

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	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 (you may need to change the Date filter to “All”) 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

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QBO windows



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QBO windows (continued)

L

Credit Memo #CM2 Help X

Customer: **B** Email: Cc/Bcc

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	E					
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

M

Newer View from Intuit

Basic info

Name*

Item type: **F**

SKU:

Category:

Older View from Intuit

Product/Service information

- 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)

Newer View from Intuit

The newer view window is titled "Basic Info" and is divided into three main sections: "Basic Info", "Sales", and "Purchasing".

- Basic Info:** Includes fields for "Name*" (containing "wo"), "Item type" (set to "Non-inventory item"), "SKU", and "Category". There is an "Add an image" button.
- Sales:** Features a checked checkbox "I sell this to my customers". The "Description" field contains "Write off uncollectible account balance". The "Price/rate" field is empty, and the "Income account*" dropdown is set to "40900 Bad Debt Expense".
- Purchasing:** Features an unchecked checkbox "I purchase this from a vendor".

At the bottom, there are three buttons: "Cancel", "Save and now", and "Save and close".

Red callout letters: "G" is next to the description field, "H" is next to the income account dropdown, and "I" is next to the "Save and close" button.

Older View from Intuit

The older view window is titled "Product/Service information" and is divided into three main sections: "Product/Service information", "Sales", and "Purchasing information".

- Product/Service information:** Includes a "Non-inventory" icon and "Change type" link. The "Name*" field contains "Write-off". There is an "Add an image" button.
- Sales:** Features a checked checkbox "I sell this product/service to my customers". The "Category" dropdown is set to "Choose a category". The "Description" field contains "Write off uncollectible account balance". The "Sales price/rate" field is empty, and the "Income account" dropdown is set to "40900 Bad Debt Expense".
- Purchasing information:** Features an unchecked checkbox "I purchase this product/service from a vendor".

At the bottom right, there is a "Save and close" button.

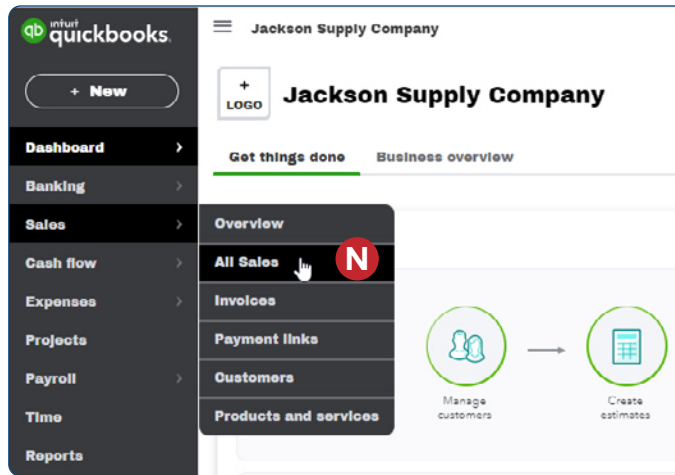
Red callout letters: "G" is next to the description field, "H" is next to the income account dropdown, and "I" is next to the "Save and close" button. A red note "*See Note below" is placed near the description field.

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

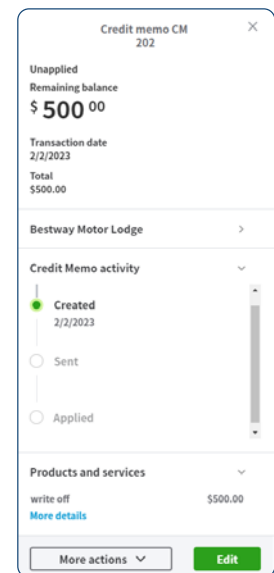
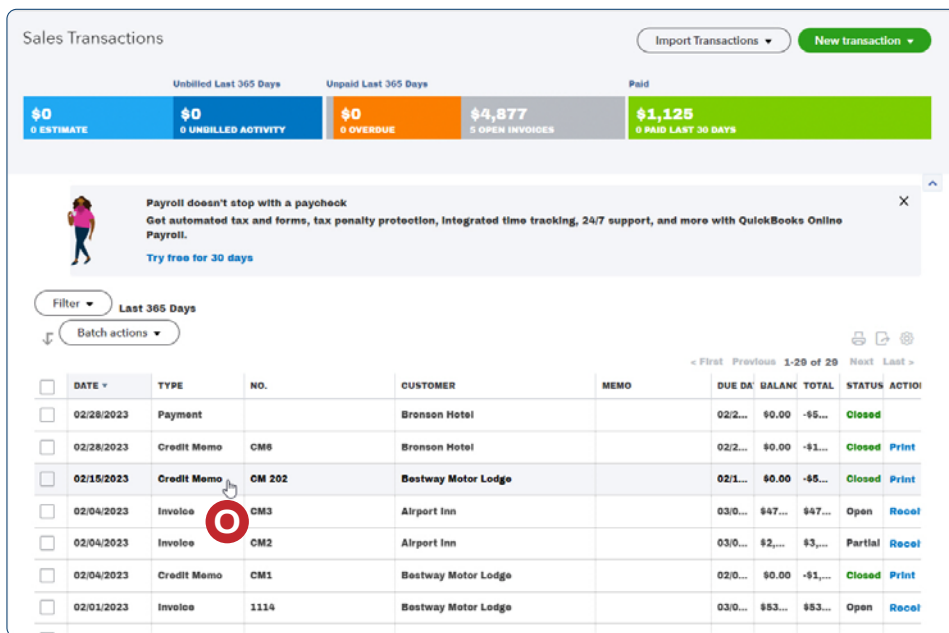


Write Off an Uncollectible Account Receivable

QBO windows (continued)



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



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QBO windows (continued)

Credit Memo #CM 202

Customer: Bestway Motor Lodge | Email: SmaileyM@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

Billing address: Bestway Motor Lodge, 1000 Kenyon Way, Columbus, OH 43216

Credit Memo Date: 02/15/2023

#	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

*See Note below

Receive Payment

Customer: Bestway Motor Lodge | Get paid 2 times faster | Credit card: VISA, M/C, A/M, D/C

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
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

*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.

