

## Write Off an Uncollectible Account Receivable

The Credit Memo, Product/Service information, and Receive Payment windows are used to process and record write off of accounts receivable that are uncollectible. 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 write off information has been updated and saved, the following has occurred:

Transactions	DR	CR	Subsidiary Records Updated	General Ledger Updated
Bad Debt Expense	\$			✓
Accounts Receivable		\$	✓	✓

### Quick Reference Table

Step	Box or Other Location	Procedure
<b>A</b>	QBO Home Page	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>	Customer	Select a customer from the drop-down list.
<b>C</b>	Credit Memo Date	Accept default date or change.
<b>D</b>	Credit Memo no.	Type "Write off."
<b>E</b>	Product/Service	Select the non-inventory item for write offs, if available, and skip to step J. <i>If a non-inventory item has not yet been set up for write offs</i> , then type "Write off" and click the <b>+ Add new button</b> . Then complete steps F through I to add a non-inventory item for write offs.
<b>F</b>	Product/Service information window*	Select <b>Non-inventory</b> in the <b>Product/Service information window</b> .
<b>G</b>	Description*	Type a description, such as "Write off uncollectible account balance."
<b>H</b>	Income account*	Select the general ledger account used for bad debt expense.
<b>I</b>	Save options*	Save the non-inventory item for write offs and close the window to return to the <b>Credit Memo window</b> .
<b>J</b>	Rate	Type the amount of the write off for the uncollectible portion of the customer's account receivable.
<b>K</b>	Total Credit	Verify that the credit memo total is correct for the write off transaction.
<b>L</b>	Create Memo window	Review the information to verify that it is correct.
<b>M</b>	Save options	Save the credit memo and close the window.
<b>N</b>	QBO Navigation Bar	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>O</b>	No. column - Sales transactions list	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>P<sub>1</sub></b> <b>P<sub>2</sub></b>	1 payment made link and Date link (in the reopened credit memo window)	<b>P<sub>1</sub></b> - Click the 1 <b>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>P<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>Q</b>	Payment date**	Enter the date of the credit memo you processed earlier. Note that <b>QBO</b> defaults to the system date, so be careful to enter the credit memo date if the default date is not correct.
<b>R</b>	Outstanding Transactions check box(es)**	Note that <b>QBO</b> automatically applies the credit memo to the customer's oldest invoice, 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>S</b>	Receive Payment window**	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>T</b>	Save options **	Save the application of the credit memo and close the window. If you receive a message about the transaction being linked to others, click <b>Yes</b> .

\* Product/Service information windows

\*\* Receive Payment window

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### QBO windows



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QBO windows (continued)

L

**Credit Memo #CM2**
Help X

**Customer** Co/Boo

Choose a customer **B**

Send later

**AMOUNT TO REFUND**

**\$0.00**

**Billing address**

**Credit Memo Date** **C**

**Credit Memo no.** **D**

**Tags** Manage tags

#	PRODUCT/SERVICE	SKU	DESCRIPTION	QTY	RATE	AMOUNT
1	<b>E</b>				<b>J</b>	
2						

**Message displayed on credit memo**

**Message displayed on statement**

**Subtotal** \$0.00

Discount percent  \$0.00

**Add sales tax**

**Total** \$0.00

**Total Credit** **K** \$0.00

Cancel Clear
Print or Preview Make recurring
Save and close **M**

**Product/Service information** X

- Inventory**

Products you buy and/or sell and that you track quantities of.
- Non-inventory** **F**

Products you buy and/or sell but don't need to (or can't) track quantities of, for example, nuts and bolts used in an installation.
- Service**

Services that you provide to customers, for example, landscaping or tax preparation services.
- Bundle**

A collection of products and/or services that you sell together, for example, a gift basket of fruit, cheese, and wine.



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QBO windows (continued)

**Product/Service information**

Non-inventory [Change type](#)

**Name\***

Write-off

**SKU**

**Category**

Choose a category

**Description**

I sell this product/service to my customers.

Write off uncollectible account balance

**Sales price/rate**

**Income account** **H**

40900 Bad Debt Expense

**Purchasing information**

I purchase this product/service from a vendor.

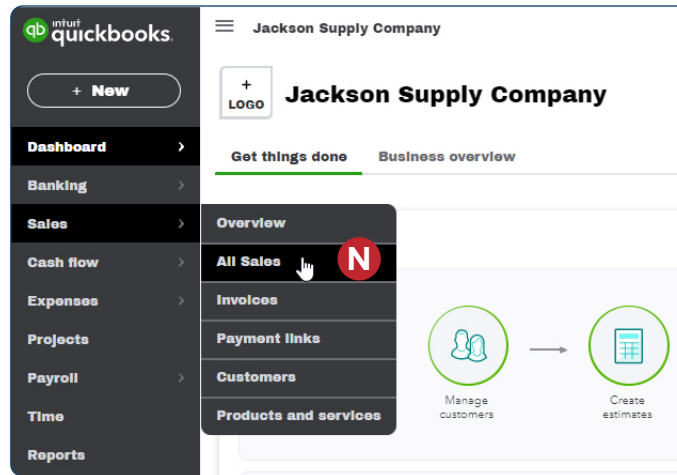
**I** Save and close

\*See Note below

\* Note: Completed window shown; your bad debt expense account number may be different.

# Write Off an Uncollectible Account Receivable

QBO windows (continued)



Sales Transactions

Unbilled Last 365 Days    Unpaid Last 365 Days    Paid

**\$0** 0 ESTIMATE    **\$0** 0 UNBILLED ACTIVITY    **\$0** 0 OVERDUE    **\$4,877** 5 OPEN INVOICES    **\$1,125** 0 PAID LAST 30 DAYS

Payroll doesn't stop with a paycheck  
Get automated tax and forms, tax penalty protection, integrated time tracking, 24/7 support, and more with QuickBooks Online Payroll.  
[Try free for 30 days](#)

Filter Last 365 Days    Batch actions

DATE	TYPE	NO.	CUSTOMER	MEMO	DUE DA	BALANC	TOTAL	STATUS	ACTION
02/28/2023	Payment		Bronson Hotel		02/2...	\$0.00	-\$5...	Closed	
02/28/2023	Credit Memo	CM6	Bronson Hotel		02/2...	\$0.00	-\$1...	Closed	Print
02/15/2023	Credit Memo	CM 202	Bestway Motor Lodge		02/1...	\$0.00	-\$5...	Closed	Print
02/04/2023	Invoice	CM3	Airport Inn		03/0...	\$47...	\$47...	Open	Receiv
02/04/2023	Invoice	CM2	Airport Inn		03/0...	\$2,...	\$3,...	Partial	Receiv
02/04/2023	Credit Memo	CM1	Bestway Motor Lodge		02/0...	\$0.00	-\$1,...	Closed	Print
02/01/2023	Invoice	1114	Bestway Motor Lodge		03/0...	\$53...	\$53...	Open	Receiv



# Write Off an Uncollectible Account Receivable

QBO windows (continued)

**Credit Memo #CM 202**

Customer: Bestway Motor Lodge | Email: SmalleyMa@BestwayMotorLodge.com | Cc/Bcc

REFUND STATUS: **PAID** (1 payment made \$500.00)

Date: 02/02/2022 | Amount applied: \$500.00

Credit Memo no.: CM 202

#	PRODUCT/SERVICE	SKU	DESCRIPTION	QTY	RATE	AMOUNT
1	Write off		Write off	1	500	500.00
2						

Subtotal: \$500.00 | Discount: \$0.00 | Total: \$500.00 | Amount received: \$500.00 | Total Credit: \$0.00

Buttons: Add lines, Clear all lines, Attachments, Print or Preview, Make recurring, More, Save and close

**Receive Payment**

Customer: Bestway Motor Lodge | Get paid 2 times faster | Accept payments online | Credit card VISA

AMOUNT RECEIVED: \$0.00

Payment date: 02/02/2022

Payment method: Choose payment method | Reference no.: | Deposit to: Choose an account | Amount received: 0.00

**Outstanding Transactions**

DESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
<input checked="" type="checkbox"/> Invoice # 1001 (01/30/2023)	03/01/2023	1,878.75	1,878.75	500.00
<input type="checkbox"/> Invoice # 1114 (02/01/2023)	03/03/2023	534.00	534.00	

< First Previous 1-2 of 2 Next Last >

**Credits**

DESCRIPTION	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
<input checked="" type="checkbox"/> Credit Memo # CM 202 (02/15/2023)	500.00	500.00	500.00

< First Previous 1-1 of 1 Next Last >

Amount to Apply: \$500.00

Buttons: Cancel, Print, More, Save and close

\*See Note below

\*Note: Date shown in this illustration is the date that defaults when the Receive Payment window is first opened. This date should be changed, if necessary, to match the credit memo date.

