

Return Receipts/ Purchase Returns

Purchase returns happen when a company returns goods to a supplier after a purchase transaction:

A purchase return occurs when a company returns goods to a supplier for a variety of reasons, such as:

- Defective items
- Incorrect quantity
- Damaged items
- Overstocking

Return Eligibility:

The following aspects determine whether a receipt is eligible to be returned:

- Purchase order status: You can return an item to the supplier if the purchase order is not in either **Cancelled** or **Final Closed** status.
- Unordered receipt matching: You must match unordered receipts before they can be returned.
- Source type: You cannot return receipt lines with internal source types (inter-organization shipments).

Supplier: When you return items to the supplier, Oracle Receiving creates both a **Return to Receiving** and a **Return to Supplier** transaction. Receiving also reopens the associated purchase order for the return quantity by reducing the original receipt quantity.

For example: If Purchase 100 laptops from the supplier and 6 out of them are defective and not in usable condition, then we can return the same. So, that we can record in the system and how system will Auto create the debit memo or credit memo

Create Purchase Order with 10Qty, Receipt with 10Qty and Invoice with 10Qty. After creating the invoice, we have found that 2Qty are defective. Create Purchase Returns 2Qty, whenever we perform purchase returns with in the inventory with 2Qty the system will reduce the 2qty from the invoice quantity and automatically system will create **Debit Memo** in the Payables to reduce the amount based on the purchase return quantity.

And finally, when you pay for invoice, we can only pay for 8Qty Only.

Setups Required:

Enable "**Debit memo creation when we perform Purchase Returns**" at Supplier Site

Process:

Create Purchase Order with 10 Qty

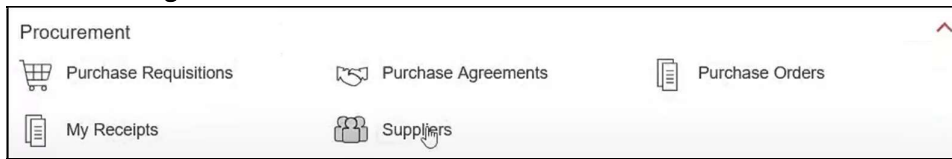
Create Receipt with 10 Qty

Create Invoice with 10 Qty

Create Purchase Returns with 2Qty and System will create Debit memo for the return quantity.

Enable “Create Debit Memo from Returns”

Click on **Navigator**



Click on **Procurement** and click on **Suppliers** and Click on **Tasks List**.



Click on **Manage Suppliers** and search for your supplier >>> edit supplier site

A screenshot of the 'Edit Site: Austin address' form. The form is divided into several sections. The top section includes fields for Procurement BU (Austin Consulting Services), Address Name (Austin address), Address (Austin Colony), Site (Austin address), Inactive Date (m/d/yy), and Status (Active). There are also checkboxes for Site Purpose (Sourcing only, Purchasing, Procurement card, Pay, Primary pay) and Attachments (None). The middle section has tabs for General, Purchasing (selected), Receiving, Invoicing, Payments, Site Assignments, and Qualifications. The Purchasing tab shows a Communication section with a dropdown for Communication Method and a Language field. The bottom section is labeled 'Controls' and contains various fields and checkboxes for Freight (Shipping Method, Freight Terms, Pay on receipt), Consigned Inventory (Pay on use, Aging Onset Point, Aging Period Days), Self-Billing (Alternate Pay Site, Invoice Summary Level, Pay Site), Required Acknowledgment, Acknowledge Within Days, FOB, Country of Origin, Buyer Managed Transportation, Consumption Advice Frequency, Consumption Advice Summary, Gapless invoice numbering, and Selling Company Identifier. The 'Create debit memo from return' checkbox is checked.

Enable “Create debit memo from return”, Click on Save and close >>> click on Ok >>> click on Submit.

Process:

Create Purchase Order with 10Quantity:


Procurement		
 Purchase Requisitions	 Purchase Agreements	 Purchase Orders
 My Receipts	 Suppliers	

Click on **Navigator** >>> Click on **Procurement** >>> Go to **Purchase Order**

Requisition Lines

0

Requiring Action






Click on **Task List**

Requisitions

- Process Requisitions
- Import Requisitions
- View Requisition Lines

Orders

- Manage Orders
- Create Order**
- Generate Orders

Click on **Create Order**

Create Order

×

* Style

Purchase Order

▼

* Procurement BU

Austin Consulting Services

▼

* Requisitioning BU

Austin Consulting Services

▼

Supplier

Austin Supplier

🔍

Supplier Site

Austin address

▼

Supplier Contact

▼

Default Ship-to Location

Austin Location

🔍

Sold-to Legal Entity

Austin US Legal Entity

* Currency

USD

▼

* Buyer

Austin23

▼

Special Handling Type

▼

Create

Cancel

Provide the details as per the Business Requirement and click on Create

Edit Document (Purchase Order): 11 ? ★

Manage Approvals View PDF View Checklist Actions Save Submit Cancel

Main Contract Terms

General ?

Procurement BU Austin Consulting Services
 Requisitioning BU Austin Consulting Services
 Sold-to Legal Entity Austin US Legal Entity
 Bill-to BU Austin Consulting Services

Order 11
 Status Incomplete
 * Buyer Austin23
 Creation Date 3/25/25
 Checklist

Supplier Austin Supplier
 Supplier Site Austin address
 Supplier Contact
 Additional Contact Email
 Communication Method None
 Bill-to Location Austin Location
 Default Ship-to Location Austin Location

* Currency USD
 Ordered 0.00 USD
 ? Total Tax 0.00 USD
 Total 0.00 USD

Procurement Card
 Description
 Requisition
 Agreement
 Master Contract

Terms Notes and Attachments

Required Acknowledgment No
 Acknowledge Within Days
 Payment Terms Immediate

Shipping Method
 Freight Terms
 FOB

☐ Requires signature
☐ Buyer managed transportation
☒ Pay on receipt
☐ Confirming order

Additional Information
 Contract Type
 Contract Number
 Eligible for Rebate?

Lines Schedules Distributions

Actions View Format + Freeze Detach Wrap

Provide the details based on the requirement, under lines click on + to create new lines

Lines Schedules Distributions

Actions View Format + Freeze Detach Wrap

* Line	* Type	Ed Du De Item	Revision	* Description	* Category Name	Supplier Item	Manufacturer	Manufac Part Num
1	Goods	Austin1	0	Porsche Sports	Miscellaneous			

Lines Schedules Distributions

Actions View Format + Freeze Detach Wrap

Quantity	Secondary Quantity	Secondary UOM	UOM	Pricing UOM	* Base Price	Discount Type	Discount	Discount Reason	Price	Ordered	Currency
10			Each	Each	10,000,000				10,000,00...	100,000,...	USD

Give Line Type, Item, Description, Quantity, UOM, Price

Provide Location and Requested Delivery Date

You can see the Receipt Routing and Match Approval level. We can edit we if there are any modifications.

Change the Invoice Match Option as **Receipt** and Match Approval level as **3Way**

Click on **OK**

Click on **Save** and **Submit** for Approval

Click on **Task List** under **Purchase Order**

Orders

- [Manage Orders](#)
- [Create Order](#)
- [Generate Orders](#)
- [Import Orders](#)

Click on Manage Orders

Manage Orders ②									
Done									
Headers Schedules									
Search									
Advanced Manage Watchlist Saved Search All My Orders									
Search Results									
Actions View Format + - Freeze Detach Wrap									
Order	Description	Special Handling Type	Supplier	Ordered	Currency	Status	Lif Change Cy Order	Creation Date	
11			Austin Supplier	100,000,000.00	USD	Pending Approval		3/25/25	
10			Austin Supplier	800,000.00	USD	Closed for Invoicing		3/25/25	
9			Austin Supplier	800,000.00	USD	Open		3/25/25	
7			Austin Supplier	0.00	USD	Incomplete		3/25/25	

Search with your Purchase Order Number

If the Status of the Purchase Order is **Open**, we can create the Receipt.

If the status is Pending Approval, we cannot create the Receipt

Manage Orders ②									
Done									
Headers Schedules									
Search									
Advanced Manage Watchlist Saved Search All My Orders									
Search Results									
Actions View Format + - Freeze Detach Wrap									
Order	Description	Special Handling Type	Supplier	Ordered	Currency	Status	Lif Change Cy Order	Creation Date	
11			Austin Supplier	100,000,000.00	USD	Open		3/25/25	
10			Austin Supplier	800,000.00	USD	Closed for Invoicing		3/25/25	
9			Austin Supplier	800,000.00	USD	Open		3/25/25	
7			Austin Supplier	0.00	USD	Incomplete		3/25/25	
6				0.00	USD	Incomplete		3/25/25	

Now the status is converted into Open and we can create an Receipt

Create the Receipt for the Purchase Order

Supply Chain Execution		Inventory Management	
Quality Management		Inventory Management	

Click on Navigator and select Inventory Management under Supply Chain Management

Shipment Excepti...	
0	
Shipments	

Click on **Task List**

Show Tasks Receipts ▾

Expected Shipments

- [Receive Expected Shipments](#)
- [Manage Inbound Shipments](#)
- [Create ASN](#)

Click on **Receive Expected Shipments**

** Purchase Order 6 ▾
 ** ASN ▾
 ** Transfer Order ▾
 ** In-Transit Shipment ▾

** RMA ▾
 ** Supplier ▾
 ** Item 🔍
 Due Date ▾

Search Reset Save...

Search your Purchase Order

Inventory Organization **AUSTIN_INVENTORY**

Receive Expected Shipments ⓘ Done

Advanced Search Saved Search: All Expected Shipment Lines ▾

Search Results

View ▾ Receive

Organization	Item	Item Description	Document Type	Document Number	Document Line	Document Schedule	Due Date	Quantity	UOM Name
AUSTIN_INVEN...	Austin1	Porsche Sports	Purchase order	11	1	1	3/26/25	10	Each

Select the Purchase Order and click on Receive

ORACLE

Inventory Organization **AUSTIN_INVENTORY**

Receive Lines ⓘ Add to Receipt Create Receipt Cancel

Organization: AUSTIN_INVENTORY

Actions ▾ View ▾ Remove Line Show Receipt Quantity View Details

Item	Item Description	Document Number	* Quantity	Destination	Subinventory	Locator	Deliver-to Location	* Receipt Date	* Received By
Austin1	Porsche Sp...	11	<input type="text"/>	Each ▾	Inventory ▾		Austin Loc ▾	3/25/25 5:21	Austin23 ▾

Example format: #,##0.###

How much quantity you are receiving against this Purchase Order, click on **Show Receipt Quantity**

ORACLE

Inventory Organization **AUSTIN_INVENTORY**

Receive Lines ⓘ Add to Receipt Create Receipt Cancel

Organization: AUSTIN_INVENTORY

Actions ▾ View ▾ Remove Line Show Receipt Quantity View Details

Item	Item Description	Document Number	* Quantity	Destination	Subinventory	Locator	Deliver-to Location	* Receipt Date	* Received By
Austin1	Porsche Sp...	11	10	Each ▾	Inventory ▾		Austin Loc ▾	3/25/25 5:21	Austin23 ▾

Example format: #,##0.###

Once you click on the Show Receipt Quantity it will show the Quantity we have ordered, if we have received the same quantity how much we have added then we need not update the same. If there is any difference between the Purchase Order Quantity and Received Quantity, we can modify the same (here we have received the Purchase Order Quantity).

ORACLE

Inventory Organization AUSTIN_INVENTORY

Receive Lines ②

Organization: AUSTIN_INVENTORY

Add to Receipt Create Receipt Cancel

Actions View Remove Line Show Receipt Quantity View Details

Item	Item Description	Document Number	* Quantity	* UOM Name	Destination Type	Subinventory	Locator	Deliver-to Location	* Receipt Date	* Received By
Austin1	Porsche Sp...	11	10	Each	Inventory	Porsche car		Austin Loc	3/25/25 5:28 PM	Austin23

Provide the **Subinventory** and Click on **Save and Close**

ORACLE

Inventory Organization AUSTIN_INVENTORY

Create Receipt ②

Organization: AUSTIN_INVENTORY

Submit Cancel

Receipt

Receipt
Supplier Austin Supplier
Customer
Shipment
Packing Slip
Shipping Method
Number of Supplier Packing Units
* Receipt Date 3/25/25 5:28 PM

GL Date 3/25/25 5:28 PM
Shipped Date m/d/yy h:mm a
Waybill
Bill of Lading
* Received By Austin23
Notes
Attachments None

Click on **Submit**

ORACLE

Inventory Organization AUSTIN_INVENTORY

Create Receipt ②

Organization: AUSTIN_INVENTORY

Submit Cancel

Receipt

Receipt
Supplier Austin Supplier
Customer
Shipment

Confirmation
Receipt 6 was created. Number of lines: 1.
OK

GL Date 3/25/25 5:28 PM
Shipped Date m/d/yy h:mm a
Waybill

Click on **OK**

Create Invoice in Payables Application

Payables

Payables Dashboard Invoices Payments

Click on Navigator and Select **Invoices** under **Payables**.

View Detach Create Validate Cancel Post to Ledger

Invoice Number	Amount	Supplier	Supplier Site
----------------	--------	----------	---------------

Click on **Create**. You can directly **Create** the Invoice form **invoice workbench** or from **Task List** also we can create the Invoice

The screenshot shows the 'Invoice Header' and 'Match Invoice Lines' windows. The 'Invoice Header' window includes fields for Identifying PO (11), Business Unit (Austin Consulting Services), Supplier (Austin Supplier), Supplier Number (1469), Supplier Site (Austin address), Legal Entity (Austin US Legal Entity), Invoice group classification, Number (R Receipts), Amount (USD - 100,000,000.00), Type (Standard), Date (3/25/25), Payment Terms (Immediate), Terms Date (3/25/25), Requester, Attachments (None), and Note. The 'Match Invoice Lines' window shows a search for PO 11, Line 1, Schedule 1, with a total amount of 100,000,000.00. It includes a table with columns for Match, Line, Quantity, Unit Price, Amount, Item Description, Purchase Order, Receipt, Ship-to Location, Need-by Date, and Item Number. The table shows a single line for Porsche Sports with a quantity of 10 and a unit price of 10,000,000.00. Below the table, there are details for PO 11, Line 1, Schedule 1, including Ordered, Available, Billed, Shipped, Received, Accepted, Returned, Consumed, UOM, Match Basis, Invoice Match Option, Payment Terms, and Freight Terms. The 'Match' checkbox is checked, and the 'Go' button is highlighted in the 'Lines' section.

Search the PO and select it, Number, Amount and **click on Go** in Lines. Enable the check for **Match**. Now you can change the quantity if required, click on **Apply** and then **OK**.

The screenshot shows the 'Invoice Actions' menu with options: Manage Installments, Calculate Tax (Ctrl+Alt+X), Validate (Ctrl+Alt+V), Save and Create Next, Save, Save and Close, and Cancel. The 'Validate' option is highlighted with a mouse cursor.

Click on **Validate** to check the errors or holds on invoice.

ORACLE

Create Invoice: R Receipts

Validated Invoice Actions Save and Create Next Save Save and Close Cancel

Last Saved 3/25/25 5:35 PM

Invoice Header Show More

Identifying PO 11

Business Unit Austin Consulting Services

Supplier Austin Supplier

Supplier Number 1469

Supplier Site Austin address

Legal Entity Austin US Legal Entity

Invoice group classification

* Number R Receipts

* Amount USD - 100,000,000.00

Type Standard

Description

* Date 3/25/25

* Payment Terms Immediate

* Terms Date 3/25/25

Requester

Attachments None

Note

Click on **Save and Close**

Now we have identified 2 quantities are defective and we want to return the goods.

Supply Chain Execution

Quality Management Inventory Management

Click on **Navigator** select **Inventory Management** under **Supply Chain Execution**.

Shipment Excepti...

0

Shipments

Task List

Click on **Task List**

Returns

- Return Receipts
- Manage Supplier Returns Without Receipt

Click on **Return Receipts** to create the Return request

** Receipt 103

** Supplier

** Purchase Order

** Customer

** Transfer Order

** Item

** RMA

Line Status

Search Reset

Search with receipt number with which we have received the quantity

Search Results

View Return

Item	Item Description	Line Status	Receipt	Document Number	Subinventory	Locator	Quantity	UOM Name	Supplier
AMEX1001	iPhone	Delivered	103	6	iPhones		10	EA	AMEX Inc

As per the receipt we have received 10 quantities but we want return 2 quantity, Select the record and click on **Return**

Item	Item Description	Receipt	Return To	Name	Recorded Quantity	* Quantity	UOM Name	RMA	Reason	Debit Memo
AMEX1001	iPhone	103	Supplier	AMEX Inc	10		EA			<input checked="" type="checkbox"/>

We can return to supplier or Receiving (Staging Area), but will return to **Supplier** only

Recorded Quantity	* Quantity	UOM Name	RMA	Reason	Debit Memo
10	2	EA			<input checked="" type="checkbox"/>

Provide how much quantity you want to return in the **Quantity** option and click on **Submit**

As per the receipt we have received 10 quantities but we want return 2quantity, here debit memo check box is automatically enabled as we have enabled “**Create DM from Return**” option at Supplier site-Purchasing Option level If you disable and submit the request, system will record Purchase returns and system will not create debit memo in Payables. Now you can check the invoice in the payables