

## Bad Debt Write Off

**Document #**: 3170 **Product**: CenterPoint<sup>®</sup> Accounting

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.

Q Payment Types	
List Detail Filter Reports	
Bad Debt Write Off	
General	
Payment Type Information	
Name Bad Debt Write Off	
Type Of Payment Other	
Account Bad Debt Expense	
Save Cancel	Close 🕜

- 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**.

Receipts								- 0	×
Company	Alpine	Sports		P	Current Batch N	lo Batch			P
Bank Account				P	Current Balance	\$0	.00		
Bank Deposit				P					
Received F	From	Adams, Chuck		Pe	Receipt / Invoice #	000058	12		
Received From Add	dress	Business Addr	ess	P	Date	08/08/2013	苷		
					Amount	\$1	06.79		
					Payment Type	Bad Debt Writ	e Off	P	
					Account	Bad Debt Exp	ense		
Apply To Open In	voice	3	\$0.00		Check / Ref #	1 8			
	Acco	unt		Amount	(	Juantity Availa	ble	Unit of Mea	
				\$ 106.79					
•				_				•	
🔩 🔩 🤘	1	O							
Memo Line 1					Total	\$0.00	Adju	ust Amount	
Line 2									
Line 2									
Several C	Classe			Presuntan ) [	0-1		6	G	0
Save	Clear	neca		Recumrig	Options -			Close	G

- 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.

		Cus	stomer	Chuck	: Adams	s												
	Rec	eipt A	mount			\$0.00		Apply										
	Invoice Date		Refe	rence	Amo	unt Du	ue	Pay	ment ount	Pay	Due Date	Disc Avai	ount able	Discount	Taken	Amour After Di	nt Due scount	Discour
	09/29/10					\$ 0.	00.0		\$ 106.79	V	10/29/1		\$ 0.00		\$ 0.00	S	106.79	01/01/80
Dve	er Paymei	nt (Cu	stomer	Deposit	)				Discount	III s Taker					T	stal Due		50.0
Dve	er Paymer Account	nt (Cu	stomer	Deposit	)		P		Discount	III s Taker nt Retu	rns & Allov	ances		<b>آ</b> ر (	Ti otal To I	otal Due Be Paid		\$0.0 \$106.7

- 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 <u>Attach Documents</u> 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**.

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

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

Alpine Sports   2:15 PM 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 Wi	rite 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 Records included in total = 2	\$606.79		