How to Apply an Overpayment as Credit to A/R Account

This procedure can be used in cases where an Accounts Receivable customer has overpaid and you wish to leave the amount of the overpayment on the account as a credit. The overpayment appears as an "Open Payment" (Type 'P') on the account and later can be applied to one or more invoices.

Before proceeding with entry of the "overpayment," the portion of the check that was not part of the "overpayment" can be applied to open/unpaid A/R invoices as instructed by the customer by "reducing" the check amount to exclude the amount of "overpayment."

> EXAMPLE:
> Assume a customer mails you a $1,000.00 check and lists two invoices to which the payment should be applied. Assume the first invoice is for $800.00 and the second invoice is for $150.00. In this example, the customer overpaid by $50.00 and requests that you show the overpayment as a credit on his/her account.
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> Select the $800.00 and the $150.00 invoices for payment as normal. Then, F3=Apply, P for Payment, S for Selected Transactions. In the PAYMENT ENTRY box, enter the check number. The "Total on Account" field will default to $950.00. Press ENTER. Your cursor will now be positioned in the "Payment Amount" field. Since there is no prompt pay discount in this example, simply press ENTER and it will default to $950.00.
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> *Note: If there is a prompt pay discount, you'll need to enter a "Payment Amount" that is less than the Total on Account so that the prompt pay Discount is calculated and displays in the "Discount Amount" field.*
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> The Receive Method defaults to 2 for CHECK. Press ENTER if the payment was made by check, otherwise change the Receive Method to the appropriate payment method.
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> At this point, the two invoices will no longer show on the open Payment screen as they are now in a PD status.
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> Follow the instructions below to enter the $50.00 overpayment.

Apply "Overpayment" to A/R Customer as an Open Payment/Credit on the Account

1. If you are already in the A/R Transactions Review and Payment screen with the customer read up, continue with the next step. If not, select **Accounts Receivable** from Main Menu, then select **Transaction** from A/R Menu, if prompted enter printer# for Audit, then enter the customer ID.
2. Top right hand corner of screen indicates **PAYMENT, PAID or REVIEW.**
   - If "**PAYMENT" mode** does not display, press **TAB** until mode is **PAYMENT**.
3. Check the "**Debits: _____   Credits: _____**" field at the bottom right of screen to be sure both fields are blank indicating nothing has been selected to pay.
4. With no transactions selected, press **F3=APPLY**, then **P for PAYMENT ENTRY**, then **S for SELECTED TRANSACTIONS** (even though you have NO transactions selected).
5. In the PAYMENT ENTRY box, enter the **Check Number**.
6. **Total on Account:** Since no transactions have been selected, this field will default to 0.00. **Enter the amount of the overpayment.**
7. **Payment Amount** - Press <Enter> to make payment amount same as "Total on Account."
8. **Discount Amount** - Pre-fills with zero.
9. **Receive Method** - Defaults to **2=Check**. If not paying by check, choose pay method from screen display.

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10. After exiting from the Payment Entry box, you'll be back on the open item PAYMENT screen. The last transaction on the open item PAYMENT screen will be a "P" type transaction in an "OP" (Open) status for the amount of the overpayment.
11. The open payment will remain on the account until it is applied.
12. **<F9> to Clear Screen** and enter another Customer ID or name. When finished applying payments, press **<F12> to exit**.
13. **Audit report** prints to selected printer.