

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

Module – Account Payables

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A **credit memo** (or **credit memorandum**) is a document issued by a seller or service provider to a customer, indicating a reduction in the amount the customer owes. It is

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essentially the opposite of a debit memo. Here's an explanation of a credit memo using the 5 W's (Who, What, When, Where, Why):

1. Who

- **Who Issues It:** The seller or service provider issues a credit memo to the customer. It is typically issued by the accounts receivable or billing department.
- **Who Receives It:** The recipient is the customer or client who is receiving a reduction in their account balance or a refund.

2. What

- **What It Is:** A credit memo is a formal document that decreases the amount owed by the customer. It provides details about the reduction and adjusts the customer's account accordingly.
- **What It Includes:** It typically includes:
 - **Credit Memo Number:** A unique identifier for the memo.
 - **Date:** The date the credit memo is issued.
 - **Customer Information:** Details of the customer to whom it is issued.
 - **Amount:** The amount being credited.
 - **Reason:** Explanation for the credit, such as returned goods, overpayment, or adjustment for a billing error.

3. When

- **When It's Issued:** A credit memo is issued when there is a need to reduce a customer's account balance. This could be due to returned products, pricing adjustments, errors in billing, or other reasons requiring a reduction in the amount owed.
- **When It's Applied:** The credit is applied to the customer's account immediately or according to the terms specified in the memo.

4. Where

- **Where It's Used:** Credit memos are used in various business contexts, including accounting, finance, and customer service departments. They are part of the financial records and are used to adjust accounts receivable.
- **Where It's Filed:** The credit memo is filed in the accounts receivable records of the issuing company and may be sent to the customer through email or physical mail.

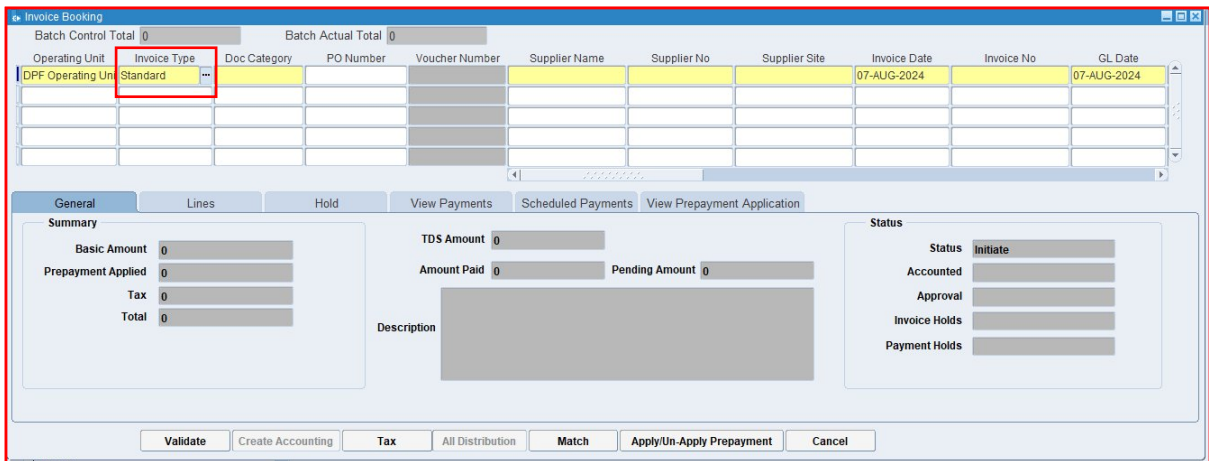
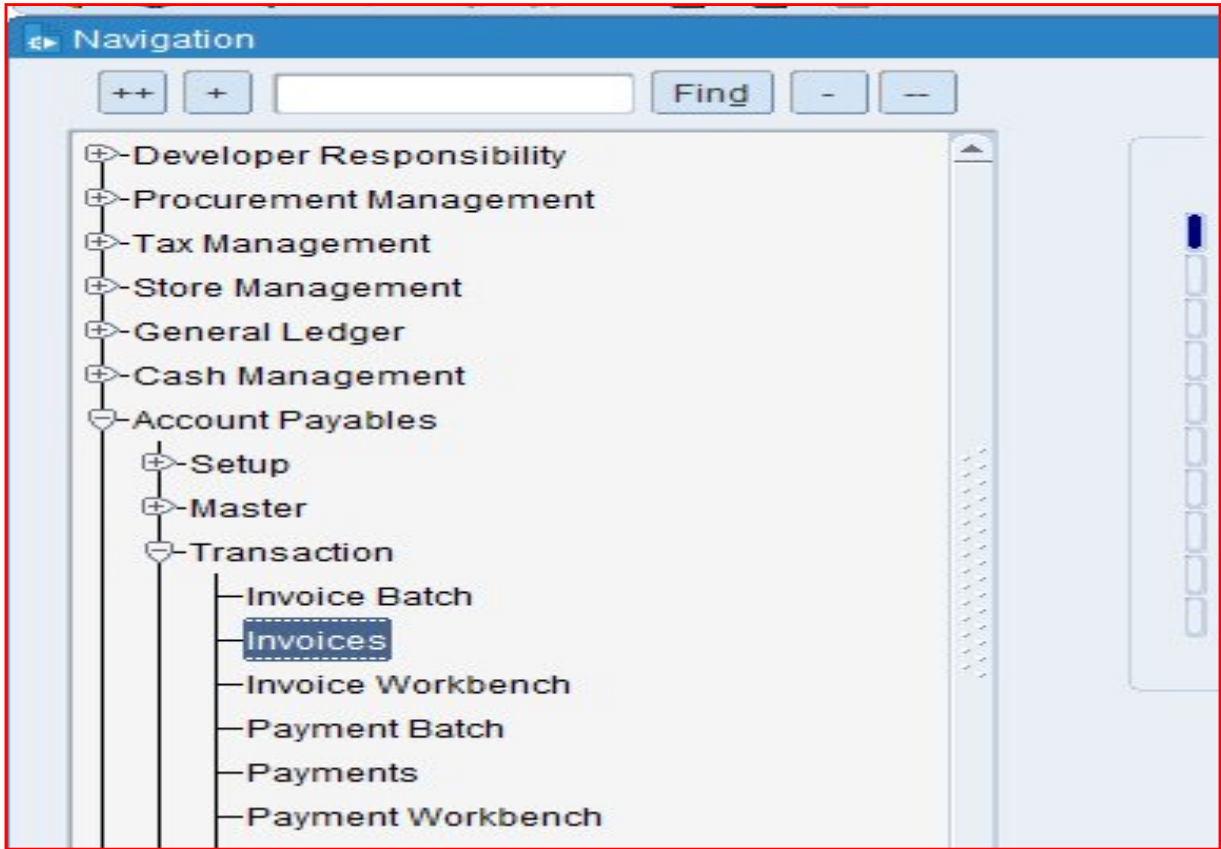
5. Why

- **Why It's Issued:** The main reasons for issuing a credit memo include:
 - **Returns:** To account for products that were returned by the customer.
 - **Billing Errors:** To correct mistakes made in an invoice or billing statement.
 - **Discounts or Adjustments:** To apply discounts or adjustments that were not originally included in the invoice.
 - **Overpayments:** To acknowledge and adjust for payments made in excess of the amount due.

In summary, a credit memo is a crucial document for managing customer accounts and ensuring that financial records accurately reflect the amounts owed and adjustments made. It helps maintain good customer relations by addressing issues related to billing and payment.

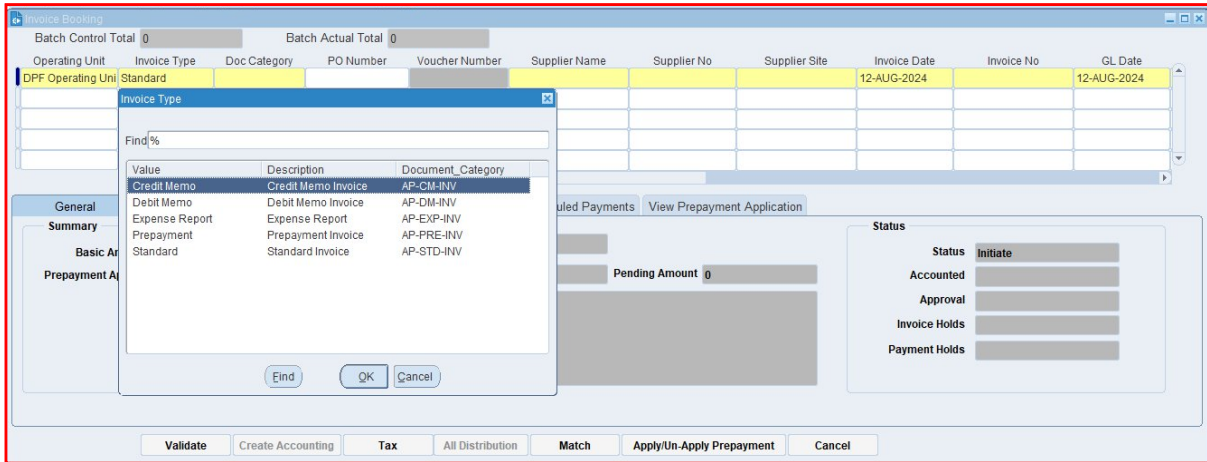
Navigation – Account Payables > Invoice

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Click on Invoice type LOV

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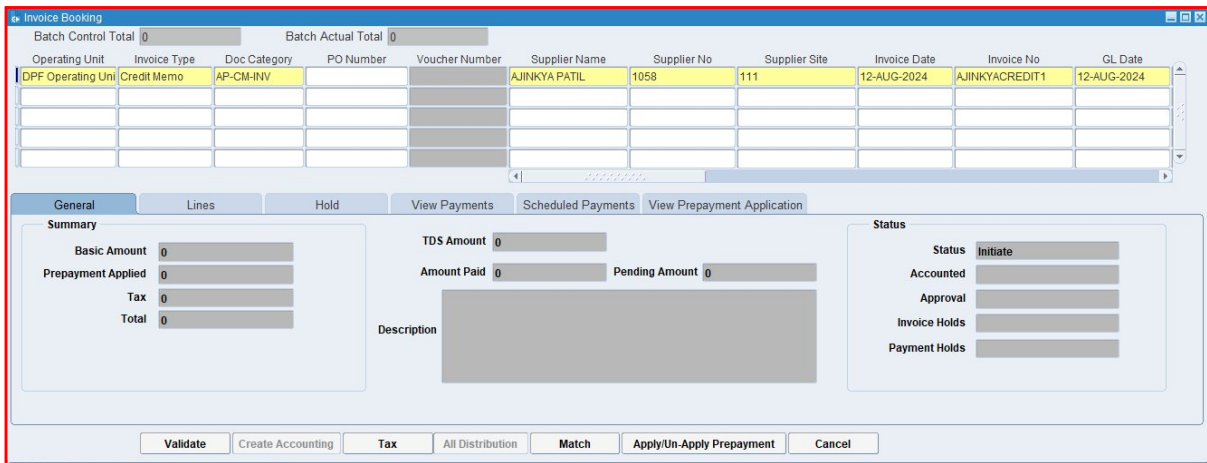


Select the Credit Memo & Doc category

What is Document Category?

This is a classification assigned to an invoice to indicate its type or purpose. It helps the ERP system to apply specific rules, workflows, and processing steps based on the category.

Examples might include "Sales Invoice," "Purchase Invoice," "Credit Note," or "Debit Note."



Put the Supplier name & Invoice number

What is Supplier's name?

It identifies the party that has supplied the goods or services, ensuring that there is clarity on who the invoice is coming from. This helps in maintaining accurate records and resolving any discrepancies related to the supplier.

What is a supplier site?

The supplier site provides detailed information about where a supplier operates, ships from, or where services are delivered. This helps in managing logistics, shipping, and procurement processes efficiently.

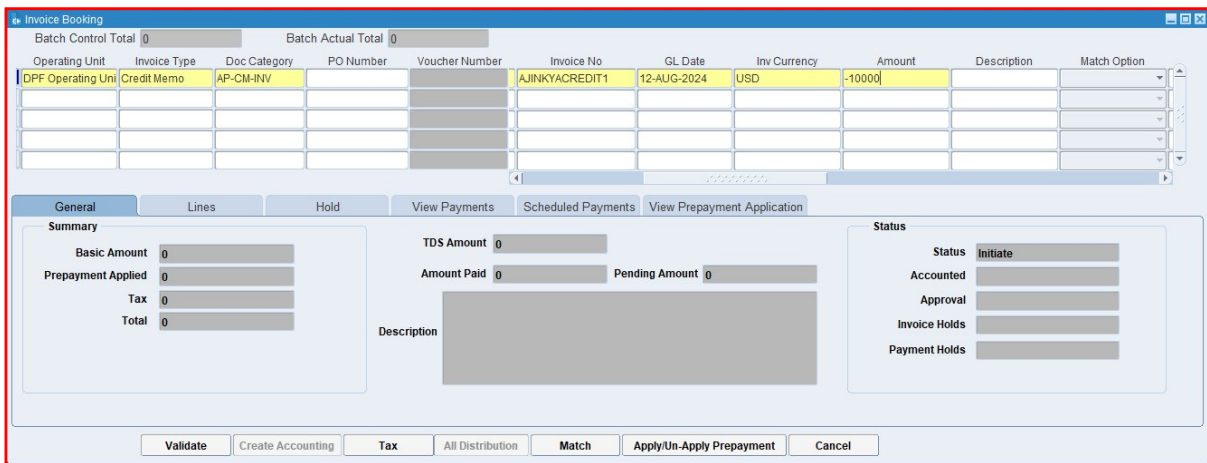
What is the Invoice Number?

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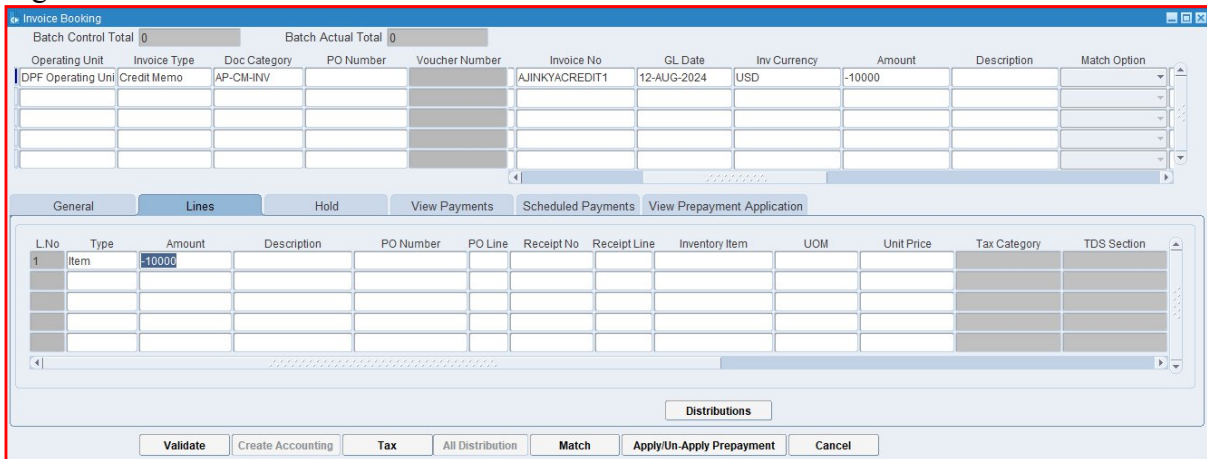
The invoice number uniquely identifies each invoice, making it easy to reference and track. It helps in distinguishing one invoice from another, which is essential for organization and clarity in financial records.

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.



Take the Invoice Currency as a Foreign currency USD and Take the Invoice amount in negative value.



Fill in **Lines** Details and then click the **Distributions** button.

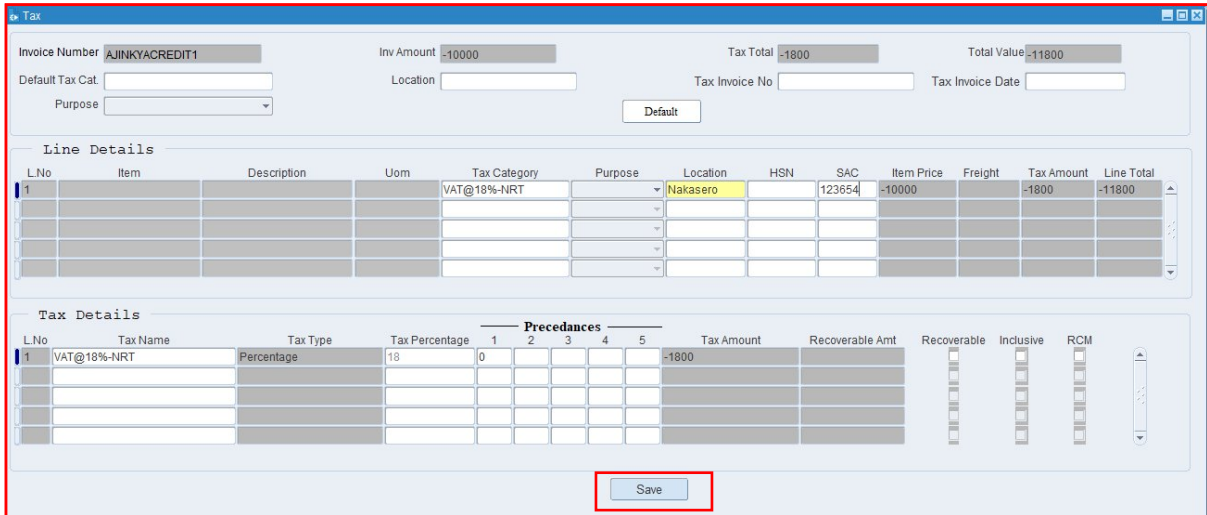
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Fill **Lines Distributions** Details and Accounts Details.
Click on ok.

Click on Save.

Click on Tax

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Invoice Number: AJINKYACREDIT1 Inv Amount: 10000 Tax Total: 1800 Total Value: 11800

Default Tax Cat: Location: Tax Invoice No: Tax Invoice Date:

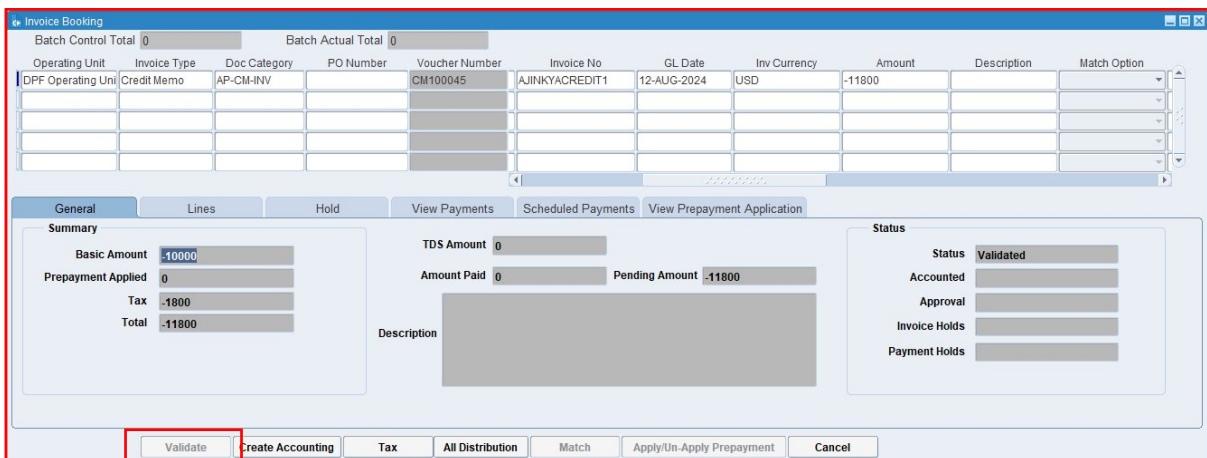
LNo	Item	Description	Uom	Tax Category	Purpose	Location	HSN	SAC	Item Price	Freight	Tax Amount	Line Total
1				VAT@18%-NRT		Nakasero		123654	-10000		-1800	-11800

LNo	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	0					-1800		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Put the tax details 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.



Batch Control Total: 0 Batch Actual Total: 0

Operating Unit	Invoice Type	Doc Category	PO Number	Voucher Number	Invoice No	GL Date	Inv Currency	Amount	Description	Match Option
DPF Operating Unit	Credit Memo	AP-CM-INV		CM100045	AJINKYACREDIT1	12-AUG-2024	USD	-11800		

Summary

Basic Amount: 10000 TDS Amount: 0

Prepayment Applied: 0 Amount Paid: 0 Pending Amount: 11800

Tax: 1800

Total: 11800

Status

Status: Validated

Accounted:

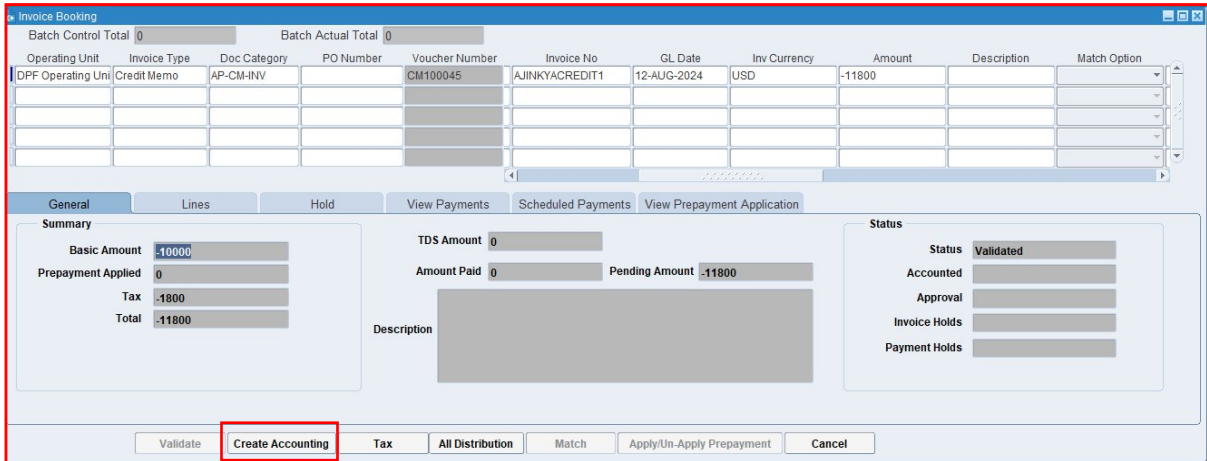
Approval:

Invoice Holds:

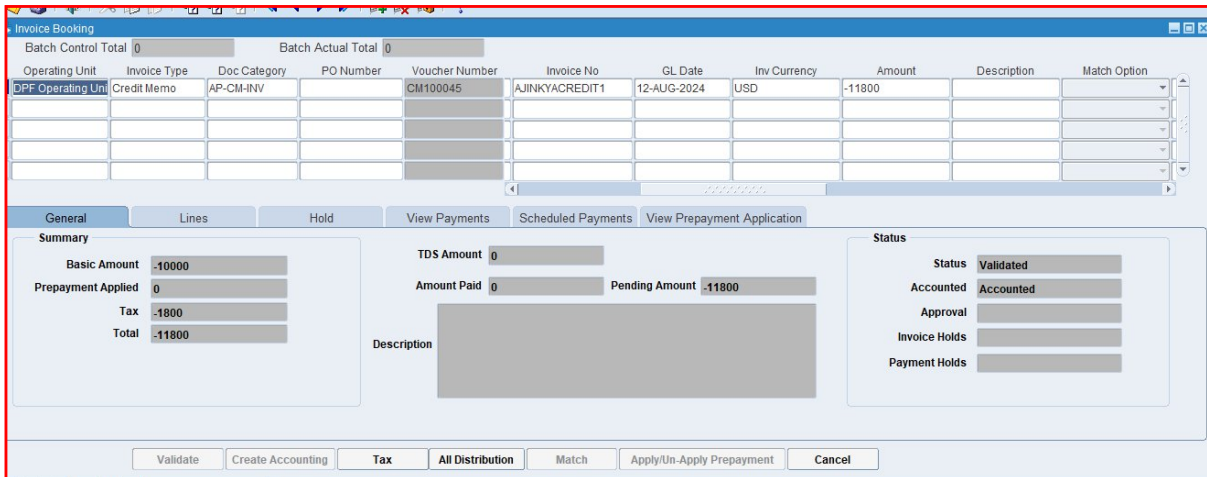
Payment Holds:

Click on Validate.

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Click on Create Accounting.



Accounting is created.

XX END XX