

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
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.	Accept the default credit memo number or change.
E	Product/Service (may say Variant)	Select the first inventory item returned or given an allowance.
F	Description	Accept the default description or edit.
G	Qty.	Enter the quantity returned. For allowances, leave 1 as the quantity.
H	Rate	Accept the default price or edit. For allowances, enter the amount of the allowance.
I	Various	Repeat steps E-H for each inventory item returned.
J	Total Credit	Verify that the credit memo total is correct.
K	Create Memo window	Review the information to verify that it is correct.
L	Save options	Save the credit memo and close the window. Note: if there is a “Save and send” option, do not use that option because that option requires an email address. If you receive a message about the transaction being linked to others, click Yes .

(continued)



Quick Reference Table (continued)

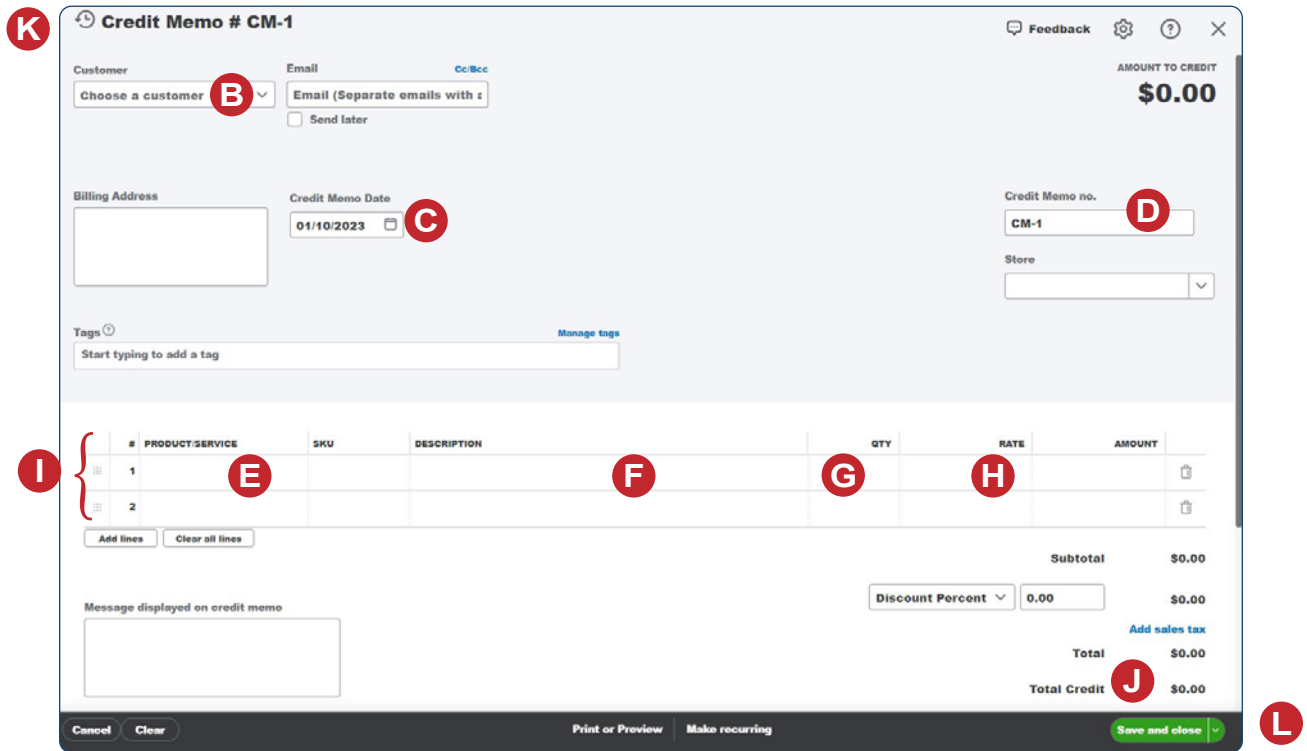
Step	Box or Other Location	Procedure
M	QBO Navigation Pane	Click Sales → All Sales to open the listing of all sales transactions. Note: you may need to set the Date filter to “All” to find the credit memo just processed.
N	Specific credit memo line and related Edit button	Locate the credit memo you just processed and click anywhere on its line to open a pop-out window summary of the credit memo. Then click the 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.
O₁ O₂	1 payment made link and Date link (in the reopened credit memo window)	O₁ - 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 . O₂ - 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.
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 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).
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 Amount to Credit box should be 0.
T	Save options*	Save the application of the credit memo and close the window.

* Receive Payment window.



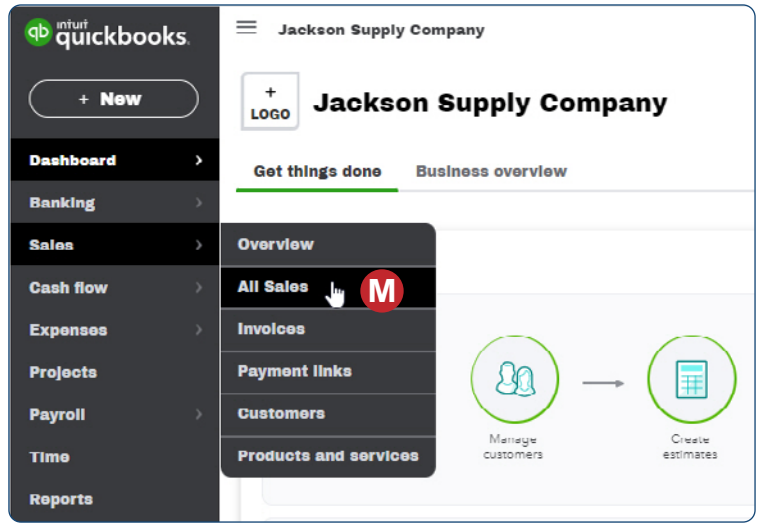
Process a Sales Return or Allowance (Credit Memo)

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 Estimates Customers Products & services

Sales transactions [Feedback](#)

\$0.00 \$750.00 \$1,525.50 \$5,281.52 \$3,136.32
0 estimates Unbilled income 10 overdue invoices 20 open invoices and credits 12 recently paid

DATE	TYPE	NO.	CUSTOMER	MEMO	AMOUNT	STATUS	ACTION
4/26/24	Payment		Amy's Bird Sanctuary		-\$220.00	Closed	View/Edit
4/25/24	Payment	6552	Amy's Bird Sanctuary		-\$108.00	Closed	View/Edit
4/24/24	Time Charge		Amy's Bird Sanctuary	Custom Design	\$375.00	Open	Edit Convert to Invoice
4/24/24	Invoice	1001	Amy's Bird Sanctuary	Front yard, hedges, and sidewalks	\$108.00	Paid	Edit Print
4/10/24	Payment		Amy's Bird Sanctuary	Created by QB Online to link credits to charges.	\$0.00	Closed	View/Edit
4/10/24	Credit Memo	1026	Amy's Bird Sanctuary		-\$100.00	Applied	Edit Print

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](#)



Process a Sales Return or Allowance (Credit Memo)

QBO windows (continued)

Credit Memo #CM 77

Customer: Bronson Hotel | Email: BrownJulius@BronsonHotel.com | Co/Boo

REFUND STATUS: **PAID**

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

Credit Memo no.: CM 77

Billing address: Bronson Hotel, Bronson Hotel, 7800 16 Mile Rd., Cleveland, OH 44101

Credit Memo Date: 02/15/2023

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

Subtotal: \$246.25

Discount percent: \$0.00

Add sales tax

Total: \$246.25

Amount received: \$246.25

Total Credit: \$0.00

Buttons: Cancel, Print or Preview, Make recurring, More, Save and close

Receive Payment

Customer: Bronson Hotel | Get paid 2 times faster | Accept payments online | Credit card visa

AMOUNT RECEIVED: \$0.00

Payment date: 02/03/2022

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 # 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

Buttons: Cancel, Print, More, Save and close

