

WHITE PAPER USER MANUAL FOR – MANUAL DEBIT MEMO

Module – Account Payables

Author : Ajinkya Patil
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A **debit memo** is a document used to adjust an account by increasing the amount owed by a customer or decreasing the amount owed to a supplier. It's often issued to correct errors or account for adjustments in financial transactions. To explain a debit memo using the 5 W's (Who, What, When, Where, Why), here's a breakdown:

1. Who

- **Who Issues It:** A debit memo is usually issued by a seller or service provider to the buyer or client.
- **Who Receives It:** The recipient is typically the customer or client whose account is being adjusted.

2. What

- **What It Is:** A debit memo is a formal document that indicates an increase in the amount owed by the customer or a decrease in the amount receivable from the customer. It details the reason for the adjustment and provides a new balance if applicable.
- **What It Includes:** It usually includes details such as the debit memo number, date, the account affected, the amount of adjustment, and a description of the reason for the adjustment.

3. When

- **When It's Issued:** A debit memo is issued when there is a need to adjust a previous transaction. This could be due to errors in invoicing, changes in terms, or corrections for returned goods.
- **When It's Applied:** The adjustment or change reflected by the debit memo typically takes effect immediately or according to the terms specified in the memo.

4. Where

- **Where It's Used:** A debit memo is used in various settings, such as in business transactions, accounting departments, and financial reporting. It is relevant in contexts where accounts are maintained and adjustments are necessary.
- **Where It's Filed:** The document is usually filed in the accounts receivable or payable records of the issuing company and may also be communicated to the recipient through email or physical mail.

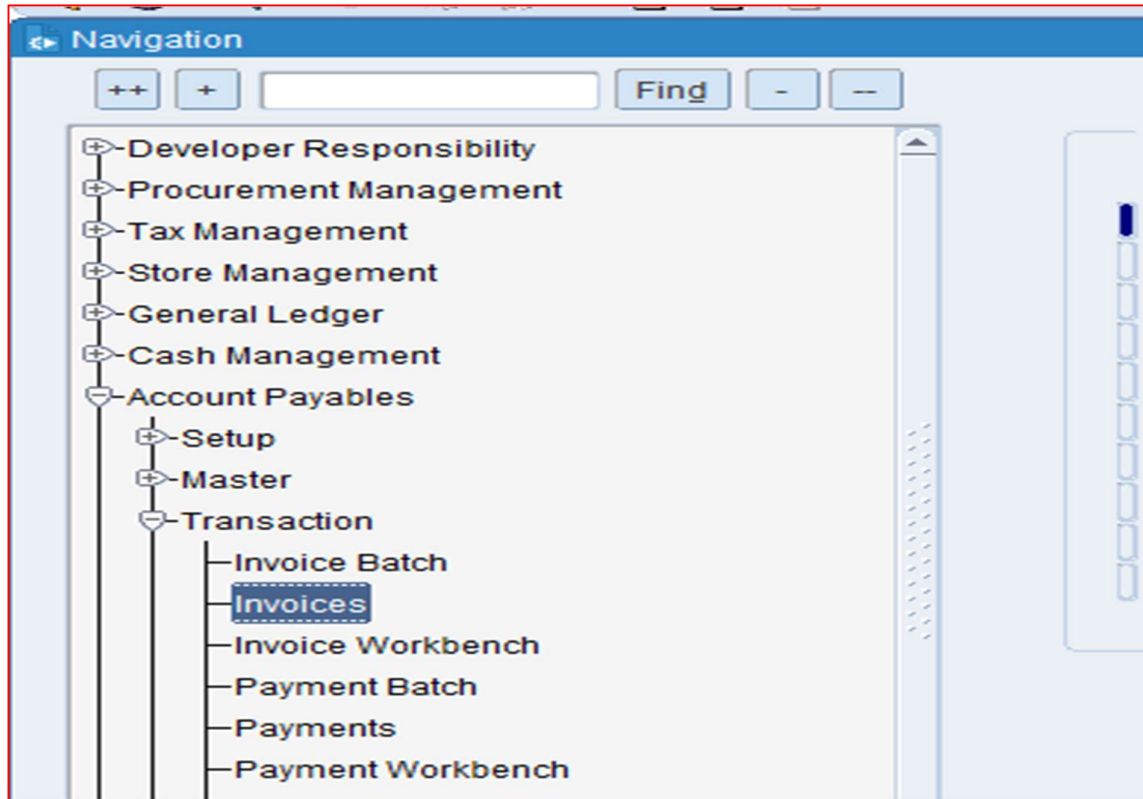
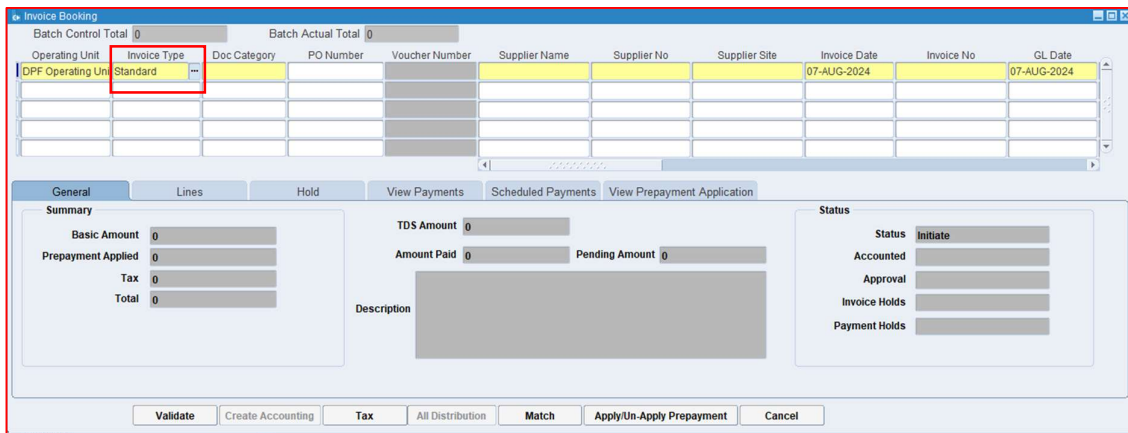
5. Why

- **Why It's Issued:** The primary reasons for issuing a debit memo include:
 - **Correction of Errors:** To correct mistakes in previous invoices or transactions.
 - **Adjustments for Returns:** To account for goods that were returned or services that were not delivered as expected.
 - **Changes in Terms:** To reflect changes in payment terms or additional charges that were not included in the original invoice.

In summary, a debit memo is an important tool in financial management and accounting, used to correct or adjust accounts and ensure accurate financial records.

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Navigation – Account Payables > Invoice

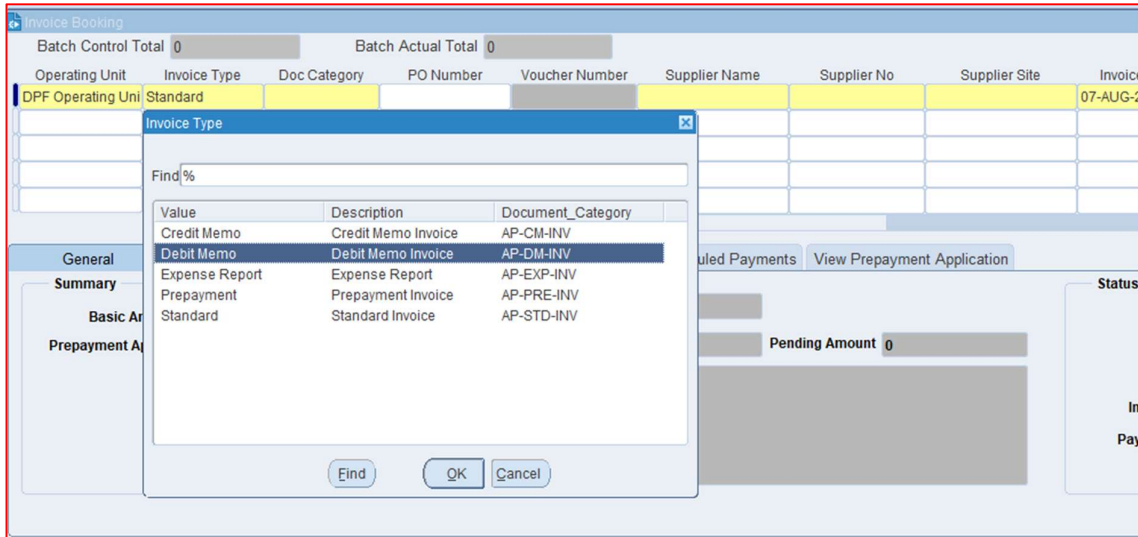
The screenshot shows the 'Invoice Booking' form. The 'Invoice Type' dropdown in the 'Operating Unit' section is highlighted with a red box. The form contains the following fields and sections:

Operating Unit	Invoice Type	Doc Category	PO Number	Voucher Number	Supplier Name	Supplier No	Supplier Site	Invoice Date	Invoice No	GL Date
DPF Operating Unit	Standard							07-AUG-2024		07-AUG-2024

Below the table, there are tabs for 'General', 'Lines', 'Hold', 'View Payments', 'Scheduled Payments', and 'View Prepayment Application'. The 'General' tab is active, showing a 'Summary' section with fields for Basic Amount, Prepayment Applied, Tax, and Total. There is also a 'Status' section with fields for Status, Accounted, Approval, Invoice Holds, and Payment Holds. At the bottom, there are buttons for 'Validate', 'Create Accounting', 'Tax', 'All Distribution', 'Match', 'Apply/Un-Apply Prepayment', and 'Cancel'.

Click on Invoice type LOV

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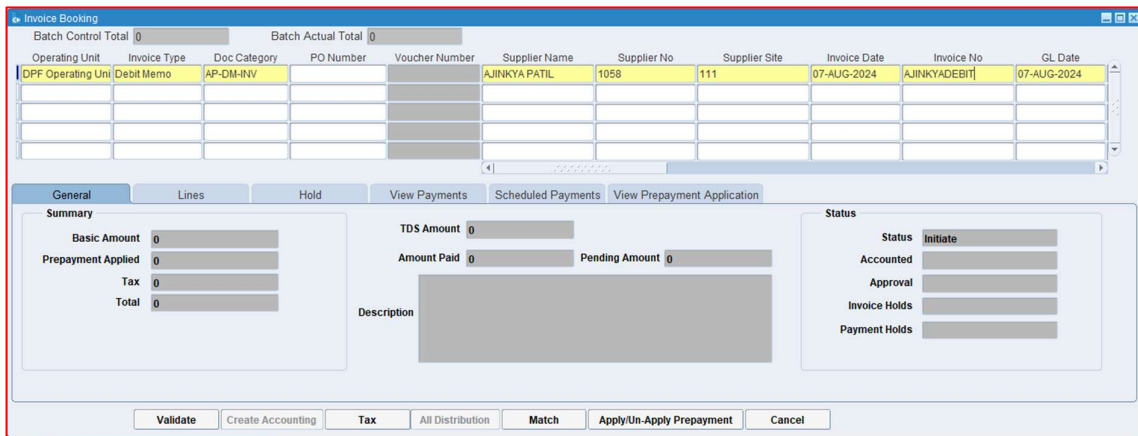
The screenshot shows the 'Invoice Booking' window. A dialog box titled 'Invoice Type' is open, displaying a list of invoice types and their corresponding document categories. The 'Debit Memo' is selected, which corresponds to the 'Debit Memo Invoice' and 'AP-DM-INV' document category.

Value	Description	Document_Category
Credit Memo	Credit Memo Invoice	AP-CM-INV
Debit Memo	Debit Memo Invoice	AP-DM-INV
Expense Report	Expense Report	AP-EXP-INV
Prepayment	Prepayment Invoice	AP-PRE-INV
Standard	Standard Invoice	AP-STD-INV

Select the Debit Memo then select Doc Category

What is Document Category?

This is a classification assigned to an invoice to indicate its type or purpose. It helps the ERP system to apply specific rules, workflows, and processing steps based on the category. Examples might include "Sales Invoice," "Purchase Invoice," "Credit Note," or "Debit Note."



The screenshot shows the 'Invoice Booking' window with the following details filled in:

Operating Unit	Invoice Type	Doc Category	PO Number	Voucher Number	Supplier Name	Supplier No	Supplier Site	Invoice Date	Invoice No	GL Date
DPF Operating Unit	Debit Memo	AP-DM-INV			AJINKYA PATIL	1058	111	07-AUG-2024	AJINKYADEBIT	07-AUG-2024

The 'Summary' section shows the following values:

Field	Value
Basic Amount	0
Prepayment Applied	0
Tax	0
Total	0

The 'Status' section shows the following values:

Field	Value
Status	Initiate
Accounted	
Approval	
Invoice Holds	
Payment Holds	

Put the Supplier name, site & Invoice number.

What is Supplier's name?

It identifies the party that has supplied the goods or services, ensuring that there is clarity on who the invoice is coming from. This helps in maintaining accurate records and resolving any discrepancies related to the supplier.

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What is a supplier site?

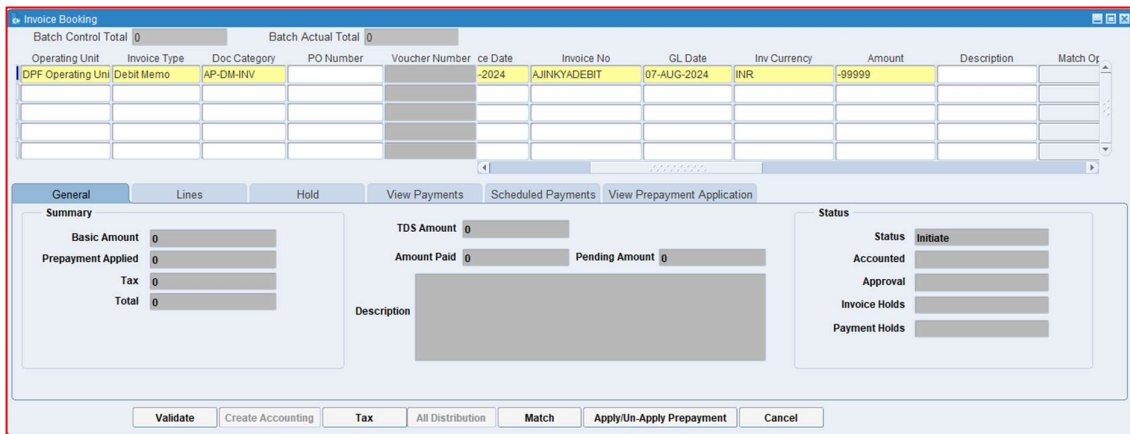
The supplier site provides detailed information about where a supplier operates, ships from, or where services are delivered. This helps in managing logistics, shipping, and procurement processes efficiently.

What is the Invoice Number?

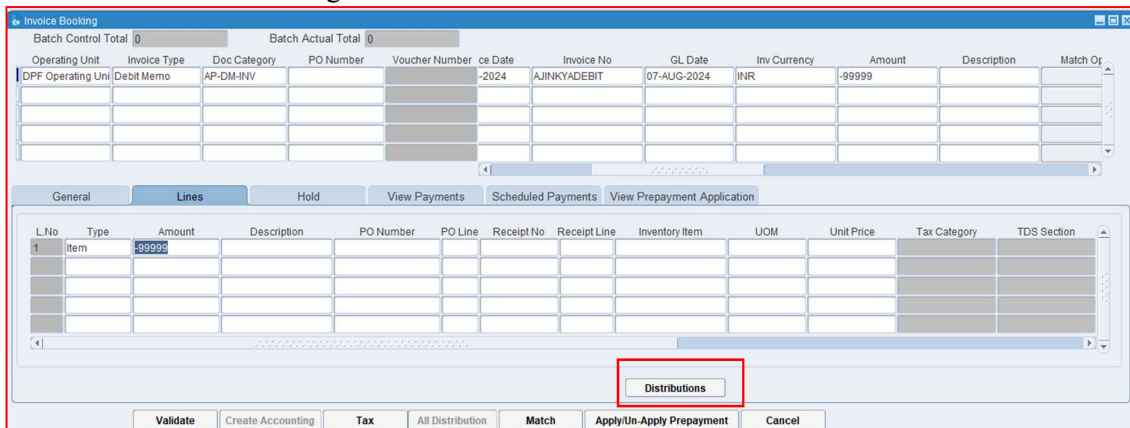
The invoice number uniquely identifies each invoice, making it easy to reference and track. It helps in distinguishing one invoice from another, which is essential for organization and clarity in financial records.

What is GL Date?

The GL date indicates the specific date on which a transaction is recorded in the General Ledger. This date determines the accounting period in which the transaction will be included for financial reporting and analysis.



Take Invoice amount in negative value

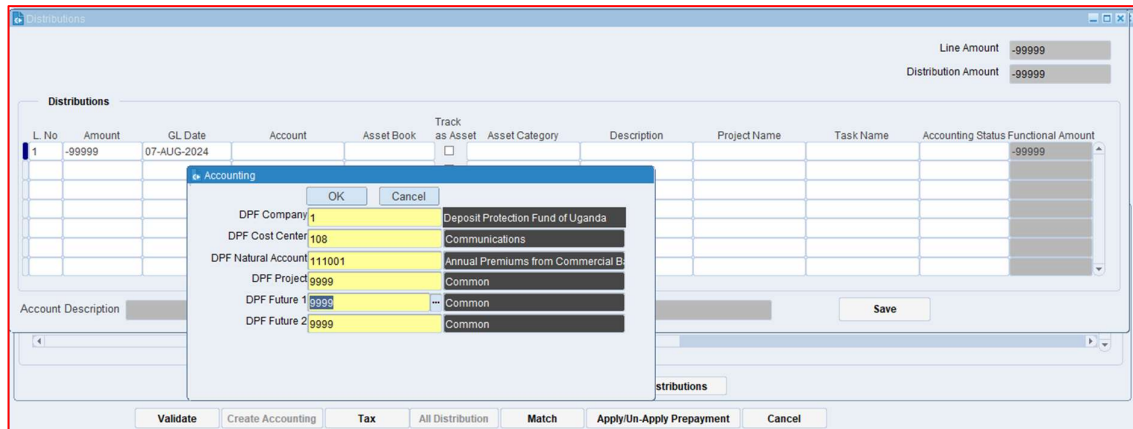


Fill in **Lines** Details and then click the **Distributions** button

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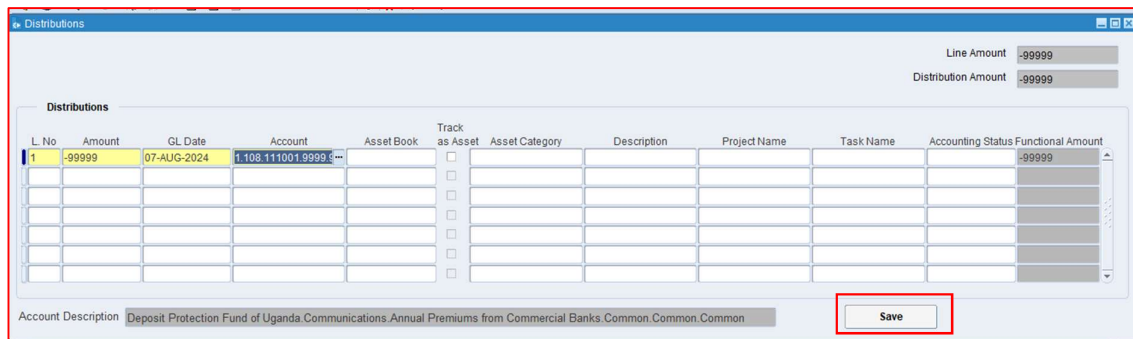
What is Distributions?

In the context of invoicing and accounting, distributions refer to the process of allocating the costs of an invoice to different accounts, cost center, or department within an organization. This ensures that expenses are recorded accurately in the financial records and helps in proper budgeting and financial analysis



The screenshot shows the 'Distributions' window with a table containing one row with the following values: L. No: 1, Amount: -99999, GL Date: 07-AUG-2024, Account: 111001, Asset Book: 111001, Track as Asset: (unchecked), Asset Category: 9999, Description: Common, Project Name: (empty), Task Name: (empty), Accounting Status: (empty), and Functional Amount: -99999. An 'Accounting' modal is open, displaying a list of accounts with checkboxes. The 'Save' button is located at the bottom right of the main window.

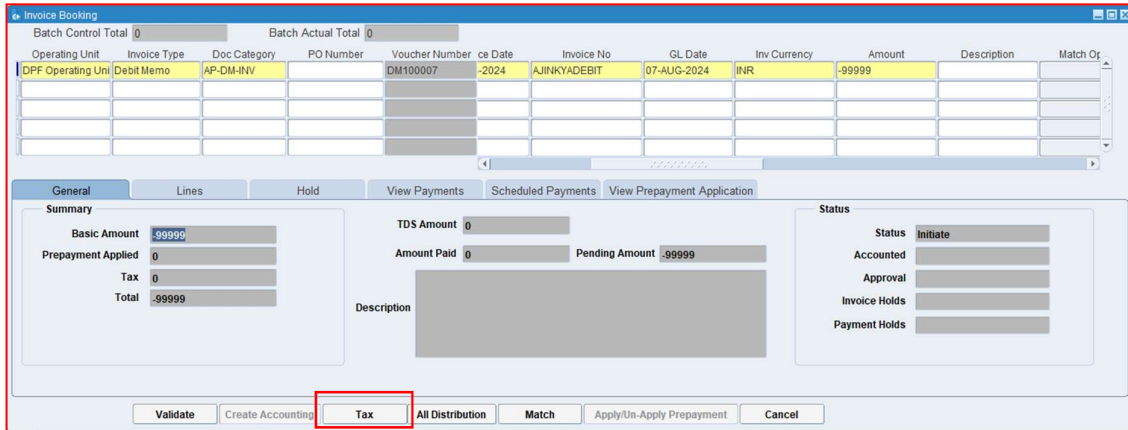
Fill Lines Distributions Details and Accounts Details.
Click on ok



The screenshot shows the 'Distributions' window after clicking 'OK'. The 'Accounting' modal is closed, and the 'Save' button is highlighted with a red box. The table shows the same data as the previous screenshot.

Click on Save

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Batch Control Total 0 Batch Actual Total 0

Operating Unit	Invoice Type	Doc Category	PO Number	Voucher Number	ce Date	Invoice No	GL Date	Inv Currency	Amount	Description	Match Or
DPF Operating Unit	Debit Memo	AP-DM-INV		DM100007	-2024	AJINKYADEBIT	07-AUG-2024	INR	-99999		

General Lines Hold View Payments Scheduled Payments View Prepayment Application

Summary

Basic Amount .99999

Prepayment Applied 0

Tax 0

Total .99999

TDS Amount 0

Amount Paid 0 Pending Amount .99999

Description

Status

Status Initiate

Accounted

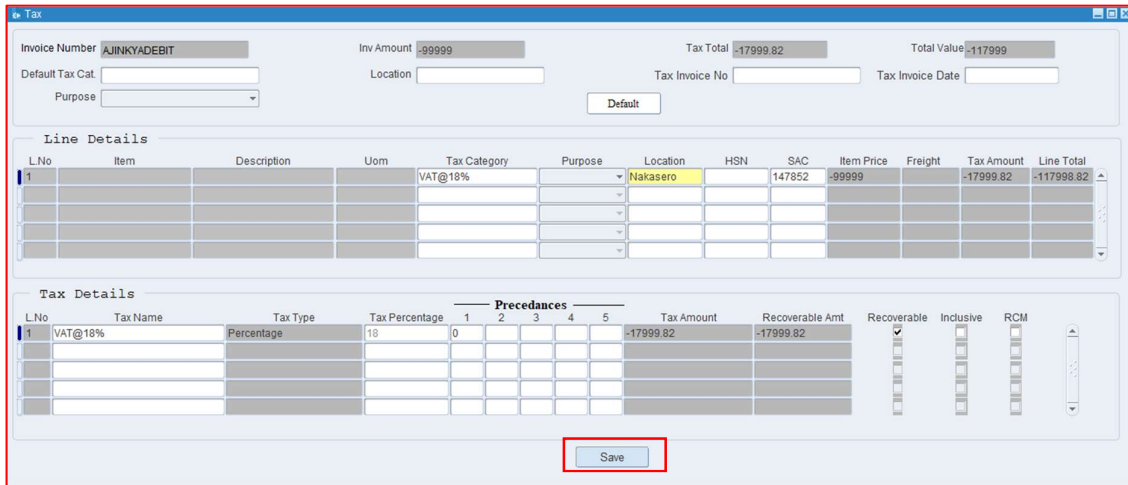
Approval

Invoice Holds

Payment Holds

Validate Create Accounting **Tax** All Distribution Match Apply/Un-Apply Prepayment Cancel

Click on the Tax



Invoice Number AJINKYADEBIT Inv Amount .99999 Tax Total -17999.82 Total Value -117999

Default Tax Cat. Location Tax Invoice No Tax Invoice Date

Purpose

Default

Line Details

L.No	Item	Description	Uom	Tax Category	Purpose	Location	HSN	SAC	Item Price	Freight	Tax Amount	Line Total
1				VAT@18%		Nakasero		147852	-99999		-17999.82	-117998.82

Tax Details

L.No	Tax Name	Tax Type	Tax Percentage	Precedences					Tax Amount	Recoverable Amt	Recoverable	Inclusive	RCM
				1	2	3	4	5					
1	VAT@18%	Percentage	18	0					-17999.82	-17999.82			

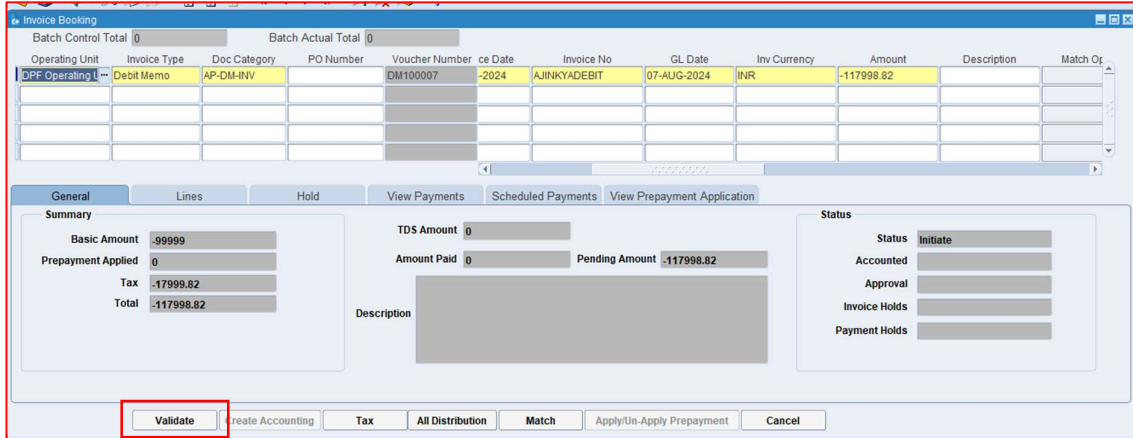
Save

Put the tax details then click on save.

What is Tax Category?

a tax category refers to a classification used to apply the correct tax rules and rates to transactions. This categorization ensures that taxes are calculated accurately based on the nature of the goods or services being provided and the applicable tax regulations.

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Invoice Booking window showing a Debit Memo for DM100007 dated 2024, amounting to -117998.82. The 'Validate' button is highlighted.

Operating Unit	Invoice Type	Doc Category	PO Number	Voucher Number	ce Date	Invoice No	GL Date	Inv Currency	Amount	Description	Match Or
DPF Operating Unit	Debit Memo	AP-DM-INV		DM100007	2024	AJINKYADEBIT	07-AUG-2024	INR	-117998.82		

Summary:

Basic Amount	.99999
Prepayment Applied	0
Tax	-17999.82
Total	-117998.82

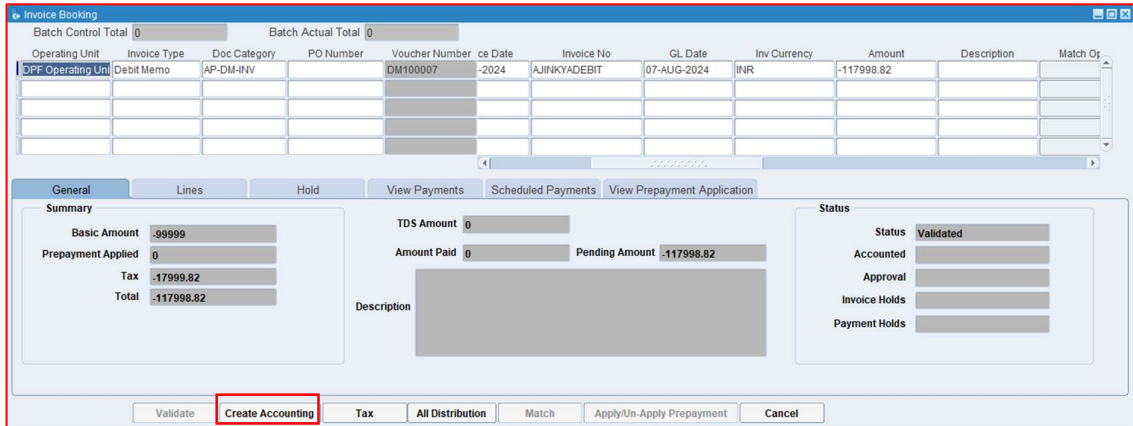
TDS Amount: 0
Amount Paid: 0
Pending Amount: -117998.82

Status:

Status	Initiate
Accounted	
Approval	
Invoice Holds	
Payment Holds	

Buttons: Validate, Create Accounting, Tax, All Distribution, Match, Apply/Un-Apply Prepayment, Cancel

Click on Validate



Invoice Booking window showing the same Debit Memo. The 'Create Accounting' button is highlighted.

Summary:

Basic Amount	.99999
Prepayment Applied	0
Tax	-17999.82
Total	-117998.82

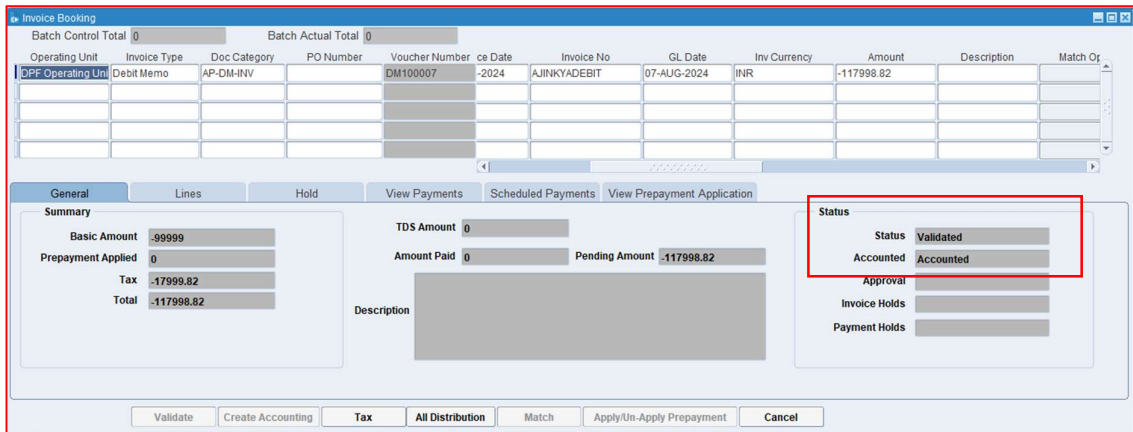
TDS Amount: 0
Amount Paid: 0
Pending Amount: -117998.82

Status:

Status	Validated
Accounted	
Approval	
Invoice Holds	
Payment Holds	

Buttons: Validate, Create Accounting, Tax, All Distribution, Match, Apply/Un-Apply Prepayment, Cancel

Click on Create Accounting



Invoice Booking window showing the same Debit Memo. The 'Accounted' status is highlighted.

Summary:

Basic Amount	.99999
Prepayment Applied	0
Tax	-17999.82
Total	-117998.82

TDS Amount: 0
Amount Paid: 0
Pending Amount: -117998.82

Status:

Status	Validated
Accounted	Accounted
Approval	
Invoice Holds	
Payment Holds	

Buttons: Validate, Create Accounting, Tax, All Distribution, Match, Apply/Un-Apply Prepayment, Cancel

Invoice is Validated & Accounted.

XX END XX