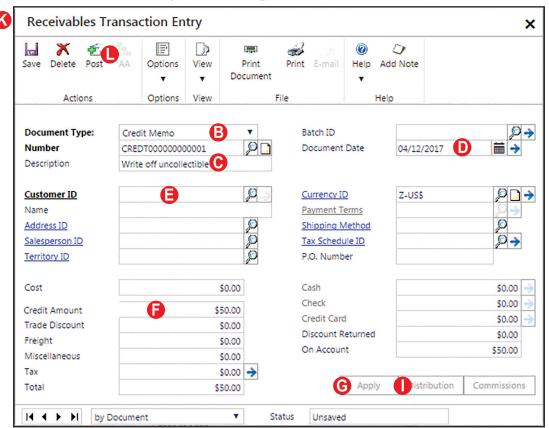# WRITE OFF AN UNCOLLECTIBLE ACCOUNT RECEIVABLE

OVERVIEW

The Receivables Transaction Entry window is used to process and record a write-off of an account receivable. After the write-off is processed, the transaction updates the accounts receivable subsidiary records. Later, when the transaction is posted to the general ledger, an allowance account or bad debt expense is debited (depending upon the company's accounting policy) and accounts receivable is credited.

QUICK REFERENCE TABLE

Step	Box or Other Location	Procedure
A	Navigation Pane buttons	Click *Sales* → *Transactions* → *Transaction Entry*.
B	Document Type	Select Credit Memo as the document type.
C	Description	Type a description of the transaction.
D	Document Date	Review the default write-off date and change if necessary.
E	Customer ID	Select the Customer ID.
F	Credit Amount	Type the amount of the write-off.
G	Apply button	Click the Apply button.
H	Apply Sales Documents window (*not shown*)	Apply the write-off to outstanding invoice(s).
I	Distribution button	Click the Distribution button.
J	Sales Transaction Distribution Entry window (*not shown*)	Verify the general ledger account distributions.
K	Receivables Transaction Entry window	Review the Receivables Transaction Entry window for completeness and accuracy.
L	Post button	Post the write-off transaction.

Receivables Transaction Entry Window Ⓐ *Sales → Transactions → Transaction Entry*

Ⓚ

Receivables Transaction Entry ✕

Save	Delete	Post Ⓛ AA	Options ▼	View ▼	Print Document	Print E-mail	Help ▼ Add Note
Actions			Options	View	File		Help

Document Type:	Credit Memo Ⓑ ▼	Batch ID	
Number	CREDT000000000001 Ⓒ	Document Date	04/12/2017 Ⓓ
Description	Write off uncollectibleⒸ		

Customer ID	Ⓔ	Currency ID	Z-US$
Name		Payment Terms	
Address ID		Shipping Method	
Salesperson ID		Tax Schedule ID	
Territory ID		P.O. Number	

Cost	$0.00	Cash	$0.00
Credit Amount	Ⓕ $50.00	Check	$0.00
Trade Discount	$0.00	Credit Card	$0.00
Freight	$0.00	Discount Returned	$0.00
Miscellaneous	$0.00	On Account	$50.00
Tax	$0.00 →		
Total	$50.00		

Ⓖ Apply   Ⓘ Distribution   Commissions

|◀ ◀ ▶ ▶| by Document ▼   Status   Unsaved

DETAILED INSTRUCTIONS

A. Click *Sales → Transactions → Transaction Entry*

▶ *Click Sales → Transactions → Transaction Entry to access the Receivables Transaction Entry window.*

B. Select Credit Memo as the Document Type

Write-offs of uncollectible accounts receivable are processed as credit memos in *Microsoft Dynamics GP.*

▶ *Select Credit Memo from the Document Type drop-down list.*

C. Type a description of the transaction

An example of an appropriate description for a write-off would be: "Write off uncollectible amount."

▶ *Type a description of the write-off transaction.*

D. Review the default write-off date and change if necessary

▶ *If the date of the write-off transaction is different than the date shown, type the correct date in the Document Date box.*

E. Select the Customer ID

▶ *Use the adjacent lookup button to select the Customer ID.*

F. Type the amount of the write-off

▶ *Type the amount of the write-off in the Credit Amount box.*

G. Click the Apply button

▶ *Click the Apply button to access the Apply Sales Documents window.*

The Apply Sales Documents window is the same window that is used for applying sales returns and cash receipts to outstanding invoices. See sections Receive Goods on a Sales Return and Collect an Outstanding Account Receivable of the Reference material for more information about the Apply Sales Documents window.

H. Apply the write-off to outstanding invoice(s)

▶ *Click the check box next to the invoice(s) being written off. When the write-off is fully applied, the amount in the Unapplied Amount box will be zero. Click the OK button to save the application information and to return to the Receivables Transaction Entry window.*

I. Click the Distribution button

▶ *Click the Distribution button to open the Sales Transaction Distribution Entry window.*

J. Verify the general ledger account distributions

The software automatically distributes amounts from the transaction to general ledger accounts based on information on file for the customer.

The debit amount is either posted to the allowance for uncollectible accounts or to bad debt expense, depending upon the company's accounting policy. The credit amount is posted to accounts receivable.

▶ *Click the Show Details button to display detailed general ledger account information for each posting account.*

▶ *If the account distributions are correct, close the window.*

▶ *If the account distributions are not correct, correct the distributions and click the OK button to return to the Receivables Transaction Entry window.*

K. Review the Receivables Transaction Entry window for completeness and accuracy

Before the write-off is posted, most errors can be corrected by clicking the box with the error and making the correction. Certain boxes cannot be changed after they are originally completed. Errors in these boxes can only be corrected by deleting the transaction and entering the transaction again.

▶ *Review the Receivables Transaction Entry window for completeness and accuracy. If you find an error while reviewing the window, click the box with the error and make corrections.*

▶ *If the box with the error cannot be accessed or changed, click the Delete button and click Delete again when asked if you are sure that you want to delete this document. Enter the transaction again by returning to step B.*

L. Post the Write-off transaction

▶ *After you are satisfied with all of the data in the Receivables Transaction Entry window, click the Post button to post the account receivable write-off.*

TRANSACTION REVIEW

After clicking the Post button in the Receivables Transaction Entry window, you can determine if the transaction has been posted to the subsidiary records by completing the steps that follow. Recall that the transaction has not yet been posted to the general ledger.

▶ *Click Sales → Inquiry → Transaction by Customer to open the Receivables Transaction Inquiry – Customer window. Select the customer whose write-off transaction you want to review.*

Posted receivables transactions for the selected customer are shown in the scrolling window of the Receivables Transaction Inquiry – Customer window. All write-off transactions contain the letters "CR" in the Type box of the scrolling window.

▶ *Click once on the line containing the write-off transaction you want to review. With the selected credit memo highlighted, move the cursor over the Document Number description field until the cursor turns into a hand.*

▶ *When the hand appears, click once on the Document Number description field to zoom to the Receivables Transaction Inquiry Zoom window for the selected write-off transaction.*

The window that appears is a replica of the Receivables Transaction Entry window for the selected transaction. It is not possible to change information through the inquiry window. You can review the account distributions for the transaction by clicking the Distribution button. You can also determine what outstanding invoice(s) the write-off transaction has been applied to by clicking the Apply button.

▶ *Close the Receivables Transaction Inquiry Zoom window and the Receivables Transaction Inquiry – Customer window.*

ERROR CORRECTION AFTER POSTING THE TRANSACTION

If you discover an error after posting a write-off transaction, refer to Appendix A.