

Bad Debt Write Off

Document #:	3170	Product:	CenterPoint® Accounting
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This document will explain how to write off a customer's unpaid balance. A write-off of accounts receivable has no effect on income/sales. It is simply a removal of the receivable and an increase of an expense (bad debt expense).

[Step A: Create a Bad Debt Payment Type](#)

[Step B: Write Off an Accounts Receivable](#)

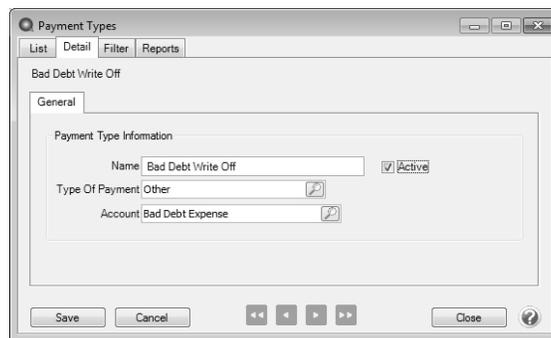
[Step C: Reporting Debts Written Off](#)

Prerequisite

You must have a Bad Debt Expense account (Setup > Accounts > Accounts) in the database. This account should have Expenses identified as the Category.

Step A: Create a Bad Debt Payment Type

1. Select **Setup > General > Payment Types**. Click **New**.



2. Enter "**Bad Debt**" or something similar in the **Name** field.
3. In the **Type of Payment** field, select **Other** as you will not be receiving cash or check payments for these A/R invoices.
4. Specify your **Bad Debt Expense** account in the **Account** field.
5. Click **Save**.

Step B: Write Off an Accounts Receivable

1. Select **Processes > Sales > Receipts**.

2. Specify the appropriate customer in **Received From**.
3. Specify the **Date** the amount should be written off.
4. Specify the appropriate **Amount**. The amount does not have to equal the customer's current balance. A portion of their balance can also be written off.
5. In the **Payment Type** field, select the **Bad Debt Write Off** (setup in Step A).
6. Click on the **Apply to Open Invoices** button.

7. Select the invoices to be written off by selecting the appropriate **Pay** boxes. If the entire balance should be written off, click on **Pay All** instead.
8. Click **OK**.

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

9. Click **Save** on the original Receipts screen.

Step C: Reporting Debts Written Off

A report can easily be used to review which customer balances have been written off during a specific date range.

1. Select **Reports > Reports > Transaction Reports > Receipts > Non-Cash Receipts by Payment Type**.
2. In the **Report Selections**, select the date range (**Receipt Date**) to be reviewed. Also select **Bad Debt Write Off** in **Payment Type**.

Report Selections	
Item	Selected Criteria
Receipt Date	1/1/2010 to 12/31/2010
Payment Type	Bad Debt Write Off
Customer	<All>
Account	<All>
Company	<All>

3. Click **Preview** or **Print**. A list of customers balances that were written off during the selected date range will be displayed.

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Non-Cash Receipts by Payment Type							
1/1/2010 to 12/31/2010							
Receipt Date	Receipt Number	Customer / Description	Customer Abbr	Account Number	Account	Receipt Amount	
Bad Debt Write Off							
12/31/2010	000058	Chuck Adams	CA789	6161	Bad Debt Expense	106.79	
12/31/2010	000059	Tyler Washington	TW765	6161	Bad Debt Expense	500.00	
Bad Debt Write Off Totals						\$606.79	
Report Totals						\$606.79	
Records included in total = 2							