

# Applying a Vendor Credit to a Purchase

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This guide explains how to pay a vendor using an existing credit memo. It is intended for general users.

If you have a [credit memo on file for a vendor](http://aace5.knowledgeowl.com/help/working-with-vendor-returns) (http://aace5.knowledgeowl.com/help/working-with-vendor-returns), you can apply that credit to other outstanding balances on open purchases.

## Apply a Vendor Credit from the Disbursements Module

1. Navigate from **Main Menu > Accts Payable > Disbursements**.
2. In the menu bar, click **New > Vendor Payment**.
3. In the **Company** field, specify the vendor with whom you have a credit.  
The company's open purchases are displayed in the Purchases list, including the available credit showing as a negative amount.
4. Remove any unrelated purchases from the Purchases list – the list should only show the available credit and the purchase you want to apply that credit to.
5. Click the **Apply ( >> )** icon for the Suggested Balance of the credit and the purchase.
6. In the Totals section, click the **Refresh icon ( ↻ )**.
7. In the General Info section, update the **Amount** to match the Total Allocated (i.e. so the balance zeroes out).

The screenshot shows the 'Disbursements' module interface. At the top, the record number is 'Record: 12 of 12'. The main header displays 'Disbursement: 50211', '4" resupply using credit', and the date '12/30/21' with a 'PENDING' status. Below this is the 'Vendor Payment Details' section with tabs for 'General Info' and 'Payment Info'. In the 'General Info' section, the 'Company' field is set to 'China Brushworks International' and the 'Amount' field is highlighted with a green circle and contains the value '30.00'. The 'Payment Info' section shows the 'Payee' as 'China Brushworks International' and the 'Payment Method' as 'CHECK'. Below these sections is a 'Purchases' table with columns for Purchase, Date, Vendor Inv #, Vendor Inv Date, Total, Suggested Balance, Amount, Adjustment, and Total. The table contains two rows: row 1 with purchase 50233, date 12/30/21, vendor inv # 498413, vendor inv date 12/30/21, total 50.00, suggested balance -50.00, amount -50.00, adjustment 0.00, and total -50.00; row 2 with purchase 50236, date 12/30/21, vendor inv # 484613, vendor inv date 12/30/21, total 80.00, suggested balance 80.00, amount 80.00, adjustment 0.00, and total 80.00. The 'Suggested Balance' and 'Amount' columns for row 2 are highlighted with a green circle. At the bottom of the form, the 'Total Allocated' is 30.00 and the 'Out of Balance' is 0.00, with the '30.00' value highlighted by a green circle. The interface includes a 'Save' button at the bottom right and a search bar at the bottom left.

8. Click **Save**, then **Post**.

**Example**

Suppose that aACME Education Solutions has a \$100.00 credit with a vendor from a recent product return. This shows as a negative value on the company record Vendor Details tab:

**Company: Hewlett Packard (HP)** ACTIVE

**Vendor Setup**

Approved  **Net-30**

A/R Contact > Deliver PO Via **Email**

Email Last Purchase Date **10/16/2019**

Payment Terms **Net-30** Check Memo (Acct #) Default Pmt Method

A/P Balance **-100.00** Credit Limit Credit Balance **0.00**

Detail Template Free Shipping Type Free Shipping **Value (Dollars) 10,000.00**

Line Item Code	Product Code	GL Account	Last Purchase	Date	Total
> HP200T HP 200 Series Toner Cartridge			> 50060 Hewlett Packard	10/16/19	20.00
> HP250 HP 250 Printer			> 50046 Hewlett Packard	08/13/19	92.00
> HP250T HP 250 Series Toner Cartridge			> 50060 Hewlett Packard	10/16/19	25.00
> HP290 HP 290 Printer			> 50060 Hewlett Packard	10/16/19	100.00
> HP300 HP 300 Printer			> 50060 Hewlett Packard	10/16/19	200.00

They also have an open purchase with that vendor, totaling \$140.00:

**Purchase: 50062 Hewlett Packard 10/16/2019** OPEN

**Vendor**

Vendor > **Hewlett Packard** Contact >

Recur Transaction > Vendor Inv # **1611906** Inv Date **10/16/19**

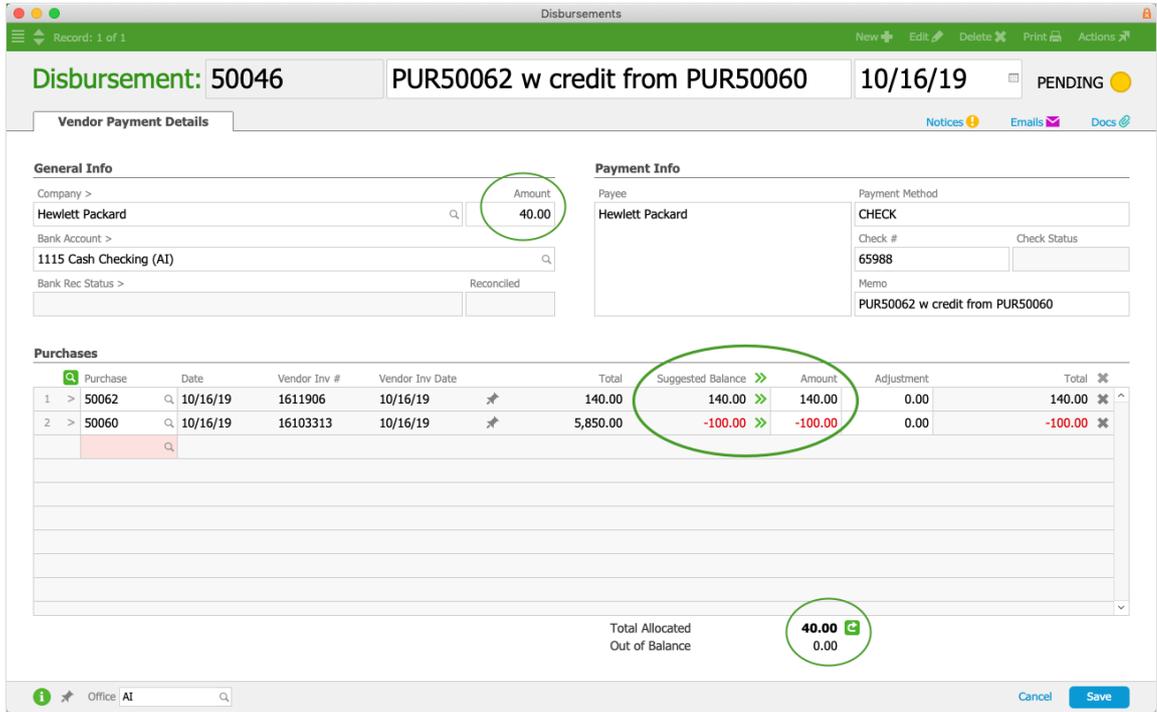
Pur Order > **50065** Payment Terms **Net 30** Payment Due **11/15/19** Pmt Expected **11/15/19**

**Purchase Items**

Line Item Code	GL Acct	Description	Purchase Order	Job	Dept	Qty	Unit Cost	Total	Freight
1 > HP200T	1301	HP 200 Series Toner Cartridge	> 50065		AI	7	20.00	140.00	0.00

Subtotal **140.00** Freight **0.00** Shipping Exp **0.00** Tax **0%** Total **140.00** Balance **140.00** 100% Sugg Disc **0.00** Use Tax **0.00**

The available credit can be applied to the current purchase from the Disbursements modules, as described above. At the disbursement record, the suggested balances from the open purchase and the available credit are displayed. Because the Amount field in the General Info section has been updated, the Out of Balance is zero – the check for \$40.00 plus the credit for \$100.00 from purchase 50060 offsets the open balance of \$140.00 from purchase 50062:



This same process can be used when a vendor has a credit balance that will entirely cover another purchase. Suppose our example used a second purchase for \$100.00. The actual disbursement would total \$0.00 because the \$100.00 credit would cover the entire balance. No payment would be sent to the vendor, but the credit would be accounted for in aACE and the purchase would be closed.