

Using Credit Cards to Pay for Purchases

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This document describes the two options that can be used if your business uses credit cards to purchase items for your business.

The first option is to use a line of credit account to track credit card purchases. The Line of Credit account works just like a bank account, allowing credit card purchases to be entered as payments, existing invoices to be paid with the credit card, and you can reconcile your statement in Bank Reconciliation. The balance in the credit card Line of Credit account represents the amount owed.

The second option is to create a credit card account that acts like an accounts payable account. Credit card purchases are entered on the Vendor Invoice screen. Each purchase is entered to the vendor where it was made, but the invoice is created for the credit card vendor. This allows you to easily see all the outstanding invoices that make up the credit card balance.

Option 1: Credit Card Setup as Line of Credit

One-Time Setup

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Option 1: Credit Card Setup as Line of Credit



Note: This is the only option that allows you to reconcile your statement in Bank Reconciliation


One Time Setup

CenterPoint needs a credit card account in the Line of Credit account category setup to purchase goods through payment transactions using a credit card and when paying Accounts Payable invoices.

1. Select **Setup > Accounts > Accounts** to begin entering an account for the credit card in the Line of Credit account category. Click **New**.
2. Enter an **Abbreviation** and **Number** if they are being used in this database.

3. Enter the name of the **Credit Card** (Visa LOC for example) in the **Name** field.
4. In the **Type** box, select **Liabilities**.
5. In the **Category** box, select **Line of Credit**.
6. Select the **Detail** tab.

7. On the **Detail** tab, enter the bank/business who issued the credit card (who you pay the credit card bill to) in the **Lender** field.


 **Note:** If the business that issued the credit card isn't setup in the system, simply right-click in the Lender field and select New. Specify that name is setup as a vendor. Be sure to specify the appropriate terms in the Vendor Details button. The system will use that terms to specify when the credit card bills are due.

8. Click **Save**.
9. Repeat Steps 1-8 for all credit cards you will use to purchase goods or pay Accounts Payable invoices with.

Paying for Goods at the Time of Purchases with a Credit Card

1. Click on **Processes > Purchases > Payments** to begin entering a transaction for the items purchased.
2. In the **Bank Account** box, select the credit card account you are using to purchase the goods with, for example Visa LOC (created in Step A).
3. In the **Pay to the Order Of** box, select or enter the business where the purchase was made.

4. Enter all of the pertinent information (amounts, notations, accounts, etc.) to record the purchase.

 Note: If you want to attach a document to this transaction, see the [Attach Documents to Transactions](#) topic for detailed information.

5. Click **Save** to complete the purchase. When the transaction is saved, the following will occur:

- » The purchase for the vendor is recorded as a payment
- » The balance on the account associated with this credit card is increased.

Paying Open Invoices with a Credit Card

Vendor invoices entered to an Accounts Payable account can be paid from either Payments vendor by vendor or from Pay Invoices Due for multiple vendor invoices.

To pay vendor invoices vendor by vendor:

- » Select **Processes > Purchases > Payments**.
- » In the **Bank Account** box, select the credit card in the Line of Credit Account Category.
- » In the **Pay to the Order of** box, select the vendor you are paying an open invoice with a credit card for.
- » Enter the **Amount** you are paying towards an open invoice with a credit card.
- » Click the **Apply to Open Invoices** button.
- » Select the **Pay** check box for the invoice(s) you wish to pay. Click **OK**.
- » The Accounts Payable account is automatically entered into the **Account** column, which will decrease the liability.

» Click **Save**.

To pay multiple vendor invoices:

- » Select **Purchases > Payments > Pay Invoices Due**.
- » In the **Bank Account** box, select the credit card in the Line of Credit Account Category.
- » Enter the Filter and other information necessary for searching for open invoices.

- » Select the **Pay** check box for the invoice(s) you wish to pay.
- » Click **Close**.

Reconciling Credit Card Transactions (Optional)

Credit card transactions can be reconciled in Processes > Banking > Bank Reconciliation. Credit card payments entered in Processes > Purchases > Payments with a credit card account in the Line of Credit account category will display in the Checks and Payments grid on the Reconcile tab. All increases to the account are displayed as positive numbers and all decreases as negative numbers. Credit card interest charges can be entered on the Fees & Interest tab.

Paying a Credit Card Balance

1. Click on **Processes > Purchases > Payments** to begin entering a transaction for the payment of a credit card balance.
2. In the **Bank Account** box, select the cash account you are using to pay the credit card balance.
3. In the **Vendor** box, select the credit card company you are paying the balance for.

4. In the **Account** box, select the credit card account assigned to the line of credit account category, for example Visa LOC.
5. In the **Amount** box, enter the amount to be paid to the **Vendor**.

6. Click **Save**.

Option 2: Using Invoices for Credit Card Purchases


One-Time Setup

CenterPoint needs an account and a vendor setup to track the credit card purchases and balances. When a credit card is used to pay for a purchase, the system will automatically increase the Account balance and create an A/P Invoice for the company that issued the credit card.

1. Select **Setup > Accounts > Accounts** to begin entering an account for the credit card. Click **New**.
2. Enter an **Abbreviation** and **Number** if they are being used in this database.

3. Enter the name of the **Credit Card** (First Bank Visa for example) in the **Name** field.
4. In the **Type** box, select **Liabilities**.
5. In the **Category** box, select **Credit Cards Payable**.
6. Select the **Detail** tab.

- On the **Detail** tab, enter the bank/business who issued the credit card (who you pay the credit card bill to) in the **Vendor Liability is Paid to** box.

 **Note:** If the business that issued the credit card isn't setup in the system, simply right-click in the Vendor Liability is Paid to field and select New. Specify that name is setup as a vendor. Be sure to specify the appropriate terms in the Vendor Details button. The system will use that terms to specify when the credit card bills are due.


- The **Card Number**, **Security Key** and **Expiration Date** fields are optional.
- Click **Save**.

Making Purchases with a Credit Card

- Click on **Processes > Purchases > Vendor Invoices (A/P)** to begin entering a transaction for the items purchased.
- In the **Vendor** (Vendor Invoices (A/P) box, select the business where the purchase was made.

Account	Notation	Amount
Gas & Oil		\$ 75.00
Rental - Office Equipment		\$ 110.00

- Enter all of the pertinent information (amounts, notations, accounts, etc.) to record the purchase.
- In the **AP Account** box, select the **Credit Card** that was used to pay for this purchase. The Credit Card Balance will be displayed on the right.
- Select the **On Hold** check box if you do not want this invoice available to be selected for payment.

 **Note:** If you want to attach a document to this transaction, see the [Attach Documents to Transactions](#) topic for detailed information.

6. Click **Save** to complete the purchase. When the transaction is saved, the following will occur:

- » The purchase for the vendor is recorded as a paid invoice
- » The balance on the Account associated with this credit card is increased
- » An unpaid A/P invoice is created for the credit card company.

Paying the Credit Card Company

When a credit card is used to pay for a purchase, the system automatically creates a A/P Invoice for the company that issued you the credit card. These invoices are available to pay with all other A/P invoices in Pay Invoices Due and in Payments. The normal Processes > Purchases > Pay Invoices Due and Processes > Purchases > Payments can be used to pay the amount owed to the credit card company. For step-by-step instructions on paying invoices due, see the Pay Invoices Due or Pay Invoices Due with Review Process documents.