



*Giving Businesses A Competitive Edge™  
Today and Tomorrow...*



## **How to Write-Off AR Account Balances**

To write off AR accounts simply post a credit adjustment or debit adjustments against the invoices or credit notes being written off. You will have to post to a GL account for the write off amounts. Most of the time, the GL account would be the same account used to write-off bad debts, even when writing off a credit balance. However if you are unsure, you may wish to consult your accountant. Alternatively keep a record of the entries made and the account they were posted to so if they wish it to be accounted for in another account, it can easily be moved with a general journal entry.

To write off an entire balance made up of many invoices post an open credit note to the customer, again debiting the GL write off account. After the customer's balances is zero, match the open credit note to the invoices outstanding.

1. Go to Accounts Receivable menu.
2. Select 'Post manually prepared invoices and credit notes'
3. Enter the customer code.
4. Choose 'Credit and reduce receivables' or 'Debit and increase receivables'
5. Enter the invoice number, (this will be the word CREDIT if you are writing off an open credit note) you wish to write off.
6. Enter a credit note number for reference if writing off an invoice. (This number must be entered, but can be any number you wish to make up.) If you are writing of a credit note, enter the Credit note number.
7. Enter the date you wish to write off the invoice or credit note.
8. Enter a comment for the reason for the credit/debit if desired. (i.e. Write off of bad debt, uncollectible,etc)
9. Enter the amount of the credit or debit you are posting. (i.e. the outstanding balance of the invoice you are writing off).
10. Enter the GL account for the write off.
11. Post the entire amount to said account. (If you wish to recapture taxes collected you may post these separately and only post the remainder to bad debt.)
12. Post the entry.
13. Repeat for each invoice or credit that needs to be written off.

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