

Credit Memos

Purpose:

Aspire allows you to create credit memos that represent credits your company wishes to provide to your customers. This article explains how to create and manage credit memos and covers the following processes:

1. Creating credit memos
2. Printing credit memos
3. Applying credit memos to customer invoices

The [Aspire User Guide](#) provides a full reference on the credit memo screens referenced in this article.

Prerequisite:

1. Invoicing

Process:

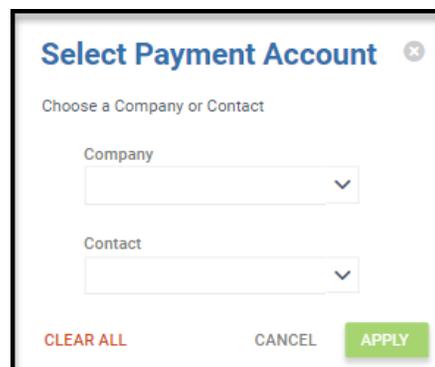
Creating a Credit Memo from Quick Menu

Aspire will only allow a user to create a credit memo if they are assigned to role that has the *Add Credit Memo* permission.¹ If you have this permission, you can initiate creation of credit memos from the following locations in Aspire:

1. Navigate to the *Payments* screen by clicking on the Invoicing  icon in the *Aspire Navigation Bar*. Click the *NEW* Icon  and then select the *New Credit Memo* option.

Once you initiate creation of the credit memo, a dialog window as shown at right will prompt you for company or contact to whom the credit will apply. Select either the company or contact and click the *Apply* icon. 

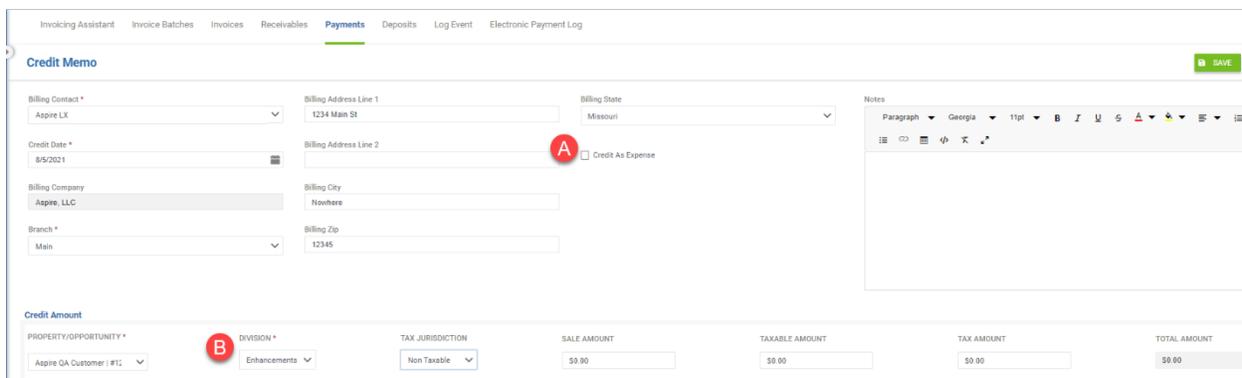
To determine whether to choose a company or a contact, consider who has long term responsibility for payment on the account. Consider the following cases:



¹ See the knowledge base article, [Security Setup and Role Permissions](#).

- For property owners – especially residential – if it is your practice to set up companies in Aspire associated with residential properties, select the appropriate residential company. If you do not set up companies in Aspire for residential properties, then specify the individual contact.
- If the financial contact works for a larger company as in a commercial account, then it is generally best to tie the credit memo to a company, because the contact may leave the company and someone else take their place.

Once you click the *Apply*  icon on the *Select Payment Account* screen, the *Credit Memo* screen will display as shown below.



There are two types of credit memos as specified by whether the *Credit as Expense* checkbox^a is checked:

1. Applied as revenue to one of your company divisions^b (i.e. maintenance, enhancement, irrigation, etc.) *Credit As Expense* checkbox is not checked. This is most common.
2. Applied as an expense – This option allows you to separate the credit out from your divisions on the *End of Month Report*. *Credit As Expense* checkbox is checked. The following list describes situations in which you might want to utilize this option:
 - a. Can be used to show a trade with the customer for advertising expense when you do not want the debit to revenue, but rather to your advertising expense account.
 - b. Can be used to show accounts receivable credits from a prior system (i.e. you want the credit to show as “Credit Memo - A/R Old System”)
 - c. Discounts if you need them to show on the profit and loss separately
 - d. Damage discounts

Click the *Save*  icon to accept the Credit Memo.

Note that when you check the *Credit as Expense* checkbox, the column accepting the division changes to accept an Expense column. Options available in the drop-down for expense are

defined in the *Admin List Payment Categories* screen (examples might include “Bad Debt”, “Barter”, “Advertising”, etc.; see the [Aspire User Guide](#) for additional information).

Creating a Credit Memo to Division

Fill in the following information to complete a credit memo being assigned to a division...

1. Leave the *Credit as Expense* checkbox unchecked
2. Enter contact if not filled in already
3. Enter credit date
4. Enter branch
5. Billing address will fill in automatically if the specified contact has an address
6. Choose property or opportunity to which credit should be applied. (A/R Aging is by property or opportunity. If a property or opportunity is not selected, then the credit will show at the bottom of the A/R Aging Report. Aspire will not know the property or opportunity to which it should apply the credit.)
7. Division will automatically be selected for the chosen opportunity. You can explicitly choose a division
8. Enter the sales amount to be credited
9. If applicable, enter the tax amount to be credited. This is only for the *Tax Entity Report* which shows the gross amount to be credited from taxable sales.
10. If applicable, enter the taxable amount on which the tax amount is based. The taxable amount may be different from the sales amount. You should only specify the portion of the sale amount that is subject to sales tax.
11. Write any notes you want to show on the credit
12. Click the *Save*  icon

Creating a Credit Memo to Expense

Fill in the following information to complete a credit memo being assigned to a division...

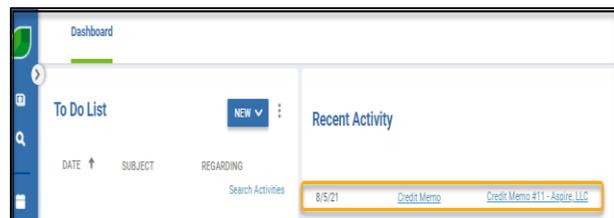
1. Check the *Credit as Expense* checkbox
2. Enter contact if not filled in already
3. Enter credit date
4. Enter branch
5. Billing address will fill in automatically if specified the contact has an address
6. Choose property or opportunity to which credit should be applied. (A/R Aging is by property or opportunity. If a property or opportunity is not selected, then the credit will show at the bottom of the A/R Aging Report. Aspire will not know the property or opportunity to which it should apply the credit.)
7. Select the expense type that applies to the credit
8. Enter the sales amount to be credited.
9. If applicable, enter the tax amount to be credited. This is only for the *Tax Entity Report* which shows the gross amount to be credited from taxable sales.

10. If applicable, enter the taxable amount on which the tax amount is based. The taxable amount may be different from the sales amount. You should only specify the portion of the sale amount that is subject to sales tax.
11. Write any notes you want to show on the credit
12. Click the *Save*  icon

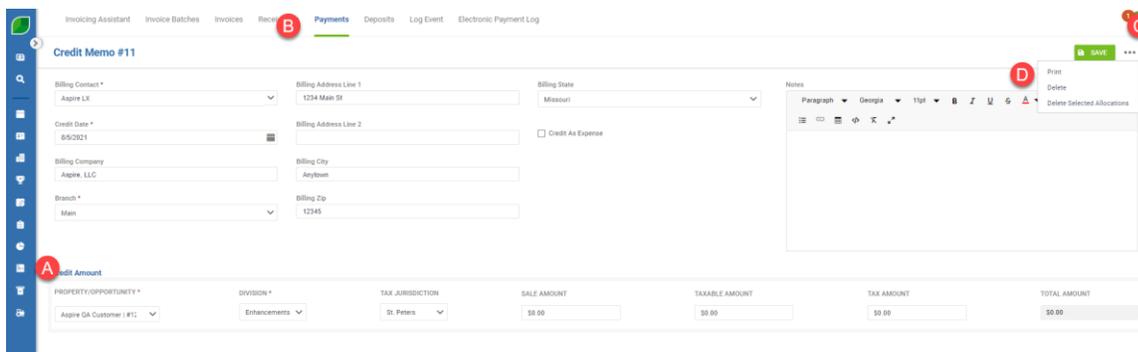
Printing a Credit Memo

Aspire will allow you to print a credit memo. To do so, locate and display the credit memo using one of the following methods,

1. If you recently viewed the credit memo, you can locate and click it in the *Recent Activity* section of the *Home* screen as shown to the right.



2. *In the Invoicing*  Module^a, *Payments*^b search, as depicted below, clicking on an item that has a payment type of *Credit Memo* to select the *CM* to be printed.



PROPERTY/OPPORTUNITY*	DIVISION*	TAX JURISDICTION	SALE AMOUNT	TAXABLE AMOUNT	TAX AMOUNT	TOTAL AMOUNT
Aspire GA Customer / #11	Enhancements	St. Peters	\$0.00	\$0.00	\$0.00	\$0.00

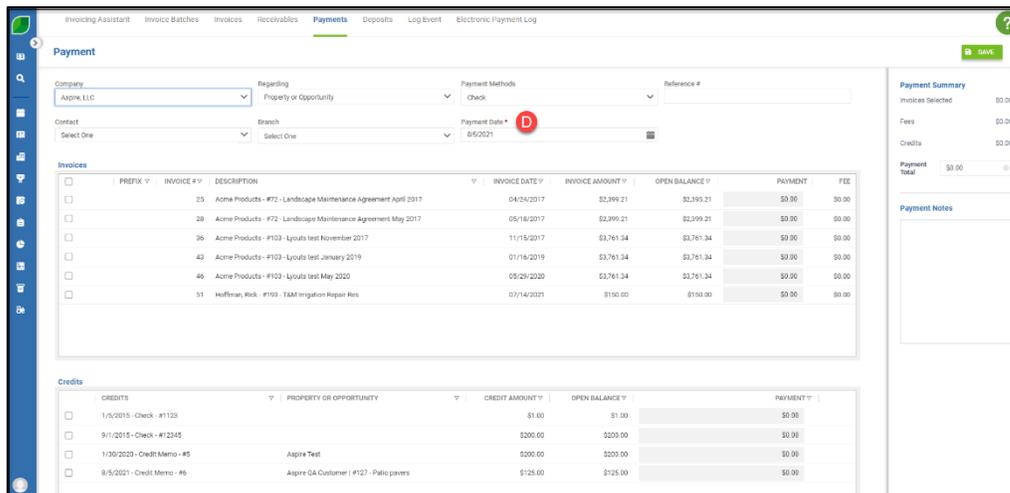
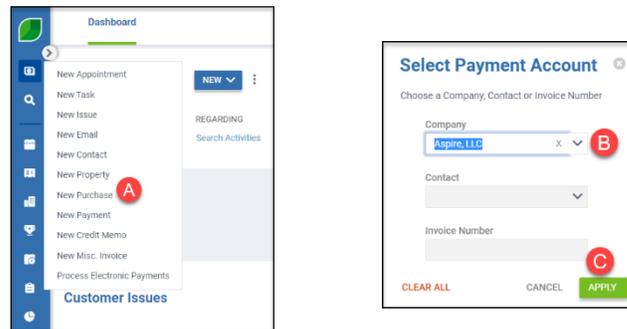
Once the credit memo is displayed on the *Credit Memo* screen, select the 3 dots in the upper right^c to display the drop down and select *Print*^d.

Applying a Credit Memo to an Invoice

A credit memo can be applied to an invoice from the *Payment* screen when applying other payments. Consider the following scenario:

1. Work has been done for Target. An invoice from September 2016 for \$463.92 was disputed and you have agreed to provide a \$107 credit.
2. You have created the credit memo as per the steps explained earlier in this article.
3. You want to apply the credit memo to the September 2016 invoice.

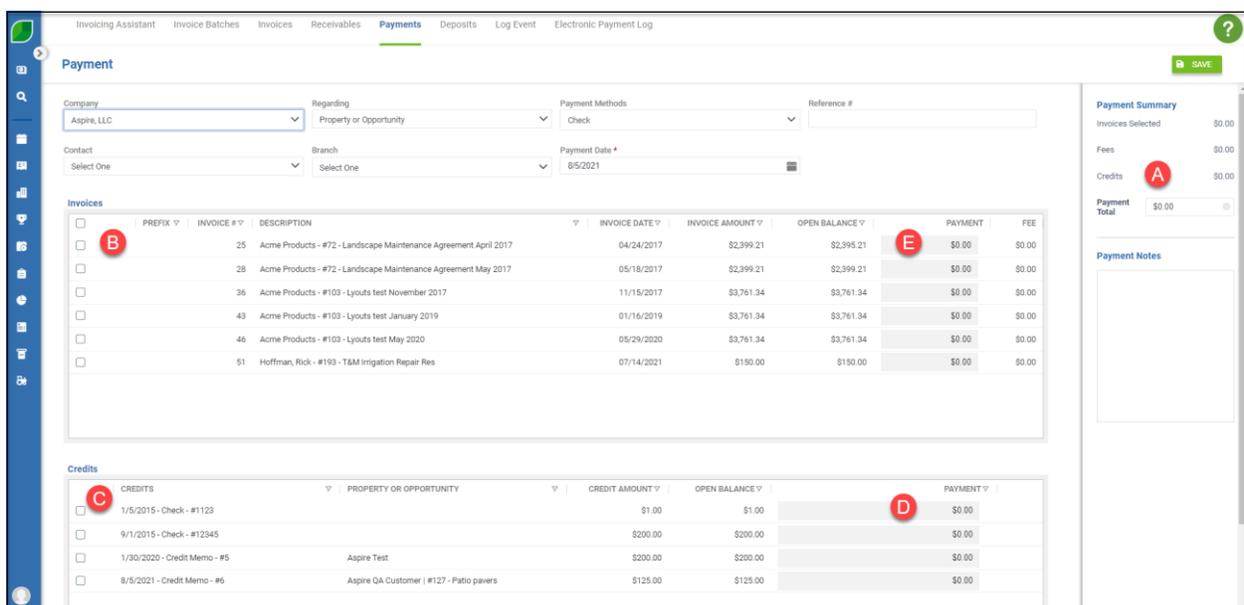
Here is how to apply the credit. From the Quick Action in the *Aspire Tool Bar*, select the *New Payment*^a to display the *Select Payment Account* screen. Select the company, which in this case is *Aspire, LLC*^b. Then click the *Apply*^c icon^c. Aspire displays the *Payment* screen as shown below.



Enter the following information as depicted in the second *Payment* screen shown below.

1. **Payment Date** – Enter the date you want the credit memo applied to the invoice.
2. **Payment Method** – Specify “Check”.
3. **Reference Number** – Commonly used to enter the check number for checks – in the case of our example 94783. (For credit cards, common practice is to enter a “cc” prefix followed by a number representing the date – i.e. “cc170715”)
4. **Deposit For** – Since we are selecting a specific invoice, we will leave this field blank. If a specific invoice was not yet available (i.e. client making a down-payment) this field allows you to tie the payment to the appropriate property or opportunity.
5. **Branch** – Since we will be applying to a specific invoice, we do not need to specify the branch. In cases where specific invoice was not yet available (i.e. client making a down-payment) this field allows you to tie the payment to your appropriate branch.

6. **Amount^a** – Since we are applying a credit and not a payment, leave the payment amount zero (\$0).
NOTE: as part of the next step, you will have to reset this value to zero (\$0).
7. **Invoice Check-box^b** – Since we are applying the credit to the September 2017 invoice, we check the checkbox in front of that invoice. IMPORTANT NOTE: When we check this checkbox, Aspire automatically fills the amount of the invoice into the Amount field^a (above). Make sure to set the value back to zero (\$0) since we are applying the amount of a credit memo – not a payment.
8. **Credits Check-box^c** – Since we want to apply the credit memo to the invoice, we check the checkbox. If there were multiple open credit memos for the company making the payment, they would all be listed here.
9. **Credit Payment^d** – Enter the amount of the credit that should be applied to the selected invoices.
10. **Invoice Payment^e** – Enter the total amount being applied to the invoice. In the case of our example, we are applying the credit of \$107. (NOTE: You must enter the *Credit Payment^d* value before entering the value in this *Invoice Payment* field or Aspire will display a validation error message.)
11. **Amount to Apply** – This number represents the sum of the values entered for the Payment column on the invoices. You should make sure that it equals the credits being applied.
12. **Amount to Credit** – This amount represents excess payments that are not being allocated to an invoice. If you save the payment when there is a value here, Aspire will keep track of that credit and allow you to apply it to another invoice later. In our scenario, we want to ensure that this value equals zero meaning that the payment and the existing credit together cover the balance of the selected invoice.



Payment

Company: Aspire, LLC | Regarding: Property or Opportunity | Payment Method: Check | Reference #: |
 Contact: Select One | Branch: Select One | Payment Date: 8/5/2021

INVOICES	PREFIX	INVOICE #	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	OPEN BALANCE	PAYMENT	FEE
<input checked="" type="checkbox"/>	B	25	Acme Products - #72 - Landscape Maintenance Agreement April 2017	04/24/2017	\$2,399.21	\$2,399.21	E \$0.00	\$0.00
<input type="checkbox"/>		28	Acme Products - #72 - Landscape Maintenance Agreement May 2017	05/16/2017	\$2,399.21	\$2,399.21	\$0.00	\$0.00
<input type="checkbox"/>		36	Acme Products - #103 - Layouts test November 2017	11/15/2017	\$3,761.34	\$3,761.34	\$0.00	\$0.00
<input type="checkbox"/>		43	Acme Products - #103 - Layouts test January 2019	01/16/2019	\$3,761.34	\$3,761.34	\$0.00	\$0.00
<input type="checkbox"/>		46	Acme Products - #103 - Layouts test May 2020	05/29/2020	\$3,761.34	\$3,761.34	\$0.00	\$0.00
<input type="checkbox"/>		51	Hoffman, Rick - #193 - T&M Irrigation Repair Res	07/14/2021	\$150.00	\$150.00	\$0.00	\$0.00

CREDITS	CREDITS	PROPERTY OR OPPORTUNITY	CREDIT AMOUNT	OPEN BALANCE	PAYMENT
<input checked="" type="checkbox"/>	C	1/5/2015 - Check - #1123	\$1.00	\$1.00	D \$0.00
<input type="checkbox"/>		9/11/2015 - Check - #12345	\$200.00	\$200.00	\$0.00
<input type="checkbox"/>		1/30/2020 - Credit Memo - #5	\$200.00	\$200.00	\$0.00
<input type="checkbox"/>		8/5/2021 - Credit Memo - #6	\$125.00	\$125.00	\$0.00

Payment Summary

Invoices Selected: \$0.00
 Fees: \$0.00
 Credits: A \$0.00
 Payment Total: \$0.00