

How to record refunds when you export to QuickBooks

Who should use this guide:

- Accountant
- Anyone in the office responsible for QuickBooks setup or exporting to QuickBooks.

What you will learn in this guide:

- How to create a refund adjustment in ServiceTitan
- How to export refund adjustments to QuickBooks
- How to reconcile refunds in QuickBooks
- How to ensure that ServiceTitan and QuickBooks records remain in sync when you process a refund

Overview

When a customer is owed a refund, you should create an adjustment invoice in ServiceTitan. This will ensure that the amount owed to the customer gets reflected in ServiceTitan and in QuickBooks, keeping both systems in sync.

Here's a quick snapshot of the entire refund process when you use ST Payments:

- 1) When a customer is owed a refund, **create an adjustment invoice in ServiceTitan**. The adjustment invoice will include the refunded items (negative tasks) and the refund amount (negative payment).
- 2) Before you reconcile your bank statements, make sure to **export the invoice to QuickBooks**. The amount owed to the customer will be recorded either in an asset account, or a liability account (this will depend on your QuickBooks setup).
- 3) You will **issue the refund or void the transaction** (click here for more information on ST Payments). If necessary, you will **reconcile the refund / voided transaction in QuickBooks**.

For a more detailed process, please refer to *Refund Workflow*, available below.

Benefits of this setup

- You will be able to reference refunds on the original invoice, in the customer history, or in the service location history.
- You will be able to keep accurate count of refunds currently owed to customers.
- You will maintain real time accounting accuracy in both ServiceTitan and QuickBooks.

Basic Troubleshooting & Important Things to Note

- When you create a refund adjustment in ServiceTitan, this is used only to create a record of the amount owed to the customer. The actual refund transaction will happen after you export to QuickBooks.
- Most refunds are processed after the original invoice has been batched, posted, and exported. Therefore, you will usually use an adjustment invoice to capture the refund in ServiceTitan.
- At the end of the month, your QuickBooks refunds payable account should be \$0. If the refunds payable account is negative, this may mean that a customer refund was issued in error. Or, this means that a customer was refunded by check, but the refund adjustment was never created in ServiceTitan and exported to QuickBooks.

Required Setup

The refund process requires the following setup.

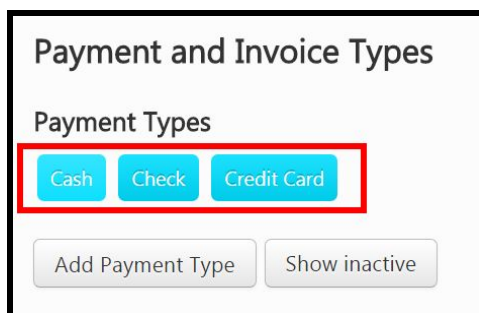
Setup, Step One: Decide how you would like to track refund transactions

- Option 1: Track whether or not refunds have been paid out (money has moved to the customer)
 - If you want to track whether or not refunds have been paid out, or if you would like to see if you have refunds still owed to customers, you will **use a refund liability account**. You should set up a “Refunds Payable” liability account in QuickBooks. You will also set up a “Refunds Payable” payment type in ServiceTitan (this will be mapped to the “Refunds Payable” Quickbooks account).
- Option 2: Do not track whether or not refunds have been paid out
 - If you do not need to track whether or not refunds have been paid out, you will **map payment types directly to your QuickBooks asset or liability accounts** (cash and credit card payments are usually mapped to an asset account; check payments are often mapped to a liability account).

Setup, Step Two: Map your payment types to the appropriate QuickBooks account

In ServiceTitan, you need to map your payment types to the appropriate QuickBooks asset or liability account. Quickbooks mapping will depend on your accounting practices - read above for more information.

1. Go to Settings > Payment and Invoice Types. Then, click on a payment type.

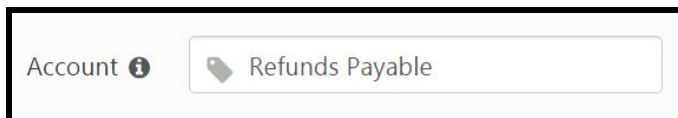


How to Record a Refund

2. In the *Account* field, enter the appropriate QuickBooks account. This will either be an asset account or liability account, depending on how you wish to track payments.
 - Cash and credit card payment types are typically mapped to an asset account (directly to the bank account where the credits will appear).
 - Check / ACH (bank transfer) payment types can be mapped either to an asset account or liability account.
3. When you are done editing the payment type, click **Save**. Repeat this entire process for all of your payment types.

Creating a "Refund" payment type

If you would like to track whether or not refunds have been paid out / money has moved, you'll need to use a refunds liability account. Create a "Refunds Payable" account in ServiceTitan. Map this payment type to a "Refunds Payable" liability account in QuickBooks.

A screenshot of a software interface showing a form field labeled 'Account' with a dropdown menu. The dropdown menu is open, and 'Refunds Payable' is selected and highlighted. The field is enclosed in a black rectangular border.

- ➔ Note: If a CSR creates a refund using the original payment type (instead of "Refunds Payable"), the refund will hit the liability/asset account of the original payment type (the refund will still reconcile correctly).

★ More information on issuing refunds is available below.

Instructions / How To's:

Overview: Refund Workflow

[Refund Workflow in ServiceTitan and QuickBooks](#) p. 6

Help Articles

[Office Handout: How to Create a Refund Adjustment Invoice in ServiceTitan](#) p. 10

[Things to Remember When Creating a Refund Adjustment Invoice](#) p. 13

[How to Create Refund Adjustments in ServiceTitan if a General Income Account is Used](#) p. 14

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Refund Workflow

Step One: Create a refund adjustment invoice

To create a refund adjustment, the CSR or someone in the office will navigate to the original invoice, and click **Add an adjustment invoice**.*

Add an adjustment invoice >

*Note: If the original invoice has not yet been exported, an adjustment invoice is not necessary. Instead, simply add the refund items (negative tasks) and refund amount (negative payment) to the original invoice.



Step Two: The adjustment invoice must include refund items

The refund adjustment invoice must include refund items (negative tasks). When adding each refund item, you **must change the unit price to a negative amount**, equal to the refund amount. Best practice is to use the same Pricebook items from the original invoice .*

Description	Quantity	Unit Price	Total
HVAC Membership includes:	1.00	\$-129.00	\$-129.00
Cooling Tune-Up in Spring			
Heating Tune-Up in Fall			

* If your services are mapped to varying income accounts, using existing Pricebook tasks will reduce the income accounts associated with each item. However, if you use one general income account, you may opt for a single, generic Pricebook task for refunds.

Step Three: The adjustment invoice must also include a negative payment

The refund adjustment invoice must also include a negative payment. Enter a negative amount, equal to the total refund to be distributed to the customer (including tax).* If desired, you may also enter a *Memo* indicating a refund was issued.

Payments

Paid On	Type	Auth. Code	Status	Memo	Batch #	Amount
10/25/2016	Cash		Posted	Refund Issued	682	\$-135.45

* Use the customer's original payment type, unless the refund is being issued through a different method. If your company has set up a refund payment type, use the refund payment type.



Step Four: Export the adjustment invoice to QuickBooks

Add the adjustment invoice to a batch. Make sure to export this batch to QuickBooks before you reconcile your bank statements.

+ Add to Batch



Step Five: Once the adjustment invoice is exported, the refund transaction is recorded in QuickBooks

The refund transaction will be recorded in QuickBooks as follows:

If you use a liability account to track refunds:

- The negative tasks (refunded items) on the invoice will debit (↓) the income account, and credit (↓) *Accounts Receivable*.
- The negative payment (refund amount) will credit (↑) the liability account, and debit (↑) *Accounts Receivable*.

If you do not use a liability account to track refunds:

- The negative tasks (refunded items) on the invoice will debit (↓) the income account, and credit (↓) *Accounts Receivable*.
- The negative payment (refund amount) will credit (↓) the asset account, and debit (↑) *Accounts Receivable*.

Important:

Best practice is to export the adjustment invoice before you issue the refund (distribute funds) to the customer.



Issue the refund to the customer

You can issue the refund to the customer at any time, but make sure the adjustment invoice is exported to QuickBooks before you reconcile your bank statements.

Issuing a refund with a liability account:

- *If you are issuing the refund by cash, check, or credit card*
 - Write a check from QuickBooks to offset the liability. **Important: Make sure to do this whether the refund is being issued by cash, credit card, or check.** In Quickbooks, go to Banking>Write Checks>Select the Customer>Select the refunds payable (liability) account. In the expense tab, enter the amount being issued. When you do write the check, you should do it out of the refunds payable (liability) account, which will debit liability and credit the cash account.
- *If you are issuing a credit card refund*
 - Sign in to your credit card portal and issue the refund directly through the merchant services. Once the money has moved you will reconcile the transaction on the bank statement with the exported negative payment from ServiceTitan.

Issuing a refund with no liability account:

- *If you are issuing the refund by cash*
 - Issue cash to the customer according to your company's accounting processes (remember: the refund amount has already been deducted from your asset account during export).
- *If you are issuing the refund by check*
 - Do not write the check from QuickBooks. This will result in the refund being deducted twice (remember: the refund amount has already been deducted from your asset account during export).
- *If you are issuing a credit card refund*
 - Sign in to your credit card portal and issue the refund directly through the merchant services. Once the money has moved, you will reconcile the transaction on the bank statement with the exported negative payment from ServiceTitan.

How to Create a Refund Adjustment Invoice in ServiceTitan

When a customer is owed a refund, you will create a refund adjustment invoice in ServiceTitan as follows. You should follow this process any kind of refund or voided transaction.

1. Navigate to the original invoice (Search > Invoice), where the refund needs to occur.
2. Click **Add an adjustment invoice**.



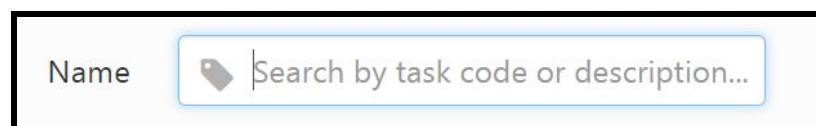
3. An adjustment invoice will be created.

This invoice is an adjustment for another invoice (#16663)

4. You will now add refund items (negative tasks) to the adjustment invoice. These are the items that will be partially or fully refunded. To add a refund item, click **Add a task**.



5. Enter the Pricebook item from the original invoice. You may search for the Pricebook item by entering the code or keyword in the *Name* field.

A form element with a black border. On the left is the label "Name". To its right is a search input field with a light blue border and a magnifying glass icon. The placeholder text inside the field is "Search by task code or description...".

- a. Note: Depending on your company's accounting practices, you may be using a single, generic Pricebook item for refunds.

How to Record a Refund

- Change the **Unit price** of the Pricebook item to a **NEGATIVE** amount, equal to the refund amount.

Unit Price

\$ -129.00

Change the unit price to a negative amount, equal to the refund.

- When you are done adding the refund item, click **Save**. Then, repeat steps 4-6 above for each refund item. When you are done adding all refund items, proceed to the next step.
- The adjustment invoice must also contain a **NEGATIVE** payment, equal to the total refund (including tax). To add a negative payment, click **Add a payment**.

Add a **payment**

\$0.00

>

- Use the customer's original payment type, unless the refund is being issued through a different method. If your company has set up a refund payment type, use the refund payment type.

Type

Select a payment type ...

- In the *Amount* field, enter the payment as a **NEGATIVE** amount, equal to the total refund to be distributed to the customer (including taxes).

Amount


\$ -135.45

The payment should be entered as a **NEGATIVE** amount, equal to the total refund (including taxes).

- If desired, use the *Memo* field to indicate that this payment is a refund.

How to Record a Refund

Memo

 Refund Issued

12. When you are done entering the negative payment, click **Save**. The balance on the adjustment invoice should be net 0 (the **Total** on the invoice will be a negative amount, equal to the total refund to be distributed to the customer).

→ Important Note: Make sure to click **Save** when you create the negative payment (do not click the **Charge** button). Payment processors will not allow charges in negative amounts. To process the actual refund transaction, you'll need to do this through your merchant portal.

Bill To

Tanya Wilson **\$1,518.15** **HVAC Member** **Test**

1234 S Kenneth Rd
Glendale, CA 91201 USA

Service Location

Tanya Wilson **HVAC Member**

1234 S Kenneth Rd
Glendale, CA 91201 USA

Invoice Summary

Unspecified ...

Subtotal

\$-129.00



Tax

\$-6.45

Total

\$-135.45

Payments

Paid On	Type	Auth. Code	Status	Memo	Batch #	Amount
10/25/2016	Cash		Pending	Refund Issued	682	\$-135.45  

Tasks

Name	Description	Quantity	Unit Price	Total
HVAC Membership	HVAC Membership includes:	1.00	\$-129.00	\$-129.00

Cooling Tune-Up in Spring
Heating Tune-Up in Fall

13. Once the adjustment invoice is completed, accounting can add it to a batch and proceed with steps to export to QuickBooks.

Things to Remember When Creating a Refund Adjustment Invoice

The adjustment invoice must include refunded items. The unit price of each refunded item must be a **NEGATIVE** amount, equal to the refund amount.

Inv

Subtotal	\$-129.00	Tax	\$-6.45
Total	\$-135.45		

Payments

Paid On	Type	Auth. Code	Status	Memo	Batch #	Amount
10/25/2016	Cash		Pending	Refund Issued	0	\$-135.45 ✎ ✕

Tasks

Name	Description	Quantity	Unit Price	Total
HVAC Membership	HVAC Membership includes:	1.00	\$-129.00	\$-129.00 ✎ ✕
	Cooling Tune-Up in Spring			
	Heating Tune-Up in Fall			

The adjustment invoice must **ALSO** contain a **NEGATIVE** payment, equal to the total refund (including tax).

Inv

Subtotal	\$-129.00	Tax	\$-6.45
Total	\$-135.45		

Payments

Paid On	Type	Auth. Code	Status	Memo	Batch #	Amount
10/25/2016	Cash		Pending	Refund Issued	0	\$-135.45 ✎ ✕

Tasks

Name	Description	Quantity	Unit Price	Total
HVAC Membership	HVAC Membership includes:	1.00	\$-129.00	\$-129.00 ✎ ✕
	Cooling Tune-Up in Spring			
	Heating Tune-Up in Fall			

Additional Help - Refunds

How to Create Refund Adjustments in ServiceTitan if a General Income Account is Used

For service items:



If a general income account is used in QuickBooks to capture revenue, then it is more efficient to use a service item called 'Refund' to capture the total being refunded and to reduce the revenue that is no longer relevant.

Below are the steps to show the refund in ServiceTitan:

1. Create a Service Item in the Pricebook named 'Refund' and map it to the general Income account other service items are mapped to.
2. Locate the invoice that has already been exported.
3. Click 'add an adjustment invoice.'
4. Add the 'Refund' task for the total amount being refunded as a negative.
 - a. This is to ensure the revenue that was previously recorded is reduced.

Tasks					
Name	Description	Taxable	Quantity	Unit Price	Total
Refund	Refund	<input type="checkbox"/>	1.00	\$-750.00	\$-750.00
Total			1.00		\$-750.00





5. Add a payment for the negative equivalent.

Payments						
Paid On	Type	Auth. Code	Status	Memo	Batch #	Amount
10/26/2016	Check		Pending	Refund	0	\$-750.00  
Tasks						
Name	Description	Taxable	Quantity	Unit Price	Total	
Refund	Refund	<input type="checkbox"/>	1.00	\$-750.00	\$-750.00	
Total			1.00		\$-750.00	

Issuing a Refund for a Financed Customer

Utilize the same steps as mentioned above when creating an adjustment invoice with a negative task and negative payment. In a financing situation you should have two payment types, and both will need to be adjusted. These payment types are:

1. For the amount you received from the bank titled *Financing*
2. For the amount the bank took off the top called *Finance Fee**

Payments						
Paid On	Type	Auth. Code	Status	Memo	Batch #	Amount
10/27/2016	Financing Fee		Pending	Refund	0	\$-25.00  
10/27/2016	Financing		Pending	Refund	0	\$-725.00  
Tasks						
Name	Description	Taxable	Quantity	Unit Price	Total	
Refund	Refund	<input type="checkbox"/>	1.00	\$-750.00	\$-750.00	
Total			1.00	\$-750.00		

*Refunds for financed customers may vary based on the agreement set forth by the financial institution. Please confirm before recording the refund in ServiceTitan since some fees may be non-refundable.

Recording a Refund After Money Has Already Been Issued to the Customer

Utilize the same steps as mentioned above when creating an adjustment invoice with a negative task and negative payment. The difference is the QuickBooks account the payment type is mapped to. Since money has already moved the payment type will need to credit (reduce) your bank account once exported to QuickBooks.

Therefore, in Settings>Payment types you will add the bank account that was credited (reduced) as a result of the business issuing the refund to the customer.

Edit Payment Type - Refund

Name ⓘ





Account ⓘ

Attributes
☒ None
☐ Credit Card
☐ Bank (ACH) Account

☐ Export As Journal Entry ⓘ

How to Create a Refund Adjustment When the Original Invoice has Not Yet Been Exported

If the original Invoice has not yet been posted, an adjustment Invoice is not necessary. Instead, simply apply the negative task and the negative payment to the original invoice to show what is being issued back to the customer.

Subtotal	\$375.00	Tax	\$0.00			
Total	\$375.00	Balance	\$0.00			
Payments						
Paid On	Type	Auth. Code	Status	Memo	Batch #	Amount
10/27/2016	Check		Pending		0	\$750.00  
10/27/2016	Check		Pending	refund	0	\$-375.00  
Tasks						
Name	Description	Taxable	Quantity	Unit Price	Total	
AMSTDTLT	Part of the Standard Collection@,	<input type="checkbox"/>	1.00	\$750.00	\$750.00	
AMSTDTLT	Partial refund	<input type="checkbox"/>	1.00	\$-375.00	\$-375.00	
Total			2.00		\$375.00	

Leaving the original payment and service item on the invoice shows exactly what is being refunded, rather than the end result being a blank invoice.