

TXIS – MII ERP Practice Solution Document

WHITE PAPER USER MANUAL FOR – DEBIT MEMO INVOICE WITH FOREIGN CURRENCY

Module – Account Receivables

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A detailed explanation of a Debit memo in Accounts Receivable using the 5 W's:

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1. Who

- **Involved Parties:** The primary parties involved are the seller (creditor) and the customer (debtor). The seller issues the debit memo to communicate a change in the amount due from the customer.

2. What

- **Definition:** A debit memo is a formal document that adjusts the amount owed by a customer. It effectively reduces the customer's account balance in the seller's accounts receivable.
- **Format:** It typically includes details such as the date, customer information, invoice number (if applicable), the reason for the adjustment, and the adjusted amount.

3. When

- **Circumstances for Use:** Debit memos are issued in specific situations, including:
 - **Returns:** If a customer returns products, a debit memo reflects the decrease in revenue and the customer's liability.
 - **Billing Errors:** If an invoice has been issued with incorrect amounts (like overcharging), a debit memo corrects this error by providing a reduction.
 - **Discounts/Allowances:** If a seller agrees to give a post-sale discount or allowance (e.g., for late delivery), a debit memo serves to document this adjustment.

4. Where

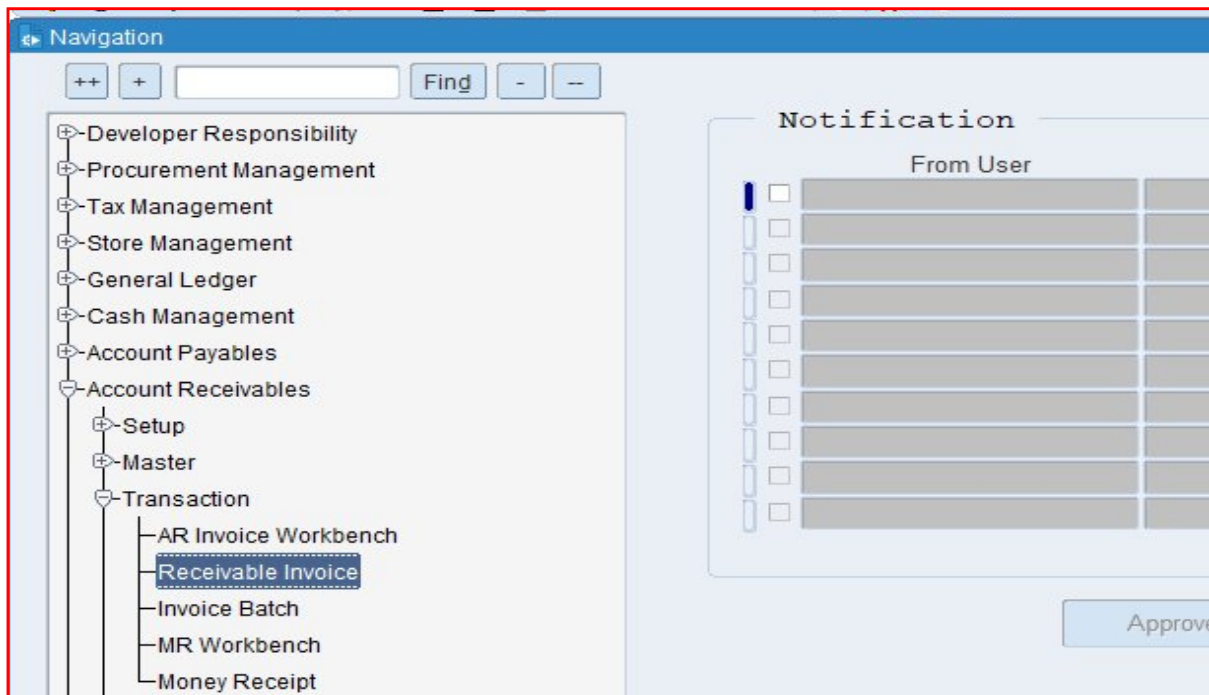
- **Documentation:** The debit memo is recorded in the seller's accounting system and linked to the relevant customer account. It might also be physically filed or stored digitally, depending on the company's record-keeping practices.
- **System Integration:** In many accounting software systems, the debit memo can automatically adjust the customer's balance and reflect the change in the financial statements.

5. Why

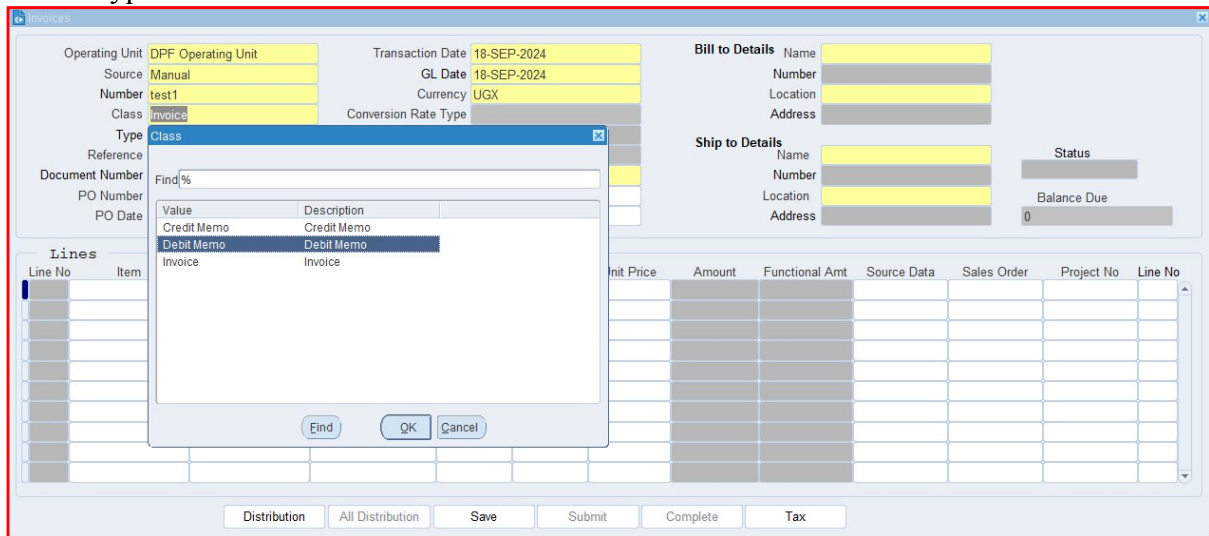
- **Purpose:** The main reasons for issuing a debit memo include:
 - **Accurate Financial Reporting:** To ensure that the financial records accurately reflect the amounts owed.
 - **Customer Relationship Management:** To maintain transparency and trust with customers by promptly addressing issues like returns or billing mistakes.
 - **Regulatory Compliance:** To ensure that financial statements are accurate and comply with accounting standards and regulations.

Navigation – Account Receivables – Transaction – Receivable Invoice

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Select Type is Debit Memo



What is an Operating Unit?

An operating unit is a distinct segment or division within a company that manages a specific part of the company's operations. It can be thought of as a self-contained unit responsible for its own set of activities, resources, and objectives.

What is a source?

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In the context of an Accounts Receivable (AR) invoice, the term "**source**" refers to the origin or point of creation of the invoice. It provides context for where the invoice originated or what triggered its issuance. Understanding the source can be crucial for tracking, verifying, and managing invoices efficiently.

What is the AR Invoice number?

A distinct, sequential number assigned to an invoice issued by a company to a customer. It is used to uniquely identify and track the invoice throughout the billing and payment cycle.

What is GL Date?

The GL date indicates the specific date on which a transaction is recorded in the General Ledger. This date determines the accounting period in which the transaction will be included for financial reporting and analysis.

What is Invoice Currency?

Invoice currency specifies the type of currency used to calculate and display the amounts due on an invoice. This could be the currency of the supplier, the customer, or a mutually agreed-upon currency.

What is class?

A categorization or grouping applied to an AR invoice to classify it based on specific criteria, such as the type of transaction, department, or product/service line.

What is Type?

The classification or category assigned to an AR invoice that indicates the nature of the invoice or the type of transaction it represents.

What is the Document Number?

A unique numerical or alphanumeric code assigned to an AR invoice to distinguish it from other invoices and provide a reference point for tracking and managing.

What is the Payment Term?

The specific conditions agreed upon by the buyer and seller regarding how and when payment for goods or services should be made. They are outlined in the invoice or contract and detail the payment schedule, due dates, and any discounts or penalties.

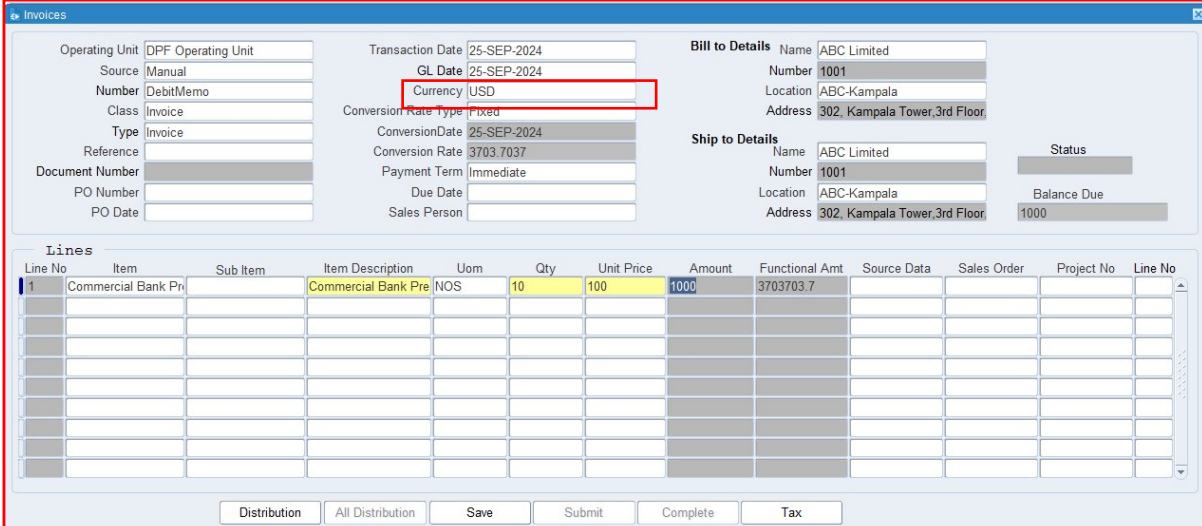
What is Bill-To Detail?

Bill To refers to the address and contact information of the party responsible for paying the invoice. This is the location where the invoice should be sent and where payment should be made.

What is Ship-To Detail?

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Ship To refers to the address and contact information where the goods or services should be delivered. This is where the seller sends the physical products or where the service is to be provided.



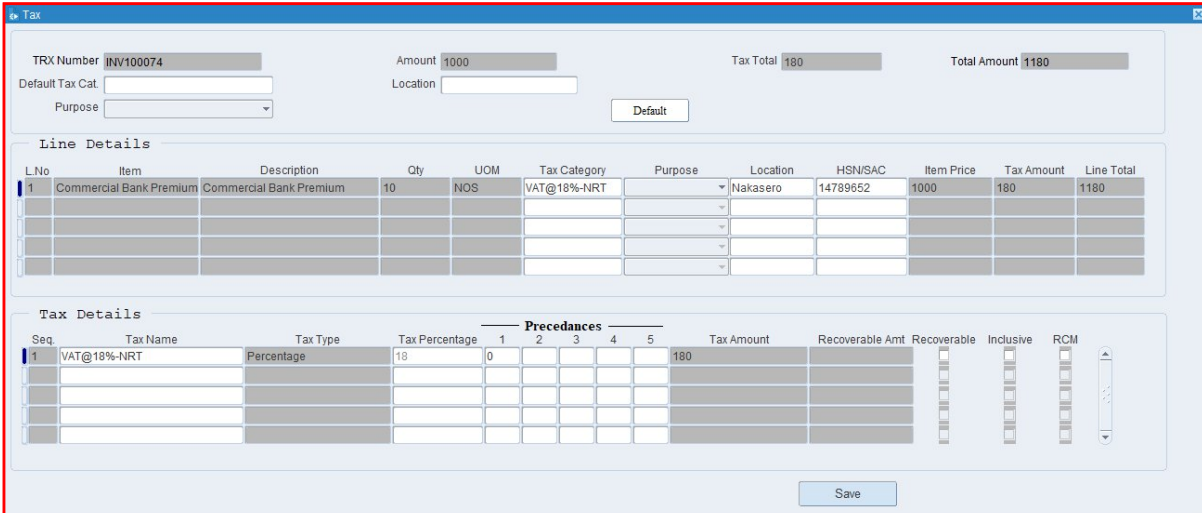
Invoices

Operating Unit: DPF Operating Unit
 Source: Manual
 Number: DebitMemo
 Class: Invoice
 Type: Invoice
 Reference:
 Document Number:
 PO Number:
 PO Date:
 Transaction Date: 25-SEP-2024
 GL Date: 25-SEP-2024
 Currency: USD
 Conversion Rate Type: Fixed
 Conversion Date: 25-SEP-2024
 Conversion Rate: 3703.7037
 Payment Term: Immediate
 Due Date:
 Sales Person:
 Bill to Details: Name: ABC Limited, Number: 1001, Location: ABC-Kampala, Address: 302, Kampala Tower,3rd Floor
 Ship to Details: Name: ABC Limited, Number: 1001, Location: ABC-Kampala, Address: 302, Kampala Tower,3rd Floor, Status:
 Balance Due: 1000

Line No	Item	Sub Item	Item Description	Uom	Qty	Unit Price	Amount	Functional Amt	Source Data	Sales Order	Project No	Line No
1	Commercial Bank Pr		Commercial Bank Pre	NOS	10	100	1000	3703703.7				

Buttons: Distribution, All Distribution, Save, Submit, Complete, Tax

Put the currency as USD then Click on Tax (Tax is not Mandatory, impose tax only if necessary, otherwise ignore it)



Tax

TRX Number: INV100074
 Amount: 1000
 Tax Total: 180
 Total Amount: 1180
 Default Tax Cat:
 Location:
 Purpose:
 Default

L.No	Item	Description	Qty	UOM	Tax Category	Purpose	Location	HSN/SAC	Item Price	Tax Amount	Line Total
1	Commercial Bank Premium	Commercial Bank Premium	10	NOS	VAT@18%-NRT	Commercial Bank Premium	Nakasero	1478952	1000	180	1180

Seq	Tax Name	Tax Type	Tax Percentage	Precedences					Tax Amount	Recoverable Amt	Recoverable	Inclusive	RCM
				1	2	3	4	5					
1	VAT@18%-NRT	Percentage	18						180				

Save

Put the Tax Category, Purpose, Location HSN/ SAC Code then click on Save.

What is Tax Category?

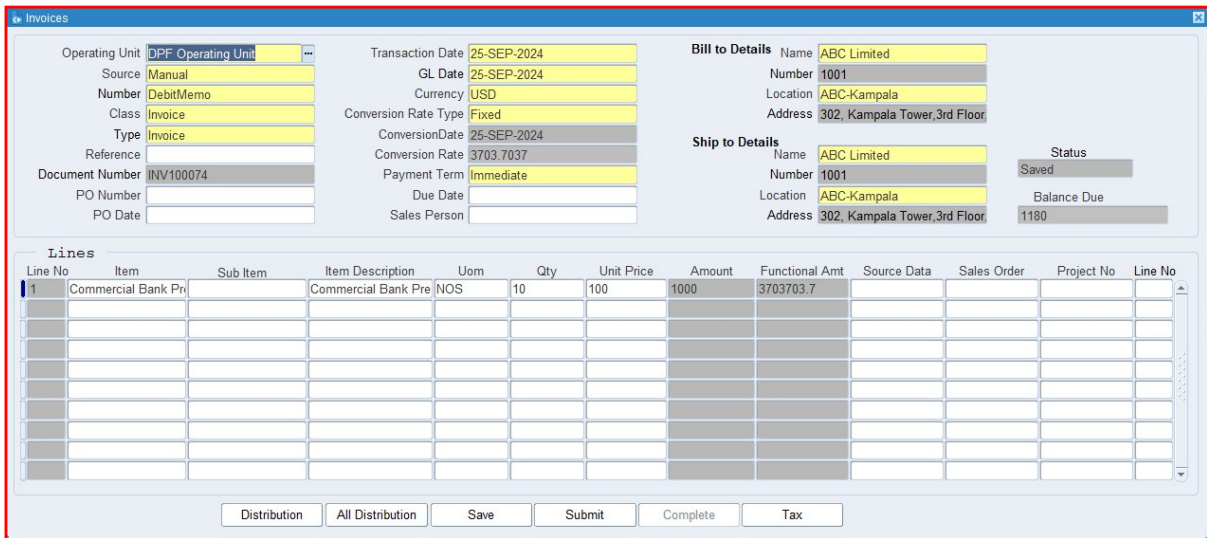
a tax category refers to a classification used to apply the correct tax rules and rates to transactions. This categorization ensures that taxes are calculated accurately based on the nature of the goods or services being provided and the applicable tax regulations.

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What is HSN & SAC Code?

HSN (Harmonized System of Nomenclature Code) codes are used to classify goods in a standardized manner across international borders. They help in identifying products for trade and taxation purposes, ensuring uniformity in the classification of goods.

SAC (Services Accounting Code) codes are used to classify services in a standardized manner for taxation purposes. They help in identifying the type of service provided and determining the applicable GST rates.



The screenshot shows the 'Invoices' form in the MII ERP system. The form is divided into several sections:

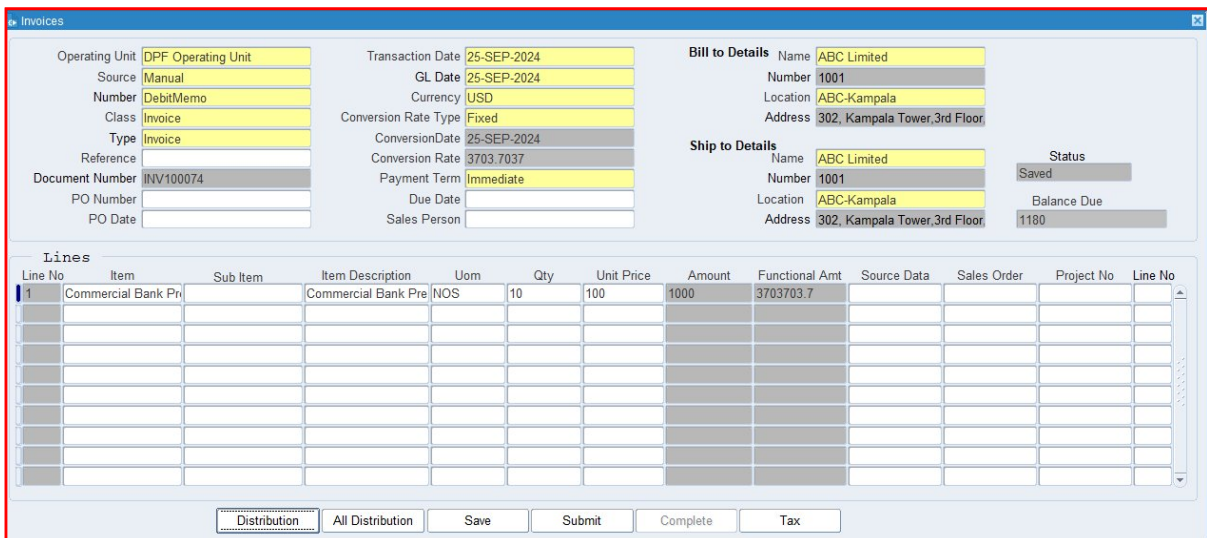
- Operating Unit:** DPF Operating Unit
- Source:** Manual
- Number:** DebitMemo
- Class:** Invoice
- Type:** Invoice
- Reference:**
- Document Number:** INV100074
- PO Number:**
- PO Date:**
- Transaction Date:** 25-SEP-2024
- GL Date:** 25-SEP-2024
- Currency:** USD
- Conversion Rate Type:** Fixed
- ConversionDate:** 25-SEP-2024
- Conversion Rate:** 3703.7037
- Payment Term:** Immediate
- Due Date:**
- Sales Person:**
- Bill to Details:**
 - Name: ABC Limited
 - Number: 1001
 - Location: ABC-Kampala
 - Address: 302, Kampala Tower,3rd Floor
- Ship to Details:**
 - Name: ABC Limited
 - Number: 1001
 - Location: ABC-Kampala
 - Address: 302, Kampala Tower,3rd Floor
 - Status: Saved
 - Balance Due: 1180

Lines Table:

Line No	Item	Sub Item	Item Description	Uom	Qty	Unit Price	Amount	Functional Amt	Source Data	Sales Order	Project No	Line No
1	Commercial Bank Pr		Commercial Bank Pre	NOS	10	100	1000	3703703.7				

Buttons at the bottom: Distribution, All Distribution, Save, Submit, Complete, Tax.

Click on Save.



This screenshot is identical to the previous one, but the 'Save' button in the bottom toolbar is highlighted with a dotted border, indicating it is the next step in the process.

Click On Submit for approval and then click on Complete.

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Operating Unit: DPF Operating Unit

Source: Manual

Number: Debit/Memo

Class: Invoice

Type: Invoice

Reference:

Document Number: INV100074

PO Number:

PO Date:

Transaction Date: 25-SEP-2024

GL Date: 25-SEP-2024

Currency: USD

Conversion Rate Type: Fixed

Conversion Date: 25-SEP-2024

Conversion Rate: 3703.7037

Payment Term: Immediate

Due Date:

Sales Person:

Bill to Details

Name: ABC Limited

Number: 1001

Location: ABC-Kampala

Address: 302, Kampala Tower,3rd Floor

Ship to Details

Name: ABC Limited

Number: 1001

Location: ABC-Kampala

Address: 302, Kampala Tower,3rd Floor

Status: Approved

Balance Due: 1180

Line No	Item	Sub Item	Item Description	Uom	Qty	Unit Price	Amount	Functional Amt	Source Data	Sales Order	Project No	Line No
1	Commercial Bank Pr		Commercial Bank Pre	NOS	10	100	1000	3703703.7				

Forms

FRM-40400: Transaction complete: 1 records applied and saved.

OK

Distribution
All Distribution
Save
Submit
Complete
Tax

Operating Unit: DPF Operating Unit

Source: Manual

Number: Debit/Memo

Class: Invoice

Type: Invoice

Reference:

Document Number: INV100074

PO Number:

PO Date:

Transaction Date: 25-SEP-2024

GL Date: 25-SEP-2024

Currency: USD

Conversion Rate Type: Fixed

Conversion Date: 25-SEP-2024

Conversion Rate: 3703.7037

Payment Term: Immediate

Due Date:

Sales Person:

Bill to Details

Name: ABC Limited

Number: 1001

Location: ABC-Kampala

Address: 302, Kampala Tower,3rd Floor

Ship to Details

Name: ABC Limited

Number: 1001

Location: ABC-Kampala

Address: 302, Kampala Tower,3rd Floor

Status: Completed

Balance Due: 1180

Line No	Item	Sub Item	Item Description	Uom	Qty	Unit Price	Amount	Functional Amt	Source Data	Sales Order	Project No	Line No
1	Commercial Bank Pr		Commercial Bank Pre	NOS	10	100	1000	3703703.7				

Forms

Accounting Created

OK

Distribution
All Distribution
Save
Submit
Complete
Tax

The Debit Memo has been created.

XX END XX