QuickBooks FAQs

Question: How do I enter a refund to a customer?

Answer: There are two ways a refund can be recorded in QuickBooks. The reason you are giving the refund will determine which procedure you should follow.

PROCEDURE #1 – REFUND FOR OVERPAYMENT (TWO STEPS)

STEP 1

If your customer requests an immediate refund instead of applying the overpayment to a future transaction, follow these steps:

Go to the QuickBooks Home Page and click on the “Write Checks” icon.

If the check is to be printed, QuickBooks will assign the check number. If the check is hand written, highlight the check number and type in the check number reflected on the hand written check.

Type in the date to reflect when the refund will be issued.

On the “Pay To The Order Of” line, type the name of the customer that the refund is for, or use the drop down menu to select the customer.

Enter the amount of the refund.

NOTE: It is recommended that you use the check’s “Memo” line to provide a brief explanation of what the refund is for. This “Memo” line will be reflected on the check if you are printing it and will be visible to the customer.

Move your cursor to the “Account” section below the check and click. Then select “Accounts Receivable” from the drop down menu.

Skip the “Amount” column. QuickBooks will automatically fill in the correct amount once you have entered information in the “Account” column.

The next column, “Memo” should be used to briefly document information you wish to retain, but do not want the customer to see.

Move your cursor to the”Customer: Job” column and type in the customer’s name or use the drop down menu to select the name.

Skip the “Billable” column. Because this is a non-billable transaction, this column should be left blank.

If you have NOT set up QuickBooks to utilize the “Class” option, simply leave it blank. If you are using the “Class” field, use the drop down menu to enter the class used on the original invoice when you billed the customer.

Click on “Save & Close”
**STEP 2**

Go back to the Home Page and click on the “Receive Payments” icon.

In the “Received From” field, type the customer’s name or use the drop down menu.

Leave the “Amount” field blank.

Enter the date of the refund in the “Date” field.

Leave the “Pmt. Method” blank.

Leave the “Check #” blank.

If you want to include a brief amount of information regarding the refund, enter it in the “Memo” field.

Because this transaction will not be deposited to any of your accounts, you can leave the “Deposit To” field with the information already reflected in this field. This field is not relevant for this entry.

The refund check that you have written should appear in the middle section of the screen. (If you do not see it, retrace your steps to verify that you entered the correct customer name and specified “Accounts Receivable” in the “Accounts” field when you wrote the check.)

Click on the check information to highlight it. Do NOT activate the check mark in the first column. If you do, QuickBooks will display a warning because you have not entered information in the “Amount” field.

Click on the “Discount & Credits” button in the lower right area of the screen. It will automatically display the “Credits” tab and the refund check information will be reflected in the section labeled “Available Credits”. It should also have a check mark.

**NOTE:** We recommend that you carefully review the information reflected in this screen to be sure the credit Information is correct before completing this action.

Click on the “Done” button.

QuickBooks will return you to the “Receive Payments (Editing Transaction…)” screen. You will see a new column “Credits” has been added between the “Amount Due” and “Payments” columns that reflects the refund amount.
PROCEDURE #2 – REFUND FOR REASON OTHER THAN OVERPAYMENT

Use this procedure when you are issuing a refund to settle a dispute, honoring a “Satisfaction Guaranteed” issue, etc.

Go to the QuickBooks Home Page and click on the “Refunds & Credits” icon.

You will create a credit memo that is similar to the original invoice.

NOTE: You will find it helpful to see the original invoice while following this procedure. You have the option of printing a copy or you can open the invoice in QuickBooks and view it on your computer screen.

Click in the “Customer: Job” field and type the customer’s name or use the drop down Menu to select the customer.

If you have NOT set up QuickBooks to utilize the “Class” option, simply leave it blank. If You are using the “Class” field, use the drop down menu to enter the same class that was used on the original invoice when you billed the customer.

Enter the date of the credit memo in the “Date” field.

QuickBooks will automatically provide in the “Credit No.” field, the next number in sequence to the one used on the last invoice or credit memo that was created.

NOTE: You have the option to override and change the credit memo number if you wish. If you do this however, QuickBooks will display a warning to remind you that the software will automatically assign the next number in sequence to the number you have entered. This may result in confusion or duplication of numbers assigned to future invoices and/or credit memos. For this reason, we recommend that you use the number that the software has given you.

Move your curser to the “Item” column and click. Use the drop down menu to select the item(s) and/or service(s) that you have agreed to refund.

Put the amount of the refund in the “Amount” column. Include sales tax if applicable.

Click on “Save & Close”. A screen will appear asking you how you wish to proceed with the credit. Click on “Give A Refund”.

Most of the refund information will be filled in automatically. Review the kind of refund, check or credit card, and change if necessary. If the refund is to be in the form of a check, specify if you want the check to be printed.

Click on “Save & Close”.