

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
A	QBO Home Page	Click the + New button → Credit Memo (in the Customers category) to open the Credit Memo window .
B	Customer	Select a customer from the drop-down list.
C	Credit Memo Date	Accept default date or change.
D	Credit Memo no.	Type "Write off."
E	Product/Service (may say Variant)	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 + Add new button . Then complete steps F through I to add a non-inventory item for write offs.
F	Product/Service detail window*	Select Non-inventory as the item type.
G	Description*	Type a description, such as "Write off uncollectible account balance."
H	Income account*	Select the general ledger account used for bad debt expense.
I	Save options (Create new button in BETA view)*	Save the non-inventory item for write offs and close the window to return to the Credit Memo window .
J	Rate	Type the amount of the write off for the uncollectible portion of the customer's account receivable.
K	Total Credit	Verify that the credit memo total is correct for the write off transaction.
L	Create Memo window	Review the information to verify that it is correct.
M	Save options	Save the credit memo and close the window.
N	QBO Navigation Bar	Click Sales → All Sales to open the listing of all sales transactions.

(continued)



Quick Reference Table (continued)

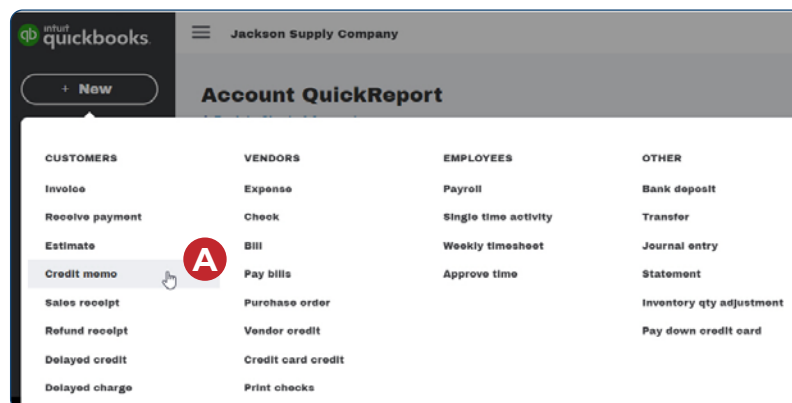
Step	Box or Other Location	Procedure
O	Specific credit memo line and related Edit button	Locate the credit memo you just processed and click anywhere on its line to open a pop-out window summary of the credit memo. Then click the Edit button in the pop-out window to reopen the credit memo. If you receive 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.
P₁ P₂	1 payment made link and Date link (in the reopened credit memo window)	P₁ - Click the 1 payment made link in the top right corner of the Credit Memo window under the word "PAID." This will open a pop-up window with a default date and a dollar amount in the Amount applied area . P₂ - Click on the Date link to open the Receive Payment window . This window will be used to apply the credit memo to one or more of the customer's outstanding invoices.
Q	Payment date**	Enter the date of the credit memo you processed earlier. Note that QBO defaults to the system date, so be careful to enter the credit memo date if the default date is not correct.
R	Outstanding Transactions check box(es)**	Note that QBO automatically applies the credit memo to the customer's oldest invoice, which may or may not be correct. Examine the Outstanding Transactions section of the window carefully and use the check boxes to make any changes necessary to apply the credit memo to the proper outstanding invoice(s).
S	Payment box(es)**	Make sure that the total of the Payment boxes does not exceed the total credit memo. Correct if necessary.
T	Receive Payment window**	Review the information to verify that it is correct. When a credit memo is fully applied, the Amount to Credit box should be 0.
U	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 Yes .

* Product/Service detail window

** Receive Payment window

Write Off an Uncollectible Account Receivable

QBO windows



Write Off an Uncollectible Account Receivable

QBO windows (continued)

L

Credit Memo #CM2
Help X

Customer

Choose a customer **B**

Email Go/See

Email (Separate emails with a comma)

Send later

AMOUNT TO REFUND

\$0.00

Billing address

Credit Memo Date

02/28/2023 **C**

Credit Memo no.

CM2 **D**

Tags

Start typing to add a tag Manage tags

#	PRODUCT/SERVICE	SKU	DESCRIPTION	QTY	RATE	AMOUNT
1	E					
2						

Subtotal \$0.00

Discount percent \$0.00

Add sales tax

Total \$0.00

Total Credit **K** \$0.00

Message displayed on credit memo

Message displayed on statement

Cancel Clear
Print or Preview Make recurring
Save and close

M

Standard View

Product/Service Information

- Inventory**

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

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.

BETA View

BETA

Add a new product

Basic info

Name*

Item type **F**

Non-inventory item Add an image

SKU

Category




Write Off an Uncollectible Account Receivable

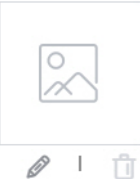
QBO windows (continued)

Standard View

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 *See Note below

Sales price/rate **Income account**

40900 Bad Debt Expense

Purchasing information

I purchase this product/service from a vendor.


Save and close

BETA View

BETA

write off

Basic info

Name*
write off 

Item type
Non-inventory item [Add an image](#)

SKU

Category

Sales

I sell this to my customers

Description
Write off uncollectible account balance

Price/rate Income account*

40900 Bad Debt Expense

Purchasing

I purchase this from a vendor

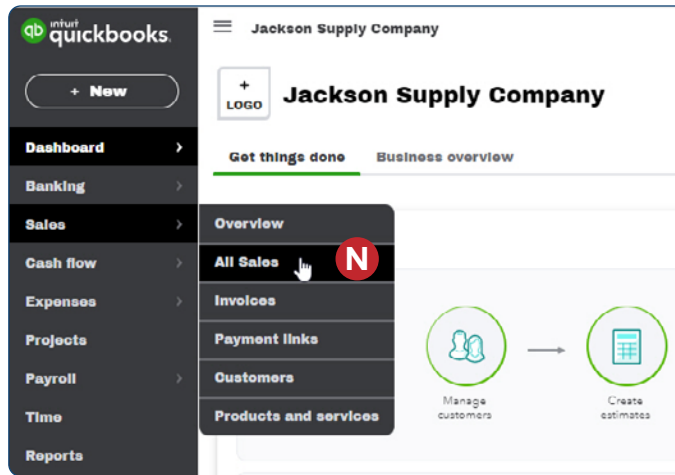
Cancel **Create new**

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



Write Off an Uncollectible Account Receivable

QBO windows (continued)



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

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...	\$83...	\$83...	Open	Receiv

Credit memo CM 202

Unapplied
Remaining balance
\$ 500.00

Transaction date
2/2/2023
Total
\$500.00

Bestway Motor Lodge

Credit Memo activity

- Created 2/2/2023
- Sent
- Applied

Products and services

write off \$500.00
[More details](#)

More actions Edit



Write Off an Uncollectible Account Receivable

QBO windows (continued)

Credit Memo #CM 202

Customer: Bestway Motor Lodge | Email: SmalleyM@BestwayMotorLodge.com

REFUND STATUS: **PAID**

Date: 02/02/2022 | Amount applied: \$500.00 | 1 payment made (\$500.00)

Credit Memo no. P1: CM 202

Product/Service: Write off | Description: Write off | Qty: 1 | Rate: 500 | Amount: 500.00

Subtotal: \$500.00 | 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 | Amount received: \$0.00

Payment date: 02/02/2022

Outstanding Transactions:

DESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
Invoice # 1001 (01/30/2023)	03/01/2023	1,678.75	1,678.75	500.00
Invoice # 1114 (02/01/2023)	03/03/2023	534.00	534.00	

Credits:

DESCRIPTION	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
Credit Memo # CM 202 (02/15/2023)	500.00	500.00	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.

