

# Hold Back (Retainage) Invoicing Overview and Topics

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Hold Backs (sometimes referred to as Retainage or Retention) are typically used on government or general contractor type jobs where the customer requires your company to withhold a certain percentage of each invoice and then invoice for all amounts withheld some time after the customer has accepted the work as being completed to their satisfaction; normally this is 30 days after the completion of the Job.

SedonaOffice provides the functionality to accomplish this by creating a special fields on the Job Type setup and a field on the Job Work Order form for this purpose.

When a Job is invoiced using the Hold Back method, the application will create an invoice for the total amount of the charges and also insert a credit line on the invoice for the holdback percentage amount. The Hold Back amounts may be invoiced to the customer through the Job at any time desired or may be invoiced during the Job closing process.

Hold Back invoicing may only be accomplished if there is a value in the HoldBack % field of the Job Work Order form and the required fields on the Job Type setup form (in SedonaSetup) have been populated.

## **SedonaSetup - G/L Account Setup**

You will need to create a G/L Account that will be used when Holding Back amounts from Job Invoices. This is typically an Asset Account. If you already have an account setup for this purpose, make note of this G/L Account Number - you will need it for the Invoice Item setup.

## **SedonaSetup - Invoice Item Setup**

You will need to create an Invoice Item to be used when creating Hold Back (Retention) Invoices. Use the Item Type of NR, flag as Non-Taxable, and instead of pointing to an Income Type account, you will link to the Hold Back Account (previous paragraph).

## **SedonaSetup - Job Type Setup**

Three fields on the Job Type setup control Hold Back Invoicing on Jobs.

**Hold Back %** - If a value is saved into this field, when creating a Job with this Job Type, the Holdback % field on the Job Work Order form will default to this percentage. This is typically done when the Job Type will always employ Hold Back Invoicing. If you want the ability to use the Job Type for Hold Back Invoicing as needed for any Job, enter any value into this field, then make the selections in the next two fields (Hold Back Item and Hold Back Account) then return to this field and change the value to zero, then save the Job Type setup form.

When this Job Type is selected on a new Job and you want to perform Hold Back Invoicing, you enter the percentage into the Holdback % field on the Job Work Order form. When invoicing is performed, the application will calculate the Hold Back amount based on the percentage entered on the Job Work Order.

- **Hold Back Item** - The Invoice Item that will be used when generating the Hold Back invoice. The G/L account used on this item code setup must be the same as the Hold Back G/L Account (next field below).
- **Hold Back Acct** - The G/L account (asset) where the hold back amounts deducted from the job invoice will be recorded and remain until a Hold Back invoice is posted.

- When setting up this Invoice Item, make certain to select the Item Type of NR or OC and mark as non-taxable.
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Follow the topic links below for step by step instructions on creating Hold Back Invoices and Creating the Invoice for amounts held back.

[Job Invoicing with Hold Back \(Retention\)](#)

[Manual Hold Back Invoice](#)

[Hold Back Invoice created during Job Closing](#)

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