Data

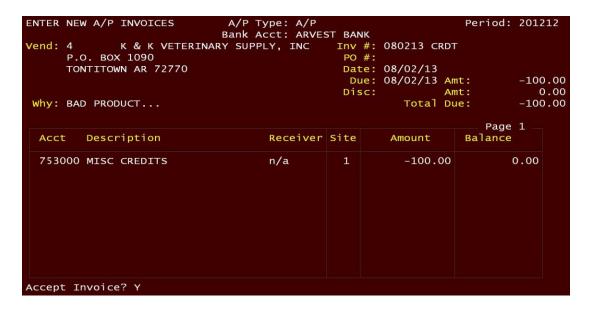
Solutions, Inc.

## **Accounts Payable – Handling Vendor Credits**

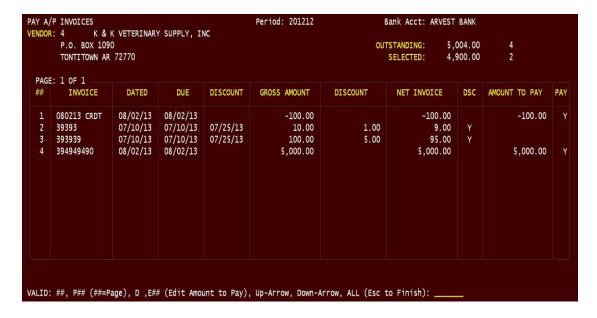
When a credit is received from a Vendor, there are at least two scenarios that need to be handled:

## Credit to be applied to a later invoice:

1. At the time when the credit is received, enter it can be entered as an A/P invoice in AP-1. The amount should be negative. Most likely you should use an expense account – something like "Vendor Credit Received" or "Misc Credits" – whatever you like to use. Like this:

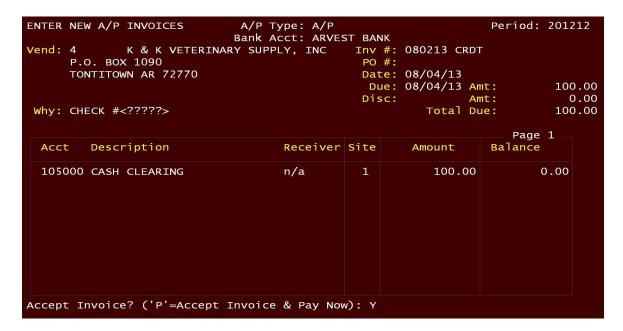


2. At any time after this entry, this credit can be used to reduce the amount of a payment to a vendor in AP-2-3. Like this:



## Credit for which a check from the vendor is expected:

- 1. Same as # 1 above.
- 2. When the check from the vendor is received at a later date, enter it as part of the DP-1 deposit for the day. This will post the amount of the check to the Deposit Clearing Account amount for that day.
- 3. In AP-1, reverse the credit using the Deposit Clearing Account. Like this:



(Note: this will "clear" this check's portion of the DP-1 deposit for the day)

4. In AP-2-3, clear the two credit entries made. Like this:

