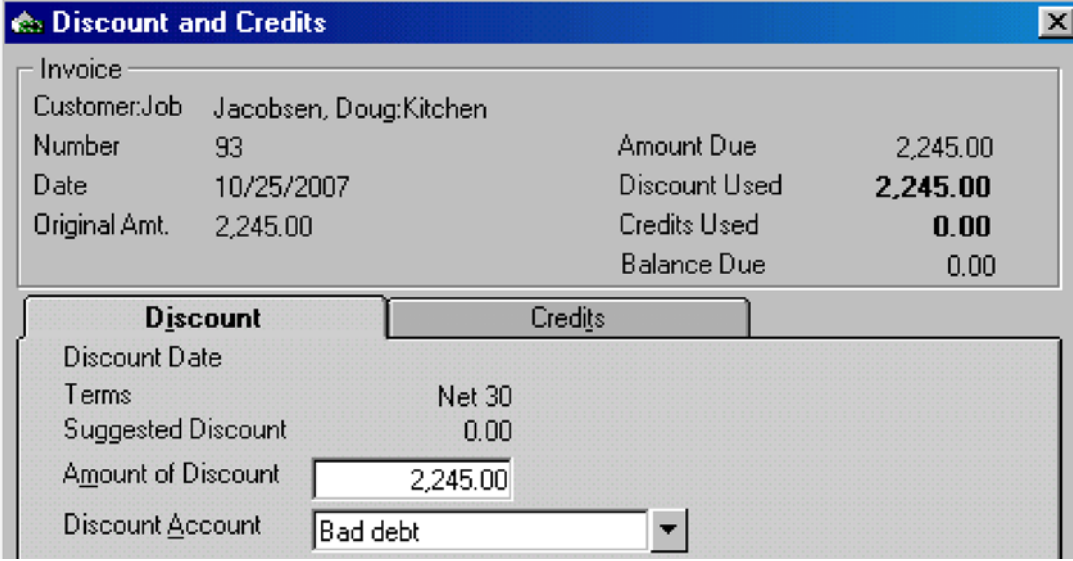
Discount & Credits... Applied 0.00

Discount and Credits Applied 0.00

Move your cursor over the image to enlarge it.

One way to write off a receivable is to enter it as a discount in the Receive Payments window. This method does not adjust liability for sales taxes included in the invoice.

1. In the Receive Payments window, select the appropriate name from the Received From drop-down list, and then click in the Payment column for the invoice you are writing off.
2. Click Discounts & Credits.



The image shows a software window titled "Discount and Credits" with a close button (X) in the top right corner. The window is divided into two main sections. The top section, labeled "Invoice", contains a table with invoice details. The bottom section has two tabs: "Discount" (selected) and "Credits". The "Discount" tab contains several fields for recording a discount, including "Discount Date", "Terms", "Suggested Discount", "Amount of Discount" (with a text input field containing "2,245.00"), and "Discount Account" (with a drop-down menu showing "Bad debt").

Invoice			
Customer:Job	Jacobsen, Doug:Kitchen		
Number	93	Amount Due	2,245.00
Date	10/25/2007	Discount Used	<b>2,245.00</b>
Original Amt.	2,245.00	Credits Used	<b>0.00</b>
		Balance Due	0.00

Discount		Credits	
Discount Date			
Terms	Net 30		
Suggested Discount	0.00		
Amount of Discount	<input type="text" value="2,245.00"/>		
Discount Account	<input type="text" value="Bad debt"/>		

In the Discount and Credits window, enter the amount of the invoice in the Amount of Discount field. Then, select the expense account you want to use to track bad debt from the Discount Account drop-down list.

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
✓	10/25/2007	93	2,245.00	2,245.00	1,500.00
Totals			2,245.00	2,245.00	1,500.00

**Underpayment \$745.00. When you finish, do you want to:**

☐ Leave this as an underpayment  
☒ Write off the extra amount

[View Customer Contact Information](#)

[Un-Apply Payment](#)   [Discount & Credits...](#)

Amounts for Selected Invoices

Amount Due	2,245.00
Applied	1,500.00
Discount and Credits Applied	0.00

[Save & Close](#)   [Save & New](#)   [Clear](#)

If you receive a partial payment from a customer, but know that you will need to write off the balance, select the "Write off the extra amount" option. Then, select the account you're using to track bad debt expense in the window that displays. This method does not adjust liability for sales taxes included in the invoice.

**#2: Using a Credit Memo to record bad debt**

Type	<div>Other Charge ▼</div> <div>Use for miscellaneous labor, material, or part charges, such as delivery charges, setup fees, and service charges.</div>		<div>OK</div>	
			<div>Cancel</div>	
			<div>Custom Fields</div>	
			<div>Spelling</div>	
Item Name/Number	<div>Bad debt</div>	<input type="checkbox"/> Subitem of		
<input type="checkbox"/> This item is used in assemblies or is a reimbursable charge				
Description	Amount or %	Tax Code	<input type="checkbox"/> Item is inactive	
Bad debt or write-off amounts	0.00	Tax ▼		
	Account			
	Bad debt ▼			

Using a credit memo is the preferred method to write off bad debts, especially if the original sale included sales tax.

The first step is to create an Other Charge item that points to the expense account you want to use to track bad debts.

**Create Credit Memos/Refunds**

Customer: Job  
Jacobsen, Doug:Kitchen

DATE: 12/15/2007 CREDIT NO.: 94

**Bad Debt Credit Memo**

CUSTOMER  
Doug Jacobsen  
6845 Ocean View  
Bayshore, CA 94326

ITEM	DESCRIPTION	AMOUNT	Tax
Bad debt	Bad debt or write-off amounts not subject to sales tax	1,162.11	Non
Bad debt	Bad debt or write-off amounts	1,005.00	Tax
Customer Message		Tax: San Tomas (7.75%)	77.89
		Total	2,245.00

☒ To be printed ☐ To be e-mailed Customer Tax Code: Tax Remaining Credit: 2,245.00

Enter the item on a credit memo using the amount of the write off that is **not** subject to sales tax.

On the next line, enter the same item again. This time, enter the amount that **is** subject to sales tax - and be sure to mark the line item as taxable by selecting an appropriate taxable sales tax code in the Tax column.

In the window that displays when you save the credit memo, select "Apply to an invoice."

**Apply Credit to Invoices** ✕

Credit Memo

Customer:Job    Jacobsen, Doug:Kitchen

Ref. No.        94                                      Original Amt.        2,245.00

Date            12/15/2007                                      Remaining Credit        0.00

✓	Date	Job	Number	Orig. Amt.	Amt. Due	Amt. Applied
<input checked="" type="checkbox"/>	10/25/2007	Kitchen	93	2,245.00	2,245.00	2,245.00
Totals				2,245.00	0.00	2,245.00

Finally, apply the credit in the Apply Credits to Invoices window.