

How do I enter a refund from a vendor in Accounts Payable?

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Summary

This article provides the process for entering a refund from a vendor in Accounts Payable.

Resolution

Option 1: Enter a refund in Accounts Payable:

1. Enter a credit invoice for the refund amount. If you have entered a credit invoice, skip this step:

- The vendor owes you the refund amount. Enter a credit invoice to reduce Job Costs or General Ledger balances.
 1. In Accounts Payable, from **Tasks**, select **Enter Invoices**.
 2. Enter the **vendor ID**.
 3. Enter an invoice number for this credit invoice. The invoice number will need to be unique. You may want to use the original invoice number and add "CR" or "RFD" to indicate it is a credit/refund.
 4. Enter the refund amount as a negative number. Include retainage, discounts, or deductions. If the refund is job-related, enter the commitment, job, cost code, and category information on the distribution line. Enter a distribution line for each impacted job.
 5. Accept the cost or expense account that prefills or enter the expense account that you want to reduce.
 6. Enter refund amounts on the distribution grid as a negative number. Include retainage, discounts, or deductions.
 7. Enter a distribution for the next job. If there are no more distributions, accept and post the credit invoice.
 - **Note:** If you want to reduce the commitment amount and not just the amount invoiced against a commitment, you may enter a commitment change order in Job Cost.

2. Enter a positive invoice to offset the credit invoice:

- To prevent the credit invoice from affecting your Accounts Payable balance, enter a positive invoice equal to the credit invoice. Do not include any job cost information. Use a General Ledger clearing account as the expense

account.

1. In Accounts Payable, from **Tasks**, select **Enter Invoices**.
2. Enter the **vendor ID**.
3. Enter an invoice number for this clearing invoice. The invoice number will need to be unique. You may want to use the original invoice number and add "CLR" to indicate it is a clearing invoice.
4. Enter the full refund amount as a positive number. Enter the accounting date and the rest of the invoice information.
5. On the distribution grid, enter a **General Ledger** clearing account as the expense account in the **Account** column. If you use prefixes, choose the previously used prefix.
6. Enter the refund amount for this distribution as a positive number. Include all retainage, discounts, or deductions. Do not include any Job Cost information.
7. Click **Exempt**. (This step is important to ensure the 1099 total will be correct.)
8. **Accept** the invoice.

3. Record a manual check or an EFT payment to pay the credit invoice and positive invoice:

- This payment has a zero amount and changes the status of both invoices to paid.
 1. In Accounts Payable, from **Tasks**, select **Record Manual/Print Quick Checks**.
 - If you don't want to use a check number, select **EFT Payment** as the type of payment. When you use **EFT Payment**, you don't assign a check number. Instead, assign a **Reference number**.
 2. Use your Accounts Payable bank account and enter \$0.00 as the amount. Enter the remaining check information. Press ENTER or TAB to move the cursor to the invoice grid.
 - If you choose **Manual Check** for the payment type, you must use a check number from your operating bank account.
 - This manual check should be for a zero amount. You can reconcile it as part of your next bank reconciliation.
 - If you don't want to use a check number from your bank account and you don't want to use the EFT Payment type, you must set up a bank account specifically for vendor refunds. You can use that bank account to pay the manual check.
 3. Click **List** and select the **credit invoice(s)** related to the refund (i.e. the "CR"/"RFD" invoice). Accept the credit invoice(s).
 4. Click **List** and select the positive invoice (i.e. the "CLR" invoice). Accept the positive invoice.
 5. The sum of your credit invoices and the positive invoice should be zero. Accept your check, **finish**, and **post**.

4. In Cash Management record a deposit for the refund check:

- When you enter the deposit, use the same clearing account as the expense account for the offsetting invoice. This brings clearing account balance to zero.
 1. In Cash Management, use **Tasks**, **Edit Register** to record the refund check from your vendor as a deposit to the correct bank account.
 2. Enter a **General Ledger** clearing account as the credit account for the deposit. This must be the same account used as the clearing account for the previous positive invoice.
 3. **Finish** and post your deposit.

Option 2: Enter Misc Cash Receipt in Accounts Receivable, Job Cost, Or Cash Management:

You can enter the amount as a misc JC cash receipt in Accounts receivable, Job Cost, or Cash Management if the refund meets the criteria:



- The vendor is not a 1099 vendor.
- All invoices in Accounts Payable are paid (including retainage amounts).
- Reporting on amounts paid to vendor don't need to include the refunded amount.
- The amount doesn't need to affect a commitment.

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Did this help?

 views  voted
yes

Related resources

- [How do I enter a cash receipt to a job without an invoice in Accounts Receivable?](#)
- [How do I enter a Miscellaneous JC cash receipt in Accounts Receivable?](#)
- [What do I do when my AP vendor is also my AR customer or my AR Customer pays my AP Vendor?](#)

Keywords

vendor credit, vendor reimbursement, vendor cash receipt, apply credit on AP vendor, enter a refund and correct Job Cost

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Applies to: Adjustments > Processing