

## 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 (may say Variant)</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)

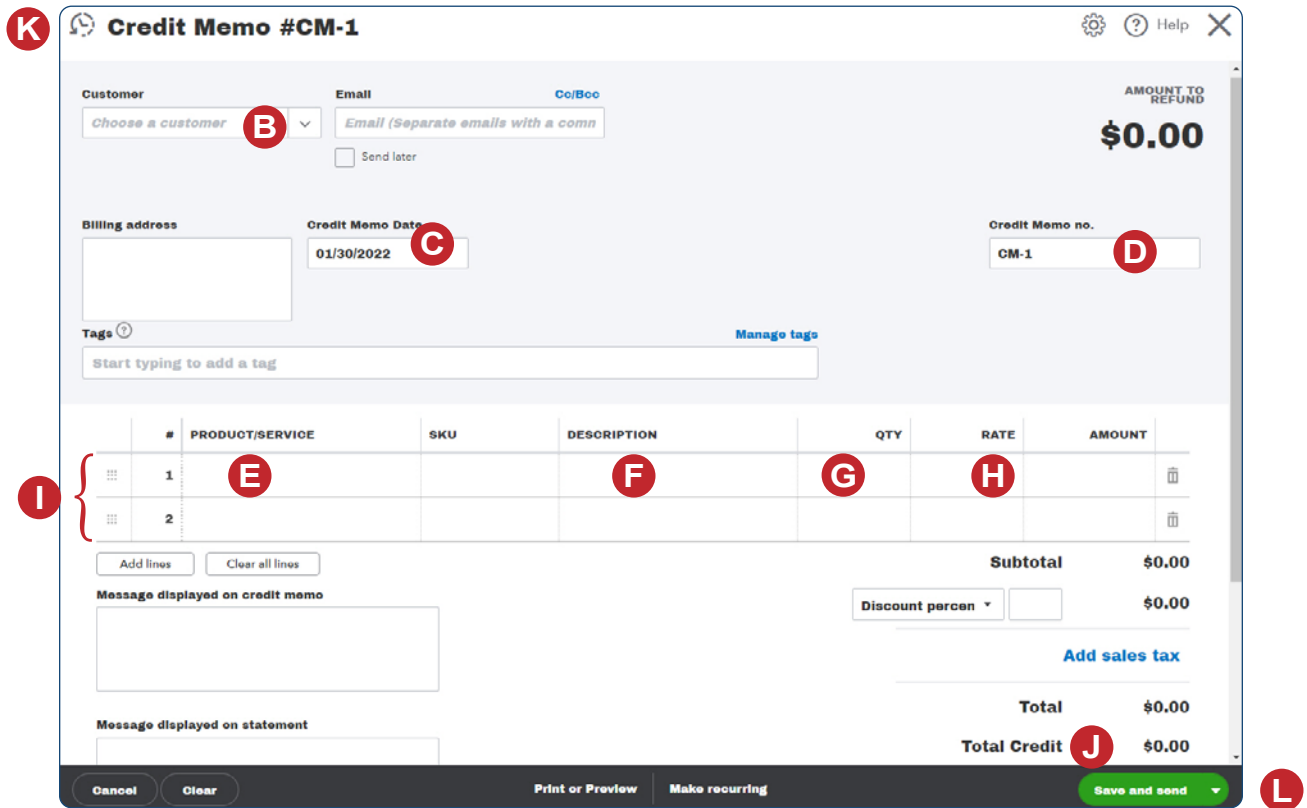
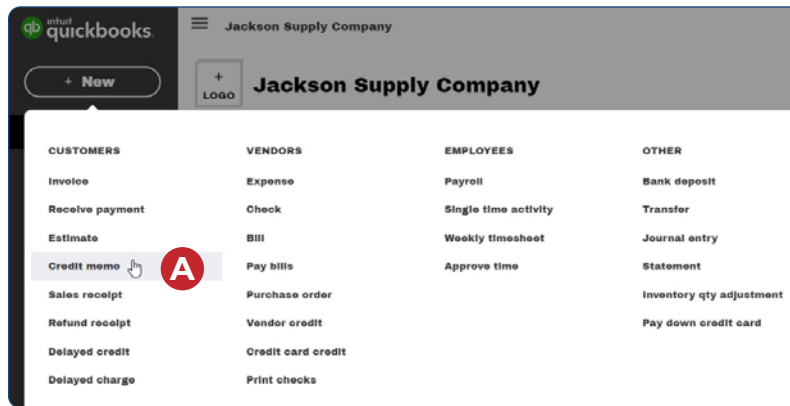
Step	Box or Other Location	Procedure
N	Specific credit memo line and related Edit button	Locate the credit memo you just processed and click anywhere on its line to open a pop-out window summary of the credit memo. Then click the <b>Edit button</b> in the pop-out window to reopen the credit memo. If you receive a new view of the Sales tab, you can click on the Edit button for this credit memo in the Action column to reopen the credit memo.
O <sub>1</sub> O <sub>2</sub>	1 payment made link and Date link (in the reopened credit memo window)	O <sub>1</sub> - 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> . O <sub>2</sub> - 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.
P	Payment date*	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.
Q	Outstanding Transactions check box(es)*	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).
R	Payment box(es)*	Make sure that the total of the Payment boxes does not exceed the total credit memo. Correct if necessary.
S	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.
T	Save options*	Save the application of the credit memo and close the window.

\* Receive Payment window.



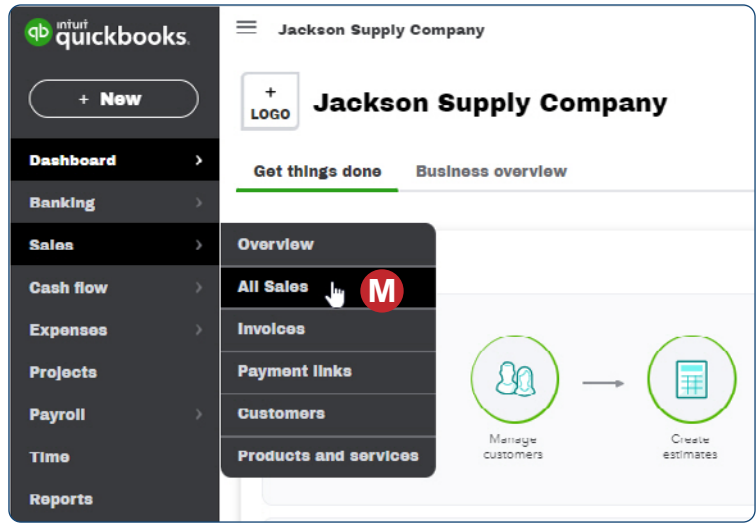
# Process a Sales Return or Allowance (Credit Memo)

## QBO windows



# Process a Sales Return or Allowance (Credit Memo)

QBO windows (continued)



This pop-out summary window appears after the credit memo line is clicked.

**Sales**

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

Sales Transactions Import Transactions New transaction

Unbilled Last 365 Days \$0 0 ESTIMATE  
 Unpaid Last 365 Days \$0 0 UNBILLED ACTIVITY  
 Overdue \$0 0 OVERDUE  
 Open Invoices \$1,350 7 OPEN INVOICES  
 Paid \$1,125 1 PAID LAST 30 DAYS

**FOR YOU**  
 QuickBooks Online Payroll  
 Easily pay and manage your team with automated tax and forms, tax penalty protection, integrated time tracking, 24/7 support, and more!  
[See how it works](#) | [Try Payroll free for 30 days](#)

Filter Last 365 Days  
 Batch actions

DATE	TYPE	NO.	CUSTOMER	MEMO	DUE DATE	BALANCE	TOTAL	STATUS	ACTIO
02/28/20...	Payment		Bronson Hotel		02/28/...	\$0.00	-\$68.75	Closed	
02/15/20...	Credit Me...	CM 77	Bronson Hotel		02/15/...	\$0.00	-\$246.25	Closed	Print
02/04/20...	Credit Me...	CM 71	Bestway Motor Lodge		02/04/...	-\$1,12...	-\$1,12...	Unapplied	Print
02/03/20...	Invoice	201	Anson Lodge		03/05/...	\$882.00	\$882.00	Open	Recei

Credit memo 77

Unapplied  
 Remaining balance  
**\$ 246.25**

Transaction date  
 2/15/2023  
 Total  
 \$246.25

Bronson Hotel

Credit Memo activity

- Created 2/15/2023
- Sent
- Applied

Products and services

110 \$246.25  
[More details](#)

More actions Edit



# 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, 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
<input checked="" type="checkbox"/> Invoice # Inv 111 (01/28/2023)	02/27/2023	492.50	492.50	246.25
<input type="checkbox"/> Invoice # CMS (01/31/2023)	03/02/2023	158.75	100.00	

Credits:

DESCRIPTION	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
<input checked="" type="checkbox"/> Credit Memo # CM 77 (02/15/2023)	246.25	246.25	246.25

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