

## Process a Sales Return or Allowance (Credit Memo)

The Credit Memo and Receive Payment windows are used to process credit memos for returns and allowances to customers. Note that there are several pages of *QBO* windows for this section, and the circled letters from the Quick Reference Table below are disbursed throughout those pages. After the sales return information has been updated and saved, the following has occurred:

Transactions	DR	CR	Subsidiary Records Updated	General Ledger Updated
Sales Returns & Allowance	\$			✓
Inventory*	\$		✓*	✓*
Sales Taxes Payable	\$			✓
Accounts Receivable		\$	✓	✓*
Cost of Goods Sold*		\$		✓

\*Applies only to returns, not allowances.

### Quick Reference Table

Step	Box or Other Location	Procedure
<b>A</b>	<b>QBO Home Page</b>	Click the <b>+ New button</b> → <b>Credit Memo</b> (in the <b>Customers category</b> ) to open the <b>Credit Memo window</b> .
<b>B</b>	<b>Customer</b>	Select a customer from the drop-down list.
<b>C</b>	<b>Credit Memo Date</b>	Accept default date or change.
<b>D</b>	<b>Credit Memo no.</b>	Accept the default credit memo number or change.
<b>E</b>	<b>Product/Service</b>	Select the first inventory item returned or given an allowance.
<b>F</b>	<b>Description</b>	Accept the default description or edit.
<b>G</b>	<b>Qty.</b>	Enter the quantity returned. For allowances, leave 1 as the quantity.
<b>H</b>	<b>Rate</b>	Accept the default price or edit. For allowances, enter the amount of the allowance.
<b>I</b>	<b>Various</b>	Repeat steps E-H for each inventory item returned.
<b>J</b>	<b>Total Credit</b>	Verify that the credit memo total is correct.
<b>K</b>	<b>Create Memo window</b>	Review the information to verify that it is correct.
<b>L</b>	<b>Save options</b>	Save the credit memo and close the window. If you receive a message about the transaction being linked to others, click <b>Yes</b> .
<b>M</b>	<b>QBO Navigation Pane</b>	Click <b>Sales</b> → <b>All Sales</b> to open the listing of all sales transactions.

(continued)



### Quick Reference Table (continued)

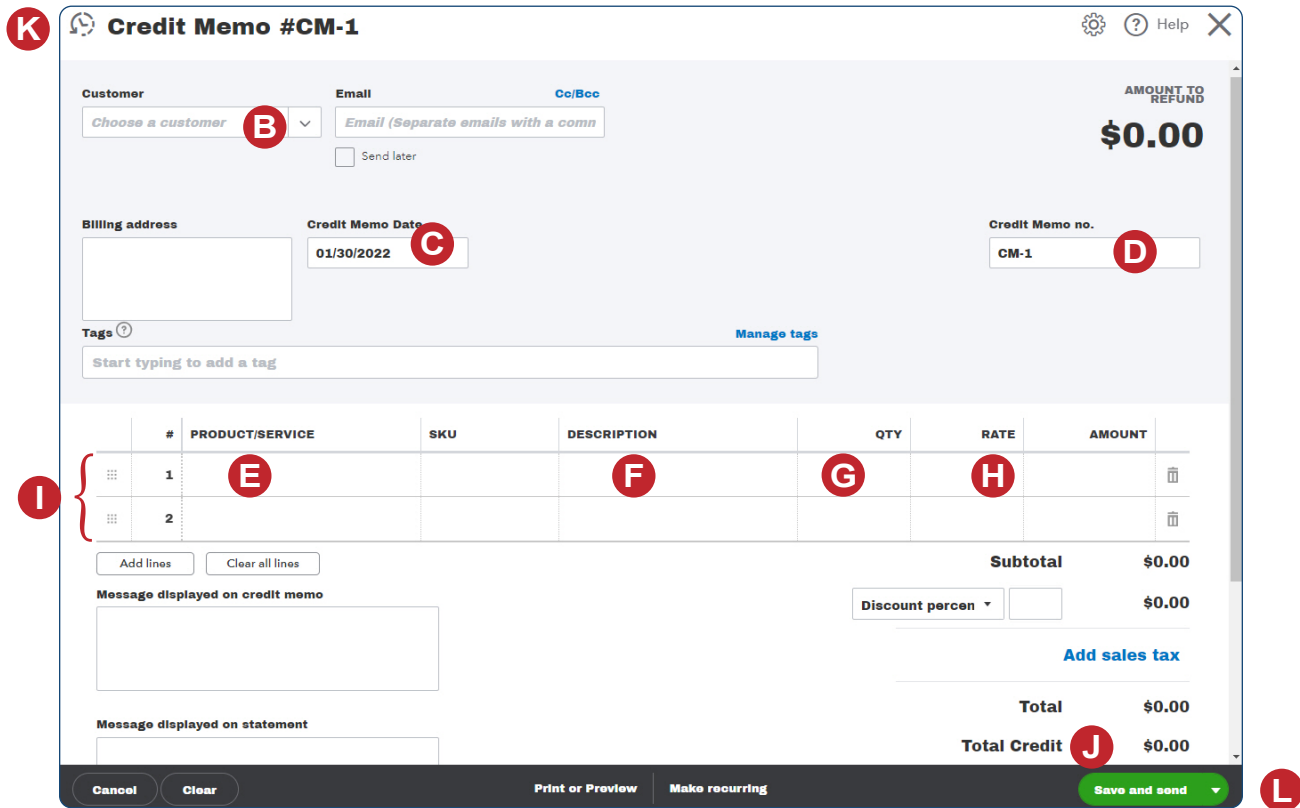
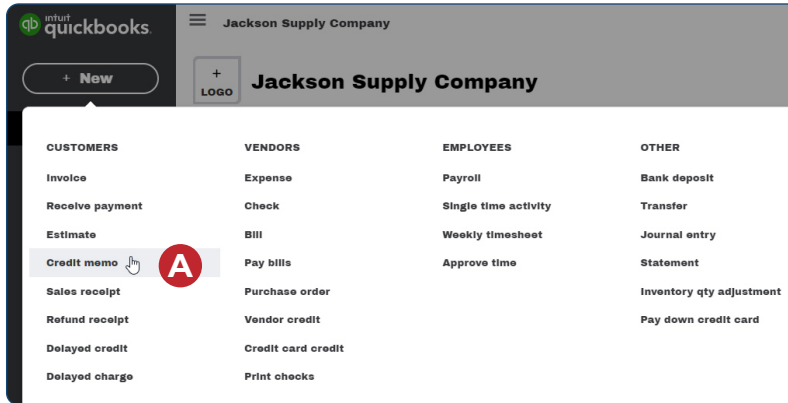
Step	Box or Other Location	Procedure
<b>N</b>	<b>No. column - sales transactions list</b>	Locate the credit memo you just processed and click on the credit memo number in the <b>No. column</b> to reopen the credit memo.
<b>O<sub>1</sub></b> <b>O<sub>2</sub></b>	<b>1 payment made link and Date link (in the reopened credit memo window)</b>	<b>O<sub>1</sub></b> - Click the <b>1 payment made link</b> in the top right corner of the <b>Credit Memo</b> window under the word <b>"PAID."</b> This will open a pop-up window with a default date and a dollar amount in the <b>Amount applied area</b> . <b>O<sub>2</sub></b> - Click on the <b>Date link</b> to open the <b>Receive Payment window</b> . This window will be used to apply the credit memo to one or more of the customer's outstanding invoices.
<b>P</b>	<b>Payment date*</b>	Enter the date of the credit memo you processed earlier. Note that <i>QBO</i> defaults to the system date, so be careful to enter the credit memo date if the default date is not correct.
<b>Q</b>	<b>Outstanding Transactions check box(es)*</b>	Note that <i>QBO</i> automatically applies the credit memo to one or more of the customer's outstanding invoices, which may or may not be correct. Examine the <b>Outstanding Transactions section</b> of the window carefully and use the <b>check boxes</b> to make any changes necessary to apply the credit memo to the proper outstanding invoice(s).
<b>R</b>	<b>Receive Payment window*</b>	Review the information to verify that it is correct. When a credit memo is fully applied, the <b>Amount to Credit</b> box should be 0.
<b>S</b>	<b>Save options*</b>	Save the application of the credit memo and close the window.

\* Receive Payment window.



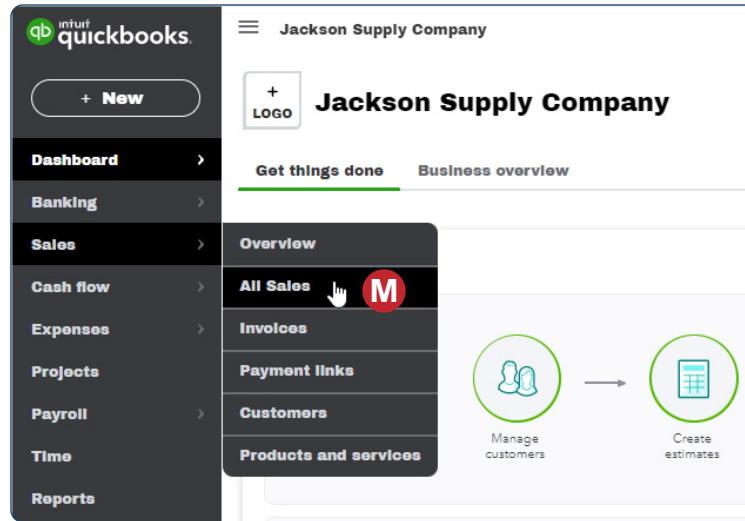
# Process a Sales Return or Allowance (Credit Memo)

## QBO windows



## Process a Sales Return or Allowance (Credit Memo)

QBO windows (continued)



**Sales**

Overview **All Sales** Invoices Payment links Products and services

Sales Transactions Import Transactions New transaction

Unbilled Last 365 Days \$0 0 UNBILLED ACTIVITY \$0 0 OVERDUE \$1,550 7 OPEN INVOICES \$1,125 1 PAID LAST 30 DAYS

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Filter Last 365 Days Batch actions

	DATE	TYPE	NO.	CUSTOMER	MEMO	DUE DATE	BALANCE	TOTAL	STATUS	ACTIC
<input type="checkbox"/>	02/28/20...	Payment		Bronson Hotel		02/28/...	\$0.00	-\$58.75	Closed	
<input type="checkbox"/>	02/15/20...	Credit Me...	CM 77	Bronson Hotel		02/15/...	\$0.00	-\$246...	Closed	Print
<input type="checkbox"/>	02/04/20...	Credit Me...	CM 71	Bestway Motor Lodge		02/04/...	-\$1,12...	-\$1,12...	Unapplied	Print
<input type="checkbox"/>	02/03/20...	Invoice	201	Anson Lodge		03/05/...	\$882.00	\$882.00	Open	Recei



# Process a Sales Return or Allowance (Credit Memo)

QBO windows (continued)

**Credit Memo #CM 77**

Customer: Bronson Hotel | Email: BrownJullus@BronsonHotel.com | REFUND STATUS: **PAID**

Date: 02/03/2022 | Amount applied: \$246.25 | 1 payment made (\$246.25)

Billing address: Bronson Hotel, 7800 16 Mile Rd., Cleveland, OH 44101 | Credit Memo Date: 02/15/2023 | Credit Memo no.: CM 77

#	PRODUCT/SERVICE	SKU	DESCRIPTION	QTY	RATE	AMOUNT
1	110	110	Queen comforter	5	49.25	246.25
2						

Subtotal: \$246.25 | Discount: \$0.00 | Total: \$246.25 | Amount received: \$246.25 | Total Credit: \$0.00

**Receive Payment**

Customer: Bronson Hotel | AMOUNT RECEIVED: \$0.00

Payment date: 02/03/2022

Outstanding Transactions:

DESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
Invoice # Inv 111 (01/28/2023)	02/27/2023	492.50	492.50	246.25
Invoice # CMS (01/31/2023)	03/02/2023	158.75	100.00	

Credits:

DESCRIPTION	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
Credit Memo # CM 77 (02/15/2023)	246.25	246.25	246.25

Amount to Apply: \$246.25 | Amount to Credit: \$0.00

