

# Writing Off a Bad Debt from a Customer

This document will explain:

- How to write off a bad debt for invoices generated in Jim2
- How to write off a bad debt for invoices generated in another system, and brought into Jim2 as Debtor Opening Balances

From time to time a business may be unable to collect payment from a customer for goods and/services provided, and needs to write off an amount owed as a bad debt and reclaim the GST collected on those invoices. You can write off single invoices, part of an invoice or multiple invoices at one time.

NOTE: We suggest that you seek advice from your accountant before proceeding.

## Method 1 – if the invoice was generated in Jim2

If invoices were generated in Jim2, when using the Bad Debt function the ex GST amount from the total invoice value will be posted to the 6-XXXX Bad Debts account, and the GST will be posted as a credit to the 2-XXXX GST Collected account.

- Go to Accounts > Debtors > locate the required debtor record and open it in Edit mode
- Enter the date that the bad debt is to be written off eg. 30/06/20XX
- Select the transaction Type of Bad Debt from the dropdown
- Type the amount being written off in the Paid Now column against each invoice you want to write off

**Editing Debtor - ADV.KNOW**

Card Code:  Date:  Type:

Advance Knowledge  
Suite 1/11, Hattie Avenue  
Panorama SA 5041

Twenty Five Dollars only

Amount:

Comment:

Invoice List											
+	Invoice#	Pay#	Date	Invoice Amt	Paid Amt	Discount	Account Fee Discount	Paid Now	Balance Due	Date Due	Paid By
I	-10000003		25/11/2014	25.00	0.00			25.00	0.00	25/11/2014	
	-10000002		25/11/2014	250.00	0.00				250.00	25/11/2014	

- The total being written off will accumulate in the Amount field in the header
- Add a comment prior to saving this transaction

**Method 2 – if the invoice was brought into Jim2 as a ‘Debtor Opening Balance’ invoice, ie. generated in your previous system**

You should not use the Bad Debt function to write off invoices that were generated in your previous system. There is no record of the GST charged on these invoices as they were brought into Jim2 as Debtor Opening Balances.

- Go to Accounts > Debtors > locate the required debtor record and open it in Edit mode
- Enter the date that the bad debt is to be written off. Eg. 30/06/20XX
- Select the transaction Type of Debtors Adjustment Down from the dropdown
- Select the 6-XXXX Bad Debts GL Account
- Enter the total amount being written off
- Select the appropriate tax code to reflect any GST charged on the invoice
- Add a comment prior to saving this transaction then save

**Editing Debtor - ADV.KNOW**

Card Code:  Date:  Type:  

Suite 1/11, Hattie Avenue  
 Panorama SA 5041

GL Acc:  Bad Debts Written Off

Twenty Five Dollars only

Amount:  Tax:

Comment:

Invoice List											
+	Invoice#	Pay#	Date	Invoice Amt	Paid Amt	Discount	Account Fee Discount	Paid Now	Balance Due	Date Due	Paid By
	-10000003		25/11/2014	25.00	0.00				25.00	25/11/2014	
	-10000002		25/11/2014	250.00	0.00				250.00	25/11/2014	

You have now created a credit for the amount that you want to write off as a bad debt, reported the value of the bad debt to the 6-XXXX Bad Debts account, and any GST to be credited to the 2-XXXX GST Collected account. To complete the transaction you should apply the credit to the invoice/s being written off.

You can find further information in the F1 online help.

For further assistance or information please call Happen Business 02 9570 4696 or email [support@happen.biz](mailto:support@happen.biz)