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. *If a non-inventory item has not yet been set up for write offs*, 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 boxe**s 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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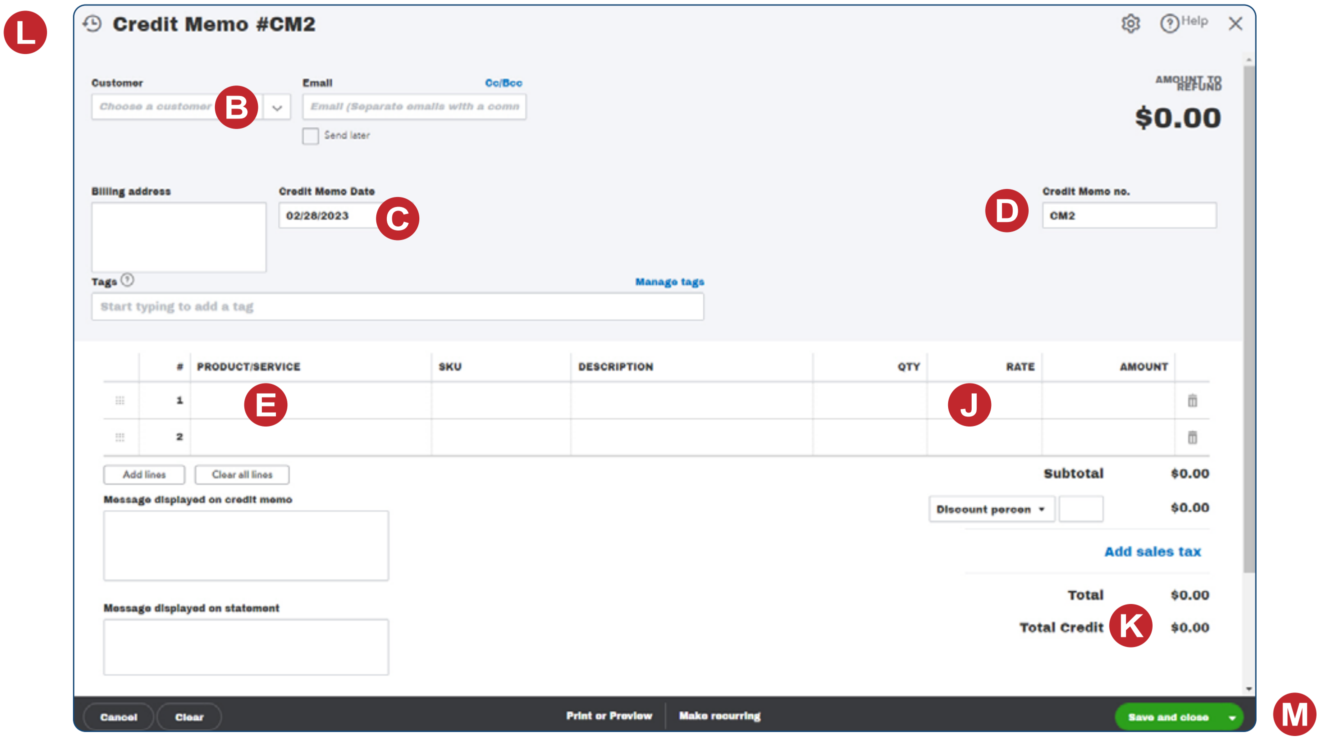
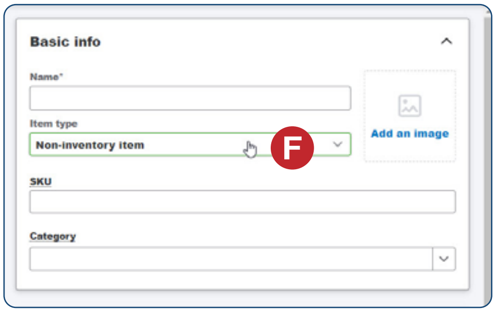
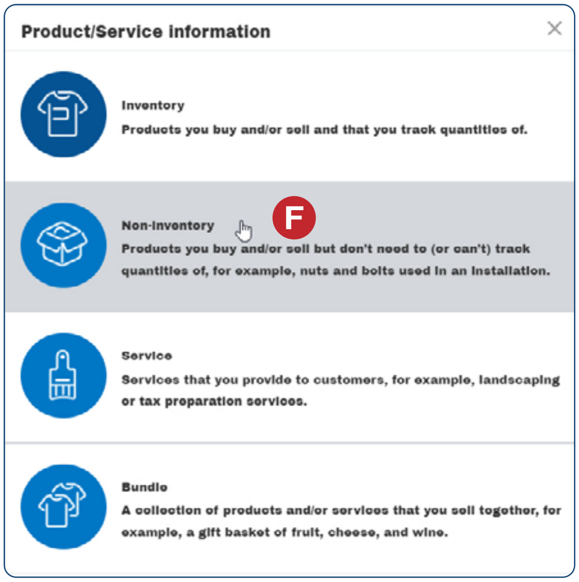
QBO windows (continued)



Newer View from Intuit



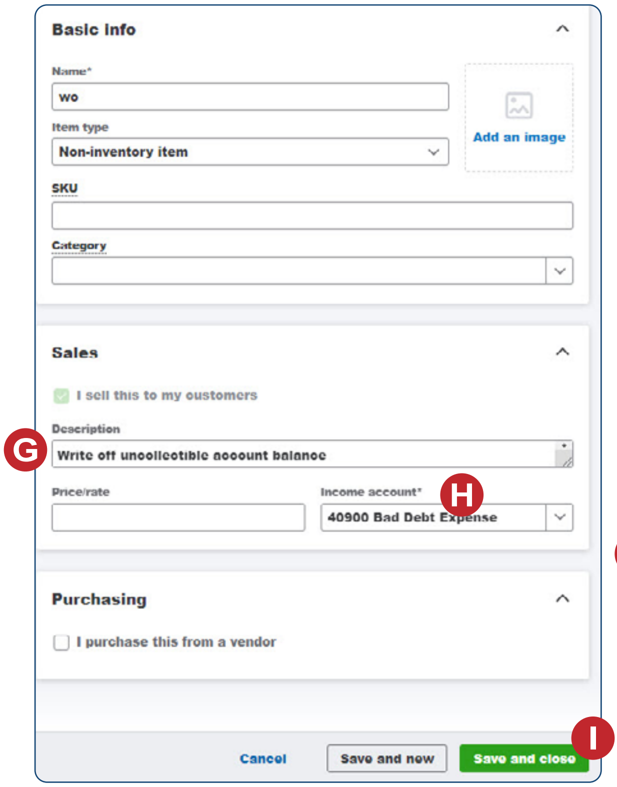
Older View from Intuit



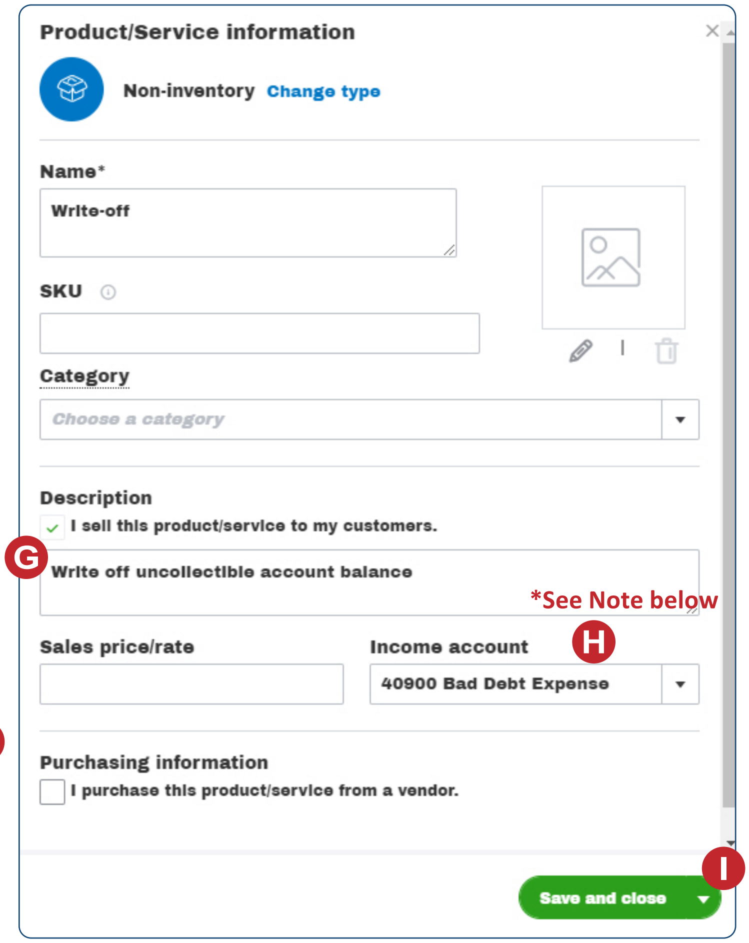
Write Off an Uncollectible Account Receivable

QBO windows (continued)

Newer View from Intuit



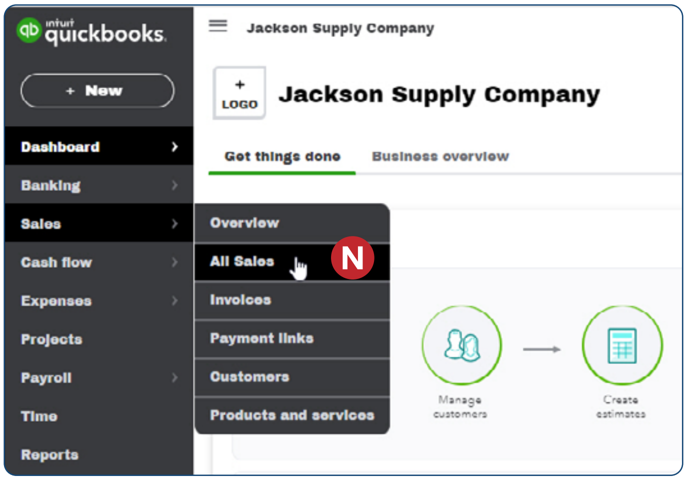
Older View from Intuit



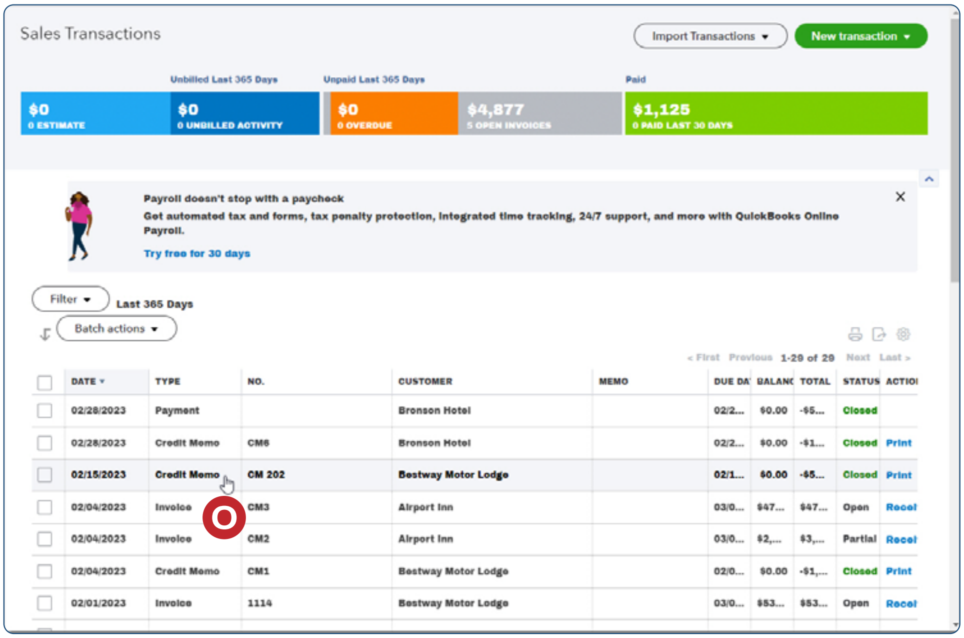
** Note: Completed window shown; your bad debt expense account number may be different.*

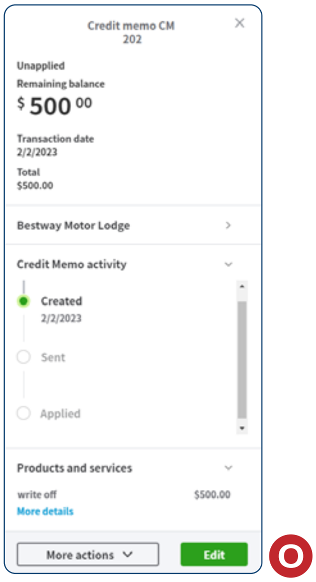
Write Off an Uncollectible Account Receivable

QBO* windows *(continued)



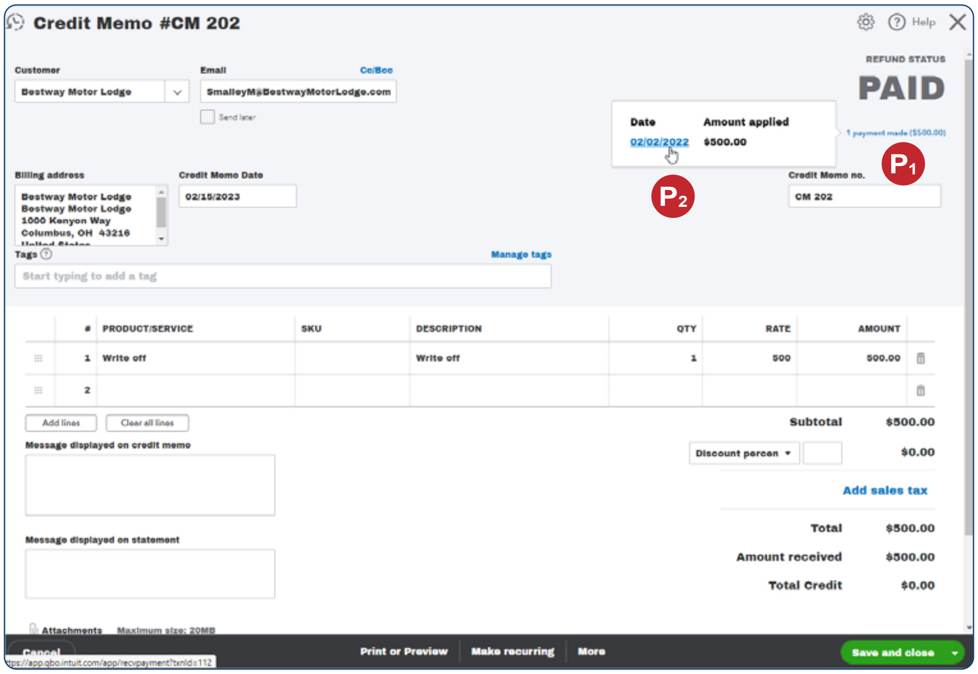
This pop-out summary window appears after the invoice line is clicked.





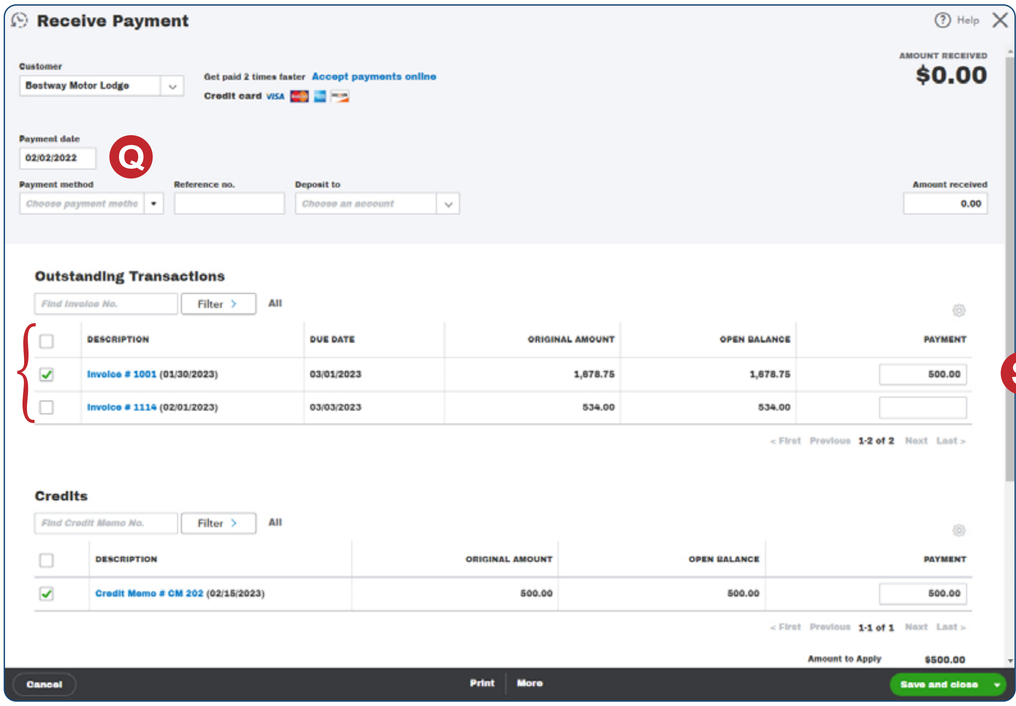
Write Off an Uncollectible Account Receivable

QBO windows (continued)



T

*See Note below



R

S

U

**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.*