

# Credit Memos Overview and Topics

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A Credit Memo is created when a credit needs to be issued to a Customer account for previously invoiced services, a customer referral credit, or to generate a credit to write off bad debt or generate a customer refund check. A Credit Memo may be manually generated or created by using the right-click credit off functions available when highlighting an invoice with an open balance from the Customer Explorer.

A Credit Memo may be applied to any invoice with an open balance. A Credit Memo may be generated from the Accounts Receivable module menu or from a Customer Explorer record.

## Partially Paid Invoices

If the balance of an invoice needs to be credited-off where a payment or credit memo has been applied to the invoice, the User has two options:

- Credit off the balance of the invoice to a miscellaneous G/L Account
- Create a Credit Memo and apply it to the invoice manually.

Crediting off the balance of an invoice to a miscellaneous G/L account is typically used when the balance of an invoice is being written off to a bad debt account. If this is not the case, the User should create a Credit Memo and apply to the invoice manually.

The User creating this type of Credit Memo will need to review the Invoice Items and the tax group associated with the invoice to be credited to determine the amount for Items and the amount of tax to be entered on the Credit Memo. If sales tax is being credited off, your company should set up an Invoice Item in SedonaSetup for this purpose. Instead of selecting an income account, select your sales tax liability account, which will reduce your sales tax liability when the Credit Memo is posted.

If your company has activated the Credit Request Processing feature (SedonaSetup, Setup Processing for AR) Users will not be able to manually create a Credit Memo. Please refer to [Credit Request Processing](#), for more information on this topic.

Click on the links below for detailed information related to Credit Memo functions.

- [SedonaSetup](#)
- [User Group Security](#)
- [Credit Memo Form Definitions](#)
- [How to Create a Credit Memo](#)
- [Crediting Off an Entire Invoice](#)
- [Create Credit From](#)
- [Credit Off a Partially Paid Invoice](#)
- [Apply a Credit Memo to Invoices](#)
- [Apply a Credit Memo to a Customer Refund Check or Miscellaneous G/L Account](#)

