Customer Deposits, Prepayments and Overpayment Processing

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A customer deposit is a prepayment for the purchase of future goods and services (unearned revenue). Overpayment of customer invoices (A/R) may also be considered customer deposits because they are also considered unearned revenues.

When a customer deposit is entered, it must be posted to a liability account (unearned revenue) that belongs to the Customer Deposits account category.

Step A: Verify or Add a Customer Deposits Account (Onetime Setup)

Step B: Creating Deposits for Customer Overpayments and Prepayments/Deposits

Step C: Applying Deposits to Invoices

Refunding a Customer Deposit

Frequently Asked Questions

> **P r e r e q u i s i t e**
>
> You must have the **Accounts Receivable** module purchased and registered in the module configuration manager (File > Administration > Module Configuration Manager) prior to creating a deposit for customer overpayments, prepayments, or deposits and applying deposits to invoices.

Step A - Verify or Add a Customer Deposits Account (Onetime Setup)

1. Select **Setup** > **Accounts** > **Accounts** and review the list to see if you have an existing Customer Deposits account. If you do, edit that account. Otherwise, click **New** to begin adding a new account.
2. If you are editing an existing Customer Deposits account, verify that the **Type** is set to **Liabilities** and the **Category** is set to **Customer Deposits**. Correct if needed. Then, click **Save** and skip to Step B section below.
3. When creating a new account, enter an appropriate **Number** and **Name**.
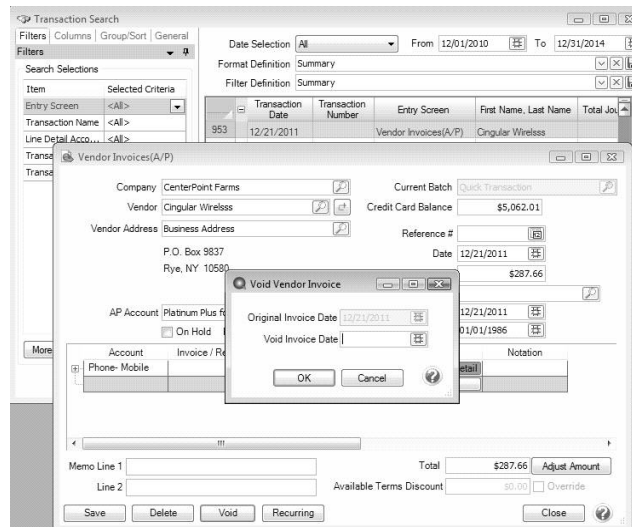

4. Select **Liabilities** as the **Type**.
5. Select **Customer Deposits** as the **Category**.
6. Click **Save**.

Step B: Creating Deposits

There are two types of deposits that can be entered in CenterPoint depending on if the customer is giving you a prepayment or deposit for a futre purchase, or if they have inadvertently overpaid an invoice. Step-by-step instructions are included below for both scenarios.

Creating a deposit for a customer prepayment or deposit

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

2. Enter the **Bank Account** the receipt will be deposited into. If using bank deposits, also specify the appropriate Bank Deposit.
3. Enter the customer the deposit was **Received From**, the **Date**, and the **Amount**. The **Payment Type** and **Check/Ref #** fields are optional.
4. In the grid, select your **Customer Deposits** account in the **Account** field.
5. If a receipt for the customer is desired, click the **Print** button.

> 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 transaction. This receipt will now display as a deposit on the customers account, increase the bank account and increase the customer deposits liability account.

Creating a deposit for a customer's overpayment

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

2. Enter the **Bank Account** the receipt will be deposited into. If using bank deposits, also specify the appropriate **Bank Deposit**.
3. Enter the customer the deposit was **Received From**, the **Date**, and the **Amount**. The **Payment Type** and **Check/Ref #** fields are optional.
4. Click on the **Apply to Open Invoices** button.

5. Enter the amount received in the **Receipt Amount** field, and click **Apply**.
6. The remaining amount of the receipt will display in the **Over Payment (Customer Deposit)** area. Select your **Customer Deposits** account in the **Account** field. The amount will display automatically.
7. Click **OK** to return to the original receipt screen.

> Note: If you want to attach a document to this transaction, see the Attach Documents to Transactions topic for detailed information.

8. Click **Save** to complete the transaction. This overpayment portion of this receipt will now display as a deposit on the customers account, increase the bank account and increase the customer deposits liability account.

Step C: Apply Deposits to Invoices

There are two processes that can be used to apply a previously entered deposit to an invoice. Both are described below.

Option 1 - Apply the deposit while entering the customer sales invoice

1. Select **Processes > Sales > Customer Invoices (Detail)**. Use the normal process to enter an invoice for the customer.
2. By default the system will automatically apply any unapplied deposits to the invoice. The amount applied will be displayed in the Deposits field.

> Note: If you prefer that the system not automatically apply deposits, click on the Options button at the bottom of the screen, select Apply Customer Deposits, and then select Manually Apply Customer Deposits to Invoices.

If you are **manually applying customer deposits**, the amount in the **Deposits** box will always display as 0.00 even if you have deposits available for application. To display all outstanding deposits and manually apply the deposit, click **Deposits**.

3. The **Net Due** is calculated as the Invoice Total - Amount Received Applied - Sum of Customer Deposits Applied - Discounts.

4. Click **Save** to complete the invoice and application of the deposit.

Option 2 - Apply the deposit after the customer sales invoice has been entered

1. Select **Processes > Sales > Apply Customer Deposits**.

2. Enter the **Customer** and the **Transaction Date**.
3. Click on the lookup button to the right of the **Deposit** field to display all unapplied deposits. Select the appropriate deposit from the list.
4. In the grid below, select the invoice(s) to apply the deposit to. All unpaid invoices will display in the grid. To select an invoice, put a check in the **Apply** box.
5. Click **Save** to complete the transaction.

Refund a Customer Deposit

Option A: Refund a Customer Deposit with a Printed Check

1. Select **Processes** > **Sales** > **Refund Customer Deposits**.

2. Enter the **Company/Fund**, **Customer**, and select the **Refund Date**. In the **Refund Method** box, select Payment.

3. Select the **BankAccount**. If you need to print a check for the refund, enter the check number and check the **Printthischeck?** box.

4. **Memo Line 1** will display the following text: "Refund customer deposit/overpayment". This text can be changed. Enter any other information into the **Memo Line 2** box.

5. Select the deposit to be refunded.

6. Click the Print button. (An image of a printer displays on the button. A green check mark means the check will be printed and a red X means the check will not be printed.) Select whether the check should be printed when it is created, the printer to print the check to and the number of copies to print. To set your default for the Print button, right-click on the button and select Set As Default. To override the Print button default, click the Print button and change the settings on the Print Settings screen.

7. Click **Save** to complete the refund .

8. Click **Close**.

Option B: Create an Vendor Invoice for a Refunded Customer Deposit

1. Select **Processes** > **Sales** > **Refund Customer Deposits**.

2. Enter the **Company/Fund**, **Customer**, and **Refund Date.**

3. Select **Accounts Payable Invoice** as the **RefundMethod**.

4. Select the **AP Account** and enter an optional **InvoiceNumber**.

5. Select the Customer Deposit you are refunding.

6. Click **Save** to complete the refund and create the AP Invoice.

7. Click **Close**.

Frequently Asked Questions (FAQ)

Q: Which report should I use to review my customers outstanding deposits?

A: The **Customer Deposits** report. Select Reports > Reports > Transaction Reports > Receipts > Customer Deposits.

Q: Is there a way to un-apply a deposit to an invoice?

A: Yes. The easiest way to do this is by using the drill-down capabilities in our reports.

1. Preview the **Applied Customer Deposits Journal** (Reports > Reports > Transaction Reports > Receipts > Applied Customer Deposits Journal).

2. While previewing the report, verify that it is in interactive mode by clicking on **View** and selecting **Interactive Mode**. Click on the dollar amount to be un-applied in the **Amount Applied** column to display the original transaction that applied the deposit (this will be either the Apply Customer Deposit or Customer Invoice screen).

3. If the **Apply Customer Deposit** screen is displayed, click the Delete button.

> Note: if you'd like to apply it to a different invoice, simply deselect the Apply box for this original invoice and put it in the correct invoice. If the Customer Invoices screen is displayed instead, click on the **Edit** button. Then select the **Invoice** tab and click on the **Deposits** button. Remove the check box to the left of the transaction. click **Ok** and then **Save**.

Q: Which report will show me deposits that have been applied?

A: The **Applied Customer Deposits Journal** (Reports > Reports > Transaction Reports > Receipts > Applied Customer Deposits Journal) will display all applied deposits. While previewing this report, use the drill-down capabilities to review which invoice(s) it was applied to. This is done by clicking on the dollar amount while previewing the report.

> Note: While previewing the report, verify that it is in interactive mode by clicking on **View** and selecting **Interactive Mode**.

Q: Can I delete a customer deposit?

A: If a customer deposit was inadvertently entered, it can be deleted as long as it has not been included in a bank deposit and is not in a closed period.

> Note: If it is deleted, customer reports will not show the deposit be entered & reversed. It will not display at all. The easiest way to do delete a customer deposit is by using the drill-down capabilities in our reports.

1. Preview the **Customer Deposits** report (Reports > Reports > Transaction Reports > Receipts > Customer Deposits). Note: While previewing the report, verify that it is in interactive mode by clicking on **View** and selecting **Interactive Mode**.

2. Click on the deposit amount to be deleted. On the **Applied Customer Deposits Journal** that is displayed next, again click on the deposit amount. The original **Receipt** transaction will be displayed.

3. Select the **Delete** button.

Q: Will customer deposits/overpayments be included in the Open Invoice and Aged Receivable reports?

A: Customer deposits and overpayments can be included in the Accounts Receivable Aging, Customer Deposits, Applied Customer Deposits Journal, and the Customer Ledger reports. There is not an option to include them in the Accounts Receivable Open Invoice report.