

## Refunding a customer

### Sage Intacct Help Sheet

From time to time, you may need to refund a customer, perhaps because of overpaying an invoice or you have received an advance that was never used.

There are various scenarios that may arise, but this Help Sheet is designed to cover the most common, if you have a specific query that does not meet the criteria documented please contact the support team.

Our consultancy team can design a more automated process for you, for more information please contact your Customer Success Manager. Details of how to process these within Intacct is covered in section 2.

### 1. Manually processing a refund

In this example an Invoice for £1200 was posted and a BACS receipt posted for £2400, making a £1200 overpayment.

Based on: Document date	As of date:								
Customer	Date	Document	Reference	Memo	Txn currency	Txn amount	Charges (GBP)	Payments (GBP)	Balance (GBP)
10099 - Datel Computing Limited	23/05/2022	IN0558	101/230522		GBP		1,200.00		1,200.00
	23/05/2022			BACS rec'd 23.05.22	GBP			2,400.00	(1,200.00)
Total for Datel Computing Limited							1,200.00	2,400.00	(1,200.00)
Totals							1,200.00	2,400.00	(1,200.00)

To clear the customer's balance to zero you will need to navigate to Accounts Receivable, All, Adjustments and post a non-vatable **debit memo** adjustment.

Change the date if required, select the customer and the originating Sales Invoice number, this is not mandatory, it is purely for reference.

If you have assigned Document Sequencing for adjustments the Adjustment number will say –New–, otherwise enter a reference that you can use to track the transaction.

Select suspense, or a dedicated customer refunds code if you have one. There is no VAT implication so use the code No VAT Output Tax Detail code.

The adjustment will **increase** the balance on the customer.

AR Ledger Customize View Print Process & store

Customer	Date	Document	Reference	Memo	Txn currency	Txn amount	Charges (GBP)	Payments (GBP)	Balance (GBP)
10099 - Datel Computing Limited	23/05/2022	IN0558	101/230522		GBP		1,200.00		1,200.00
	23/05/2022			BACS rec'd 23.05.22	GBP			2,400.00	(1,200.00)
	23/05/2022	ARADJ0003	IN0558		GBP		1,200.00		0.00
Total for Datel Computing Limited							2,400.00	2,400.00	0.00

Allocate the adjustment to the overpayment by navigating to Accounts Receivable, All, Receive Payments – New! Select the Customer, enter the date(s) if not using today's date, and then click on the Select invoices button.

**Receive Payment**

Payment information

Account type:  Bank  Undeposited Funds Account

Account: 540 - GBP NatWest--NatWest(GBP)

Payment method: Cash

Payment currency: GBP

Customer: 10099--Datel Computing Limited

Customer balance: 0.00 (GBP)

Invoice currency: GBP

Amount received (GBP): 0.00

Receipt date: 23/05/2022

Payment date: 23/05/2022

Payment memo: [ ]

Attachment: [ ]

Invoices selected for payment

Amount received -- Credits applied -- Total payment applied -- Amount available to apply -- Amount overpaid --

Items selected: 0 Apply credits Apply discounts Clear credits Select invoices

Tag the adjustment and click on Add & close.

**Select Invoices for Payment**

Filter sets: Open invoices Manage filters

Customer Name: Datel Computing Limited Selected invoice total: 1,200.00

Items selected: 1

Invoice no	Customer name	Customer ID	Description	Reference #
<input checked="" type="checkbox"/> ARADJ0003	Datel Computing Limited	10099	--	IN0558

In the Invoices selected for payment section tag the adjustment and click on the Apply Credits button. This will change the outstanding amount against the adjustment to zero.

Invoices selected for payment

Amount received --    Credits applied --    Total payment applied --    Amount available to apply --    Ar

Items selected: 0               

	<input type="checkbox"/>	Invoice no	Customer	Txn currency	Txn amount	Credits available	Credits to apply
1	<input type="checkbox"/>	ARADJ0003	Datel Computing Limited	GBP	1,200.00	1,200.00	

Click on Post.

The original payment will now be fully applied.

To record the refund in the bank, post a journal to credit the bank and debit suspense, or the GL account used on the adjustment.

The original adjustment postings were:

Account	Txn currency	Transaction debit	Transaction credit	Base currency	Base debit	Base credit
12100--Accounts Receivable	GBP	1,200.00	--	GBP	1,200.00	
20625--VAT Liability	GBP	--	0.00	GBP		0.00
99999--Suspense	GBP	--	1,200.00	GBP		1,200.00

In the Entries section you can optionally select the customer dimension.

Entries [Show defaults](#)

	Customer	Doc	Department	Location	Account *	Txn currency	Transaction debit	Transaction credit
1	10099--Datel Computi				99999--Suspense	GBP	1,200.00	
2	10099--Datel Computi				10058--540 - Nat Wes	GBP		1,200.00

### 2. Processing a refund using the automated process

This document assumes that the **Customer Refunds Enhancements** package has already been installed and the **REFD** journal type already exists.

The Customer refund functionality is used where you grant a refund for a late credit or overpayment by the customer.

It may also be used where a payment has been rejected by the bank after it has been processed and you do not wish to void the whole payment batch to reverse it.

Account *	Transaction amount *	CONTRA (Line)	Base amount	Multiple taxes on line	Department	Location	Supplier	Tax detail	Rate	Transaction tax	Memo	Transaction total	Base total
9999--Suspense Accto	50.00		50.00		999--Not Applicable	C01--Entity 1	Supplier	No VAT Output	0	0.00	Refund of overpayment	50.00	50.00

Navigate to Accounts Receivable, All, Adjustments and post an adjustment with type **debit memo**. The adjustment will **increase** the balance on the customer.

Enter the required description and select the **Customer Refund** checkbox, the account that the money has been refunded from in the **Refund into Account** dropdown and any refund reference.

Select suspense, or a dedicated customer refunds code if you have one. There is no VAT implication so use the code No VAT Output Tax Detail code.

Click Post. There are several validation steps that the software will undertake. If you are presented with an error, review the message, and correct your input.

Review the GL postings – the double entry will debit the Debtors Control Account and credit the suspense, or dedicated customer refund account.

Book ID	Journal	Journal no.	Date	Line no.	Account no.	Account name	Location	Txn currency	Debit ten amount	Credit ten amount	Debit amount	Credit amount	Memo
Accrual	ARJ	91	01/08/2023	1	1400	Debtors Control Account	Entity 1	GBP	50.00	--	50.00	--	--
Accrual	ARJ	91	01/08/2023	1	1400	Debtors Control Account	Entity 1	GBP	0.00	--	0.00	--	--
Accrual	ARJ	91	01/08/2023	2	2200	Sales Tax Control Account	Entity 1	GBP	--	0.00	--	0.00	--
Accrual	ARJ	91	01/08/2023	3	9999	Suspense Account	Entity 1	GBP	--	50.00	--	50.00	--
Total									50.00	50.00	50.00	50.00	

The Customer refunds package ensures that the relevant journal (REFD) is posted between the bank and the chosen GL account to reverse the initial credit to that account.

To view the journal, General Ledger, All, Journal Entries and click View Transactions next to the Refund Journal.

[View transactions](#)

Refund Journal

REFD

Two transactions will have been created, one for the zero value VAT amount and one for the net amount of the refund.

Entries										
Doc	Account	Department	Location	Txn currency	Transaction debit	Transaction credit	Base debit (GBP)	Base credit (GBP)	Allocation	Memo
1	-- 1500-C01--Bank Current Account - Entity 1 v2	999--Not Applicable	C01--Entity 1	GBP	--	0.00	--	0.00	--	Refund-Refund overpayment-A1D001
2	-- 2200--Sales Tax Control Account	999--Not Applicable	C01--Entity 1	GBP	0.00	--	0.00	--	--	Refund-Refund overpayment-A1D001
Total					--	--	--	--		

Entries										
Doc	Account	Department	Location	Txn currency	Transaction debit	Transaction credit	Base debit (GBP)	Base credit (GBP)	Allocation	Memo
1	-- 1500-C01--Bank Current Account - Entity 1 v2	999--Not Applicable	C01--Entity 1	GBP	--	50.00	--	50.00	--	Refund-Refund overpayment-A1D001
2	-- 9998--Suspense Account	999--Not Applicable	C01--Entity 1	GBP	50.00	--	50.00	--	--	Refund-Refund overpayment-A1D001
Total					50.00	50.00	50.00	50.00		

The net value journal, above, reverses the original credit from the Suspense account and posts a credit to the bank account to show the money leaving the account.