



Writing off Bad Debt in Accounts Receivable

These steps are set up and will only be performed once.

1. Click on **accounting** on the left side of the screen
2. Click on **chart of accounts**
3. Click on **new** in the upper right hand corner
4. Change the **account type** to income and name the account bad debt
5. Click **save and close**
6. Click on the big **gear icon** in the upper right hand corner
7. Click on **products and services** under the column called lists
8. Click on **new**
9. Click on **service**
10. Name this service Bad Debt
11. Change the income account from income to bad debt
12. Click **save and close**

These steps are to write off the bad debt and will be performed each time you need to write off bad debt.

1. Click on the **plus sign** (quick create) in the upper right hand corner
 2. Click on **credit memo** under the column called customers
 3. Select or enter the name of the customer whose invoice(s) is being written off
 4. Choose **Bad Debt** as the product / service
 5. Enter the amount being written off into the column for rate
 6. Click on **save and close**
 7. Click on the **plus sign** (quick create) in the upper right hand corner
 8. Click on **receive payment** under the customers column
 9. Select or enter the name of the customer whose invoice(s) is being written off
 10. Check the box that corresponds to the invoice(s) being written off
 11. Check the box for the credit memo you just created
 12. Scroll up and confirm the dollar amount in bold is zero, if it is not, change the amount received to zero dollars
 13. Click **save and close**
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