

Credit Invoices

Update:
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Credit Invoice Types

Credit invoices are used to offset an invoice or for a cash discount. Each type is reported differently.

- Offset invoiced items – To offset an over charge for an item, report the credit amount as an item in the IT1 segment.
- Cash discount – Since a discount does us not an inventoriable item, but rather a general credit, report it in the SAC segment, using a suitable SAC code. See our list. For instance, ANSI standard code C310 is defined as ‘allocation’. Report the dollar amount as a positive number.

EDI Inbound Invoice Coding - Logic

This is generally how credit memos are treated.

1. If the vendor-supplied document type is “CR” and vendor supplied total is positive, the vendor-supplied total is automatically converted to a negative value.
2. If the vendor-supplied total is negative and all line item extension calculations are positive, then the sign of each line item is automatically reversed.
3. Charges and allowances, reported in the SAC segment, are evaluated with regard to their bearing on the calculated document total in relation to the vendor-supplied total. If the calculated total more closely matches the vendor-supplied total by reversing the charge/allowance amount, then the sign is reversed. Otherwise it is left as is. This logic applies to *allowances* on both debit and credit type invoices. It only applies to *charges* on credit invoices. (Thus, a positive charge would never be negated on a debit invoice, but might be negated on a credit invoice if negating the charge yielded a closer match to the vendor supplied total. On the other hand, an allowance received with a debit invoice is likely to be negated, unless it is already negative).
4. Charges against the credit amount, i.e. a restocking charge, must be reported in the SAC segment. The charge would be reported an offsetting value in the credit invoice.
5. The debit memo is used to *adjust* the balance of a previous document. Like the original invoice, the debit memo, or *rebill*, uses the qualifier 'PR' in the BIG07. The credit memo uses the 'CR' in the BIG07.

Note: Do not report negative items (IT101). Credit logic does not look at the IT102. A negative item count makes no sense to this logic.

Additional Considerations

1/ if the vendor-supplied document type is "CR" and vendor supplied total is positive; the vendor-supplied total is automatically converted to a negative value.

2/ if the vendor-supplied total is negative and all line item extension calculations are positive, then the sign of each line item is automatically reversed.

3/ it is best not to report a charge in a credit invoice.

4/ All documents are tied together in the database by the PO number. That includes the invoice, credit memo, and debit memo. Each successive document must have a unique number. Once received, a document numbers (e.g., an invoice number) will keep any successive document with the same number from entering the EDI and A/P systems.

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