



Overview & Objective – The purpose of this I M & U is to demonstrate managing full refunds. Full refunds require *reversing* posted payments and the *creation* and *application* of AR Credit Memos.

Procedural Note – Intacct has no sponsored facility for *issuing* refunds to customers. Therefore, these procedures demonstrate a *workaround* that ultimately requires payment execution facilitated outside of the system. These procedures have the correct affect on the general and subsidiary ledgers.

Framework – A general framework for managing full refunds is as follows:

1. **Reverse Posted Payment** – The reversal of a posted payment will “unapply” amounts previously applied to either an AR Invoice (AR Module) or an Order Entry Transaction (Order Entry Module).
2. **Create AR Credit Memo** – An AR Credit Memo can be generated through either the Accounts Receivable Module (using, “AR Adjustment”) or the Order Entry Module (using Transaction Definitions).
3. **Apply AR Credit Memo** – An AR Credit Memo must be *applied* after it is created (Viz. unless it is applied no adjustment will be recognized). *Application must follow creation.*

⇒ The order of procedures is not critical. The creation and application of AR Credit Memo can be completed before the reversal of payment.

Initial Navigation – To navigate to the Posted Payments screen (from the Accounting Console):

1. Go to the Applications dropdown
2. Select the Accounts Receivable Module
3. Under Transactions, click on the Posted Payments (link)

Reverse Posted Payment – The title “Posted Payments” should appear in the upper left hand corner, proceed as follows:

- **Reverse** – Click the Reverse (link) adjacent to the payment for reversal. The “Transaction Reversal Date” dialog will appear.
 - **Reverse the Transaction on Date** – Select the return of payment execution date.
 - **Memo** – Enter a memo which captures the return of payment information.

⇒ When the date and memo are entered click the [Submit] (button). Once submitted, a transaction will be posted to the A/R and G/L Modules which will record the following entry:

A/R: Trade	DB	This entry <i>reinstates</i> the A/R: Trade balance
Cash	<CR>	and <i>mimics</i> amounts returned to the customer

⇒ As noted, there is no means of issuing refunds via select to pay, check payment, etc. Therefore, users **must execute payment outside of Intacct**, by wire transfer, bank payment platform, merchant service provider, or handwritten check. The above entry simply captures the accounting entries and records the proper “negative payment” in the A/R Ledger (subsidiary).

Create AR Credit Memo – For issuing credit memos see I M & U, “Creating AR Credit and Debit Memos.”

⇒ The AR Credit Memo should equal the full refund or *Full Refund Amt. = AR Credit Memo Amt.*

⇒ Once an AR Credit Memo is saved, a transaction will be posted to the A/R and G/L Modules which will record the following entry:

Revenue	DB	This entry reverses the A/R Trade balance and
A/R: Trade	<CR>	records a “negative charge” in the A/R ledger

Apply AR Credit Memo – For applying credit memos see I M & U, “Applying AR Credit and Debit Memos.”

⇒ No journal entry is posted as a result of *applying* AR Credit Memos, but it ensures the customer ledger properly reflects the closing of the transaction.

Further Instruction & Use – For further information regarding Managing Full Refunds contact The NDH Group, Ltd. at 312.461.0505 or on the web: <http://www.ndhcpa.com>.