

Billing & Payment Terms Preferences

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This guide explains the accounting preferences for managing payment options, deposit requirements, discounts, etc. It is intended for system administrators.

System administrators can use billing terms to create a list of commonly used payment options. These can include specifications for deposit requirements and opportunities for early payment discounts. These billing terms are available for both the invoices your company sends to customers and the purchases your company makes.

Navigate from Main Menu > Accounting > Preferences > Billing & Payment Terms:

1. **Default Billing Terms** – You can specify an existing billing term as the default option. Click the Default Billing Terms field and select the desired existing term from the list. New company records will initially inherit this setting for both the Customer Billing Terms and Vendor Payment Terms fields.
2. **Managing Billing Terms** – You can add new billing terms and codes. Click the highlighted field in the first blank line at the bottom of the list. Enter the title and other settings (see below). New billing terms will be available in modules such as Companies, Orders, Invoices, Purchase Orders, and Purchases. You can remove an existing billing term by clicking the Delete icon (✕) at the end of the line.
3. **Billing Terms Settings** – For each billing term, you can specify the following settings:
 - Deposit Pct (optional) – The amount included on an automatically generated deposit invoice when the order or purchase is opened
Note: If this setting is zero, a deposit invoice is *not* generated. Read more about [handling customer deposits](http://aace5.knowledgeowl.com/help/handling-customer-deposits) (<http://aace5.knowledgeowl.com/help/handling-customer-deposits>).
 - Due Days – The number of days from the invoice or purchase date for calculating the due date
 - Discount Pct (optional) – The amount that the invoice or purchase will be discounted if the payment is made within the discount period
 - Discount Period (optional) – The number of days from the invoice or purchase date wherein an early-payment discount can be used

Early Payment Discounts

Using billing terms, you can easily offer [early-payment discounts for customers](http://aace5.knowledgeowl.com/help/assigning-customer-discounts)

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You can also take these discounts on purchases when the corresponding billing terms are offered by vendors. If a purchase uses a billing term that includes an early payment discount (e.g. Net 10 2%), that possible discount will be noted on the Purchases module when the purchase is opened, until the Discount Period is passed. aACE also notes the Suggested Discount in the lower-right, below the Balance.

When the disbursement for the purchase is generated, aACE compares the Purchase Date to the Disbursement Date. If the disbursement is within the Discount Period, aACE automatically applies the Suggested Discount as an [adjustment on the disbursement](http://aace5.knowledgeowl.com/help/using-the-adjustment-field-in-disbursements) (<http://aace5.knowledgeowl.com/help/using-the-adjustment-field-in-disbursements>). In the General Ledger, the early payment discount adjustment is applied to the GL Account specified in the [Adjustment Codes preferences](http://aace5.knowledgeowl.com/help/adjustment-codes-preferences) (<http://aace5.knowledgeowl.com/help/adjustment-codes-preferences>).
