

# User Guide

## Credits Notes and Overpayments

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### CREDITS NOTES AND OVERPAYMENTS

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Credit Notes are documents issued by a business to acknowledge the adjustment of previous charges issued on existing invoices. Credit Notes are raised to indicate a return of funds in the event of an invoice error, incorrect or damaged products, purchase cancellation, or other specific circumstances. The management and allocation of credit notes changes depending on the payment status of the original invoice.

#### Credit Notes issued for Unpaid Invoices

The Credit Note is allocated to the original invoice to offset either a partial or the full amount. For partial credits, the balance payment is still required.

#### Credit Notes issued for Paid Invoices

The Credit Note can be applied to a subsequent unpaid invoice or kept in the system to offset future purchases. Alternatively, a refund payment can be issued. In most cases the customer retains the right to decide what to do with the outstanding credit.

#### Credit Notes issued for Overpayments or Double Payments

An overpayment is processed against the original paid/unpaid invoice which automatically creates a new credit note. The new credit note can either be refunded or allocated to a current outstanding invoice or an upcoming purchase.



### Important Information

- Supplier Credit Notes cannot be added to an electronic batch payment, they must be allocated to a bill;
- Credit Notes refund payments must be allocated in the Credit Notes screen; they cannot be allocated from the Bank Feed screen;
- A Credit Note can be applied to multiple invoices/bills;



### Security Policies

- Access to the Sales/Purchases Command Centre is required to create Credit Notes;
- At this stage MYOB AccountRight does not provide the ability to set a User Role which allows the ability to create invoices/bills but prevents from issuing credit notes. However a user can be prevented from applying credit notes to invoices;

### Frequently Asked Questions

*I have issued an invoice to a customer with the incorrect price, can I just change the invoice amount instead of creating a credit note?*



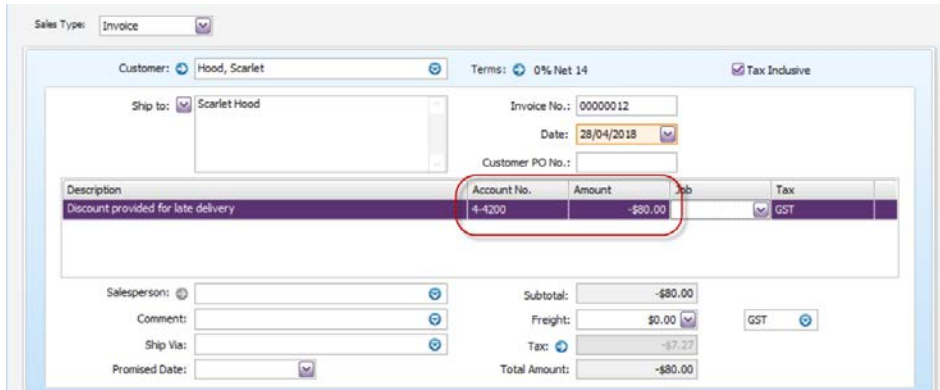
Although, MYOB AccountRight will allow you to change the original invoice amount (when that invoice is still unpaid), this is not best practice as it may have consequences on your GST reporting (accrual reporting). Furthermore, if your customer is a business, their accounting system may not allow them to amend the original invoice.

*My company policy states we are not allowed to refund payments, can we enforce this?*

Although, your company policy may state this condition, Fair Trading still gives rights to customers to obtain refunds in specific circumstances. Internal company policies should always be outlined in line with Government legislation.

## How to create a service credit note

1. Go to Sales/Purchases → Enter Sales/Purchases  
 → *The Sales/Purchases – New Service screen opens*

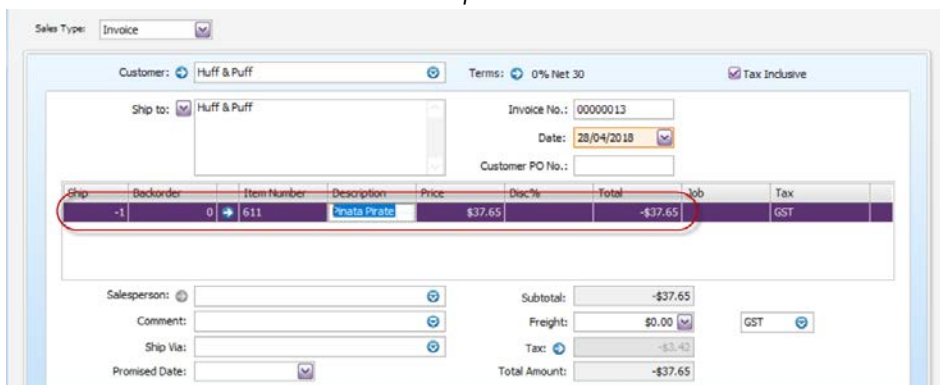


Description	Account No.	Amount	Job	Tax
Discount provided for late delivery	4-4200	-\$80.00		GST

2. Select/Enter the following details:
  - Sales/Purchases Type → Select: **Invoice/Bill**
  - Customer/Supplier → Select the customer/supplier card
3. Select/Enter the following details:
  - Description → Enter the reason why the credit was issued
  - Account → Select the original income/expense account used in the invoice/bill
  - Amount → Enter the credit note amount **in negative**
4. Click on **[Record]**

## How to create an item credit note

1. Go to Sales/Purchases → Enter Sales/Purchases  
 → *The Sales/Purchases – New Item screen opens*

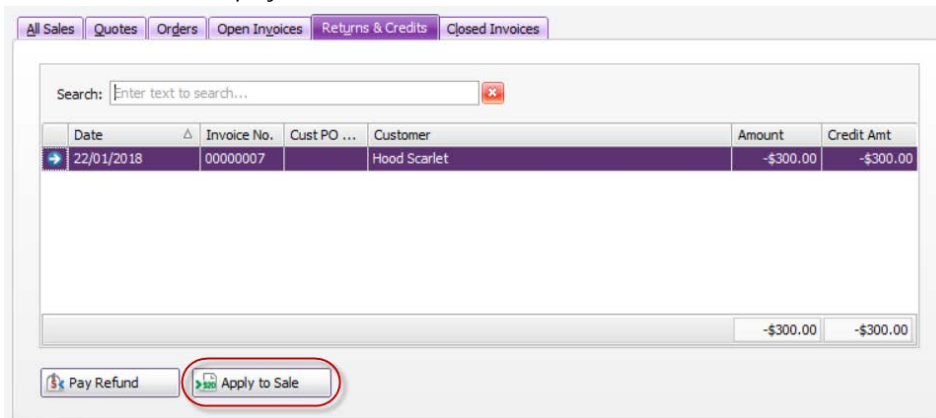


Ship	Backorder	Item Number	Description	Price	Disc%	Total	Job	Tax
-1	0	611	Sinata Pirate	\$37.65		-\$37.65		GST

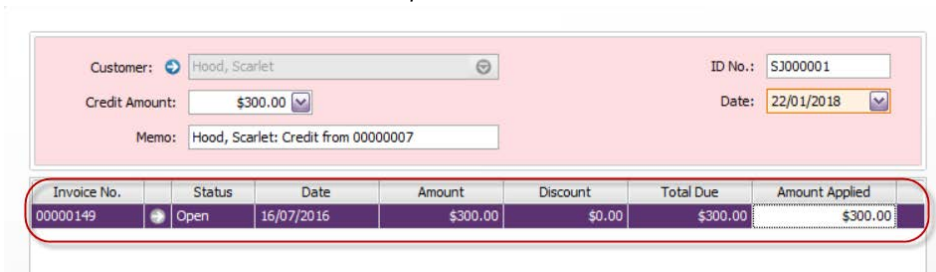
2. Select/Enter the following details:
  - Sales/Purchase Type → Select: **Invoice/Bill**
  - Customer/Supplier → Select the customer/supplier card
3. Select/Enter the following details:
  - Ship → Enter the number of items you wish to return **in negative**
  - Item Number → Select the Item you wish to return from the list
  - Price → Confirm/Amend the item price
  - Total → Automatically populates in negative
4. Click on **[Record]**

### How to allocate a credit note to an unpaid invoice/bill

1. Go to Sales/Purchases → Sales/Purchases Register
2. Select the **[Returns & Credits]** Tab
  - *The Credit Note is displayed on the Returns & Credits Tab*



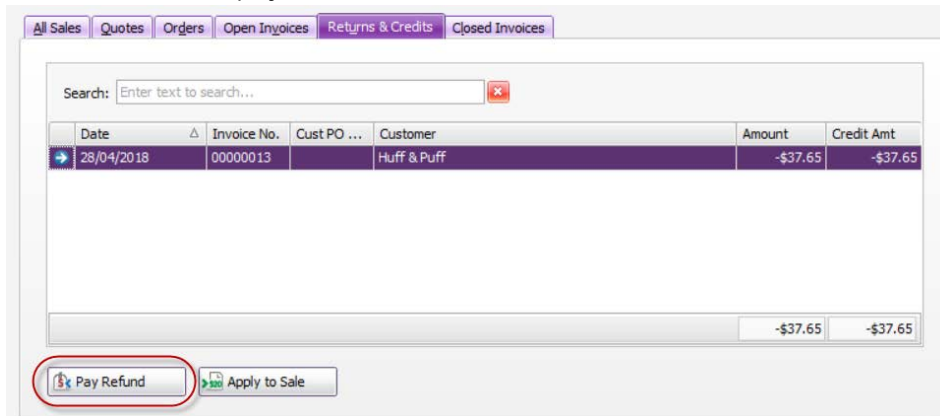
3. Select the Credit Note and click on **[Apply to Sale/Apply to Purchase]**
  - *The Settle Returns & Credits screen opens*



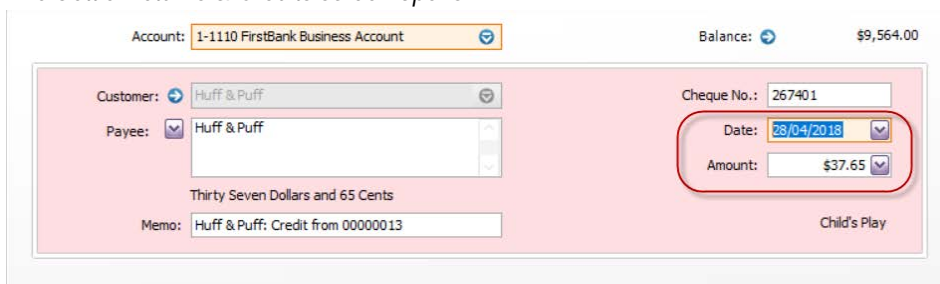
4. Click in the **Amount Applied** to allocate the Credit Note to the Unpaid Invoice/Bill
5. Click on **[Record]**
  - *The Credit Note is allocated to the invoice/bill*
  - Note:** *Credit notes can also be applied to multiple invoices/bills*

## How to refund a credit note

1. Go to Sales/Purchases → Sales/Purchases Register
2. Select the [Returns & Credits] Tab
  - The Credit Note is displayed on the Returns & Credits Tab



3. Click on [Pay Refund/Receive Refund]
  - The Settle Returns & Credits screen opens

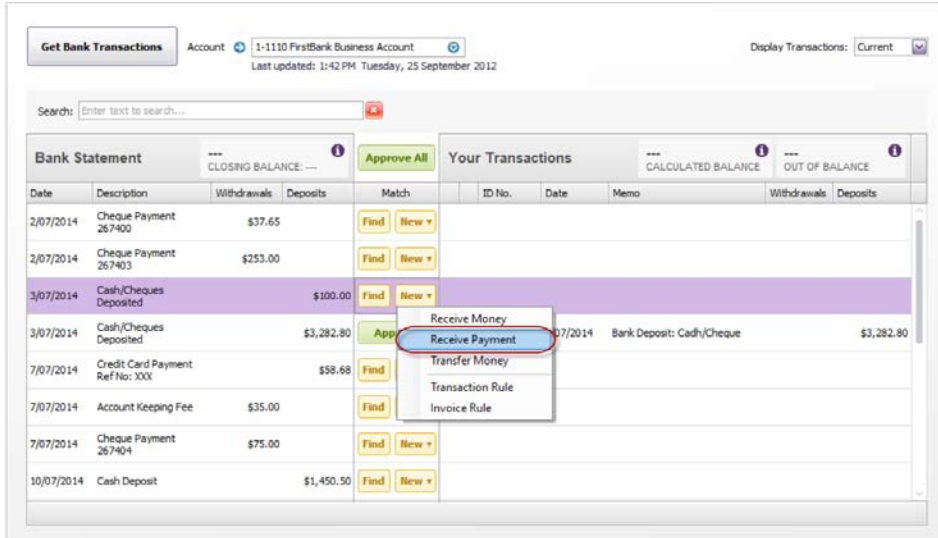


4. Select/Enter the following details:
  - Account → Select the bank account the refund was paid to/from
  - Date → Make sure the refund date matches the refund date from the bank feeds
  - Amount → Confirm the refund amount
5. Click on [Record]
  - The refund transaction is automatically matched to the bank feed refund transaction
  - Note:** refunds must be processed from the Settle Returns & Credit screen to match the bank feed transaction

## How to allocate an overpayment to an unpaid invoice/bill

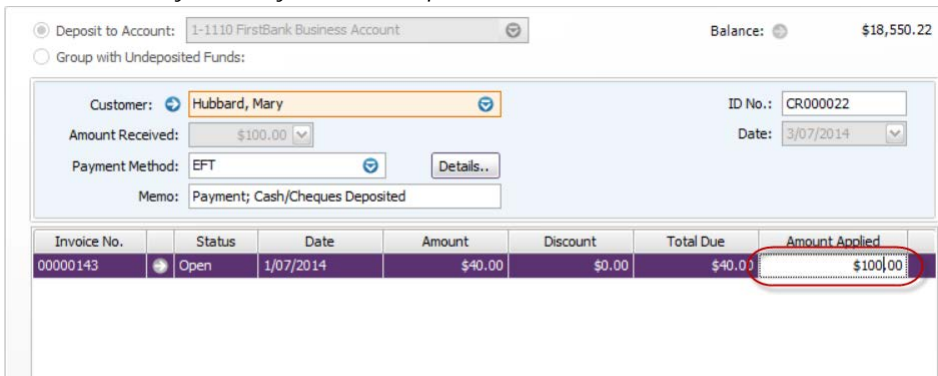
1. Go to Banking → Bank Feeds

→ The Bank Feed screen opens



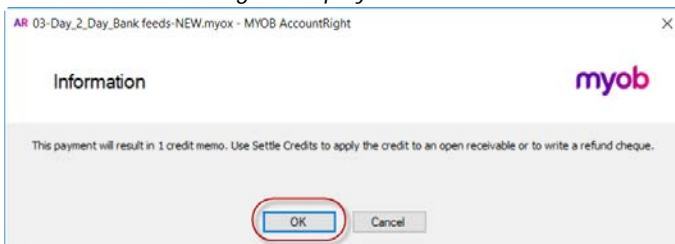
2. Find the overpayment and click on New → Receive Payment/Pay Bill

→ The Receive Payment/Pay Bill screen opens



3. Select the customer/supplier who made/received the payment
4. Click in the **Amount Applied** and change the default payment amount to the amount paid by the customer/supplier
5. Click on **[Record]**

→ A confirmation message is displayed



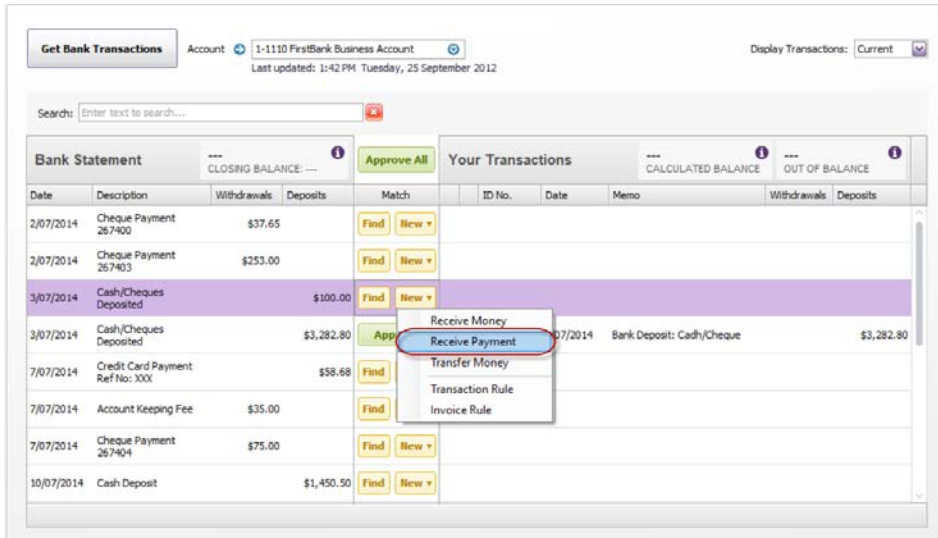
6. Click on **[OK]**

→ A Credit note is created for the overpayment amount

## How to allocate a double payment to a paid invoice/bill

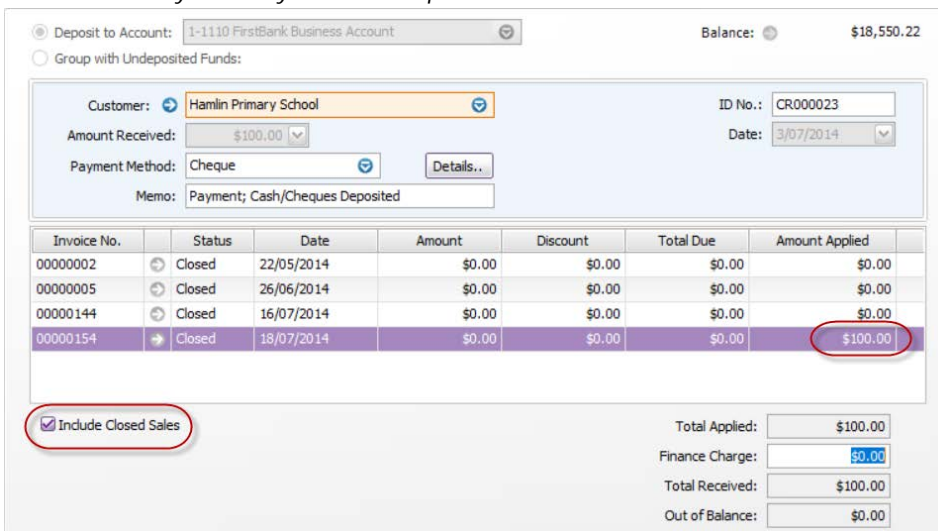
1. Go to Banking → Bank Feeds

→ The Bank Feed screen opens



2. Find the overpayment and click on New → Receive Payment/Pay Bill

→ The Receive Payment/Pay Bill screen opens

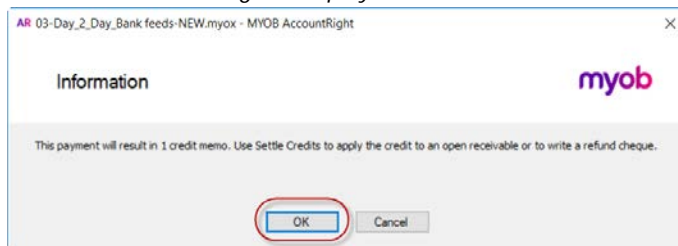


3. Select the customer/supplier who made/received the payment
4. Select the option: **Include Closed Sales/Include Closed Bills**

→ The Closed Invoices/bills are displayed on the Receive Payment/Pay Bills screen

5. Click on **[Record]**

→ A confirmation message is displayed



6. Click on [OK]

→ A Credit note is created for the overpayment