# Deduction and Chargeback Management

2022.2

January 25, 2023

If this document is in private pre-General Availability status:

The information contained in this document is for informational sharing purposes only and should be considered in your capacity as a customer advisory board member or pursuant to your pre-General Availability trial agreement only. It is not a commitment to deliver any material, code, or functionality, and should not be relied upon in making purchasing decisions. The development, release, timing, and pricing of any features or functionality described in this document may change and remains at the sole discretion of Oracle.



**Documentation Accessibility**

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at https://www.oracle.com/corporate/accessibility.

**Access to Oracle Support**

Oracle customers that have purchased support have access to electronic support through My Oracle Support. For information, visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info or visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs if you are hearing impaired.

**Sample Code**

Oracle may provide sample code in SuiteAnswers, the Help Center, User Guides, or elsewhere through help links. All such sample code is provided "as is" and “as available”, for use only with an authorized NetSuite Service account, and is made available as a SuiteCloud Technology subject to the SuiteCloud Terms of Service at www.netsuite.com/tos.

Oracle may modify or remove sample code at any time without notice.

**No Excessive Use of the Service**

As the Service is a multi-tenant service offering on shared databases, Customer may not use the Service in excess of limits or thresholds that Oracle considers commercially reasonable for the Service. If Oracle reasonably concludes that a Customer’s use is excessive and/or will cause immediate or ongoing performance issues for one or more of Oracle’s other customers, Oracle may slow down or throttle Customer’s excess use until such time that Customer’s use stays within reasonable limits. If Customer’s particular usage pattern requires a higher limit or threshold, then the Customer should procure a subscription to the Service that accommodates a higher limit and/or threshold that more effectively aligns with the Customer’s actual usage pattern.

**Beta Features**



The information contained herein is subject to change without notice and is not warranted to be error-free. If you find any errors, please report them to us in writing.

# Send Us Your Feedback

We'd like to hear your feedback on this document.

Answering the following questions will help us improve our help content:

- Did you find the information you needed? If not, what was missing?
- Did you find any errors?
- Is the information clear?
- Are the examples correct?
- Do you need more examples?
- What did you like most about this document?

Click here to send us your comments. If possible, please provide a page number or section title to identify the content you're describing.

To report software issues, contact NetSuite Customer Support.

# Table of Contents

# Deduction and Chargeback Management

The Deduction and Chargeback Management SuiteApp enables the A/R Clerk role to efficiently account for customer deductions, chargebacks, and write off small balances.

For information about managing deductions and chargebacks, watch this video:

Deduction and Chargeback Management SuiteApp: Managing Deductions and Chargebacks

For information about managing small balances write-offs, watch this video:

Deduction and Chargeback Management SuiteApp: Managing Small Balances Write-offs

The SuiteApp has the following three parts:

- Deductions
- Chargebacks
- Small Balances Write Offs

## Deductions

Deductions are legitimate expenses subtracted from the account's receivables. When a customer makes settlement of one or more invoices with an amount less than the outstanding amount, the difference amount is considered as deduction. Deduction can be applied for various legitimate reasons such as extra insurance incurred by the customer, rebate for volume sales achieved, and so on.

## Chargebacks

A chargeback is the amount that the user charges the customer back for expenses that have not been agreed upon. A chargeback can also apply for expenses where the deduction claim needs to be investigated before being written off against the receivables.

The difference between deductions and chargebacks is that in case of chargeback, the A/R clerk does not write off the payment discrepancy from the customer's account. The trade invoice is paid after accounting for the payment discrepancy through a separate chargeback invoice. The net impact on receivables is that the trade invoice is paid in full, but the separate chargeback invoice remains open.

## Small Balances Write Offs

Sometimes, after paying the invoices, there is still a small balance outstanding against the invoices. To avoid small outstanding balances, the A/R clerk may write these off against an expense account and close the invoice. For example, small balances often accrue when payments are made involving different currencies with fluctuating exchange rates. Instead of resubmitting the remaining balance to the customer, the A/R clerk pays remainder of the balance on an invoice using a predefined small balance threshold.

## Installing the Deduction and Chargeback Management SuiteApp

Deduction and Chargeback Management is a managed SuiteApp that automatically updates whenever enhancements or new features are added.

Using the standard Administrator role, there are two ways to install the SuiteApp from the SuiteApp Marketplace:

- Click the Deduction and Chargeback Management link to go directly to the SuiteApp Details page and click **Install**.
- Go to the SuiteApp Marketplace manually by following the procedure below to install the SuiteApp.

### To install the Deduction and Chargeback Management SuiteApp:

1. Go to SuiteApps.
2. In the **Search** field, enter **Deduction and Chargeback Management**.
3. Click the SuiteApp tile.
4. On the SuiteApp Details page, click **Install**.
5. Click **OK**.

For more information about installing SuiteApps from the SuiteApp Marketplace, see the help topic Installing from the SuiteApp Marketplace.

## Prerequisites for Deduction and Chargeback Management

The Deduction and Chargeback Management SuiteApp is developed and tested for use primarily with NetSuite OneWorld. For more information about NetSuite OneWorld, read the help topic Introduction to NetSuite OneWorld.

To use the Deductions and Chargeback Management SuiteApp, enable the following features:

| Subtab | Sublist | Feature Name |
|---|---|---|
| Company | Classifications | Locations |
| | International | Multi-Language |
| | | Multiple Currencies |
| Items & Inventory | Inventory | Inventory |
| | | Multi-Location Inventory |
| SuiteCloud | SuiteBuilder | Custom Records |
| | SuiteScript | Client SuiteScript |
| | | Server SuiteScript |
| | SuiteFlow | SuiteFlow |
| | SuiteTalk (Web Services) | SOAP Web Services |
| | SuiteCloud Development Framework | SuiteCloud Development Framework |

For more information, read the help topic Enabling Features.

# Creating or Customizing Roles for Deduction and Chargeback Management

If you are an administrator, you can create new roles or customize roles for using the Deduction and Chargeback Management SuiteApp. For more information, read the help topics Assigning Roles to an Employee and Customizing or Creating NetSuite Roles.

Refer to the following table for minimum access levels for different permissions required to use the Deduction and Chargeback Management SuiteApp:

| Subtab | Permission | Minimum Access Level |
|---|---|---|
| Transactions | Credit Memo | Full |
| | Customer Payment | Edit |
| | Find Transaction | Full |
| | Invoice | Full |
| Lists | Customers | View |
| | Items | View |
| | Subsidiaries | View |
| | Documents and Files | View |
| | Tax Records | View |
| | Custom Record Entries | View |
| Setup | Custom Record Types | View |
| | SuiteScript Scheduling | Full |
| | SuiteScript | View |
| Custom Records | Deduction & Chargeback Type | View |
| | Deduction Management | Edit |
| | Deduction Management Setup | View |
| | Deduction Management Task | Create |
| | Deduction Management Task Detail | Create |
| | Write Off Limits | View |

## Adding Center Tab and Center Category

You can add the **Deduction Management** tab to the navigation bar of a custom role. For a custom role, add the **Deduction Management** tab to the navigation bar and menu within the tab. Use the following information when creating the center tab and center category:

- Center tab – Label the center tab as **Deduction Management**
- Center Category - In the **Categories** sublist of the **Content** subtab, add labels **Setup** and **Records**
- Add the following links to the **Setup** center category:

    - Deduction and Chargeback Type
    - Deduction Management Setup
    - Write Off Limits
- Add a link **Review Records** to the **Records** center category

For more information, read the help topics Creating Center Categories and Creating Center Links.

# Deduction Management Preferences

In the Deduction Management Setup page, set the preferences for Deduction Management.

### To set up Deduction Management preferences:

1. Go to Deduction Management > Setup > Deduction Management Setup.
2. Click **Edit**.
3. In the Deduction and Chargeback Setup page, set the preferences according to the following table:

| Section | Preference | Description |
|---|---|---|
| Small Balances Write Offs | Enable Small Balances Write Off | Check this box to enable the Small Balances Write Off feature and run the small balances write off script at scheduled intervals.<br>**Note:** You should not disable this preference if there is an ongoing small balances write off process. |
| | Small Balances Write Off Type | Select the small balances write off type to use when running the small balances write off schedule script. |
| | Email Notification | Check this box to send email notification to recipients after every successful run of the small balances write off script. |
| | Email Template | Select the template for email notifications. For more information, read the help topic Creating New Email Templates. |
| | Email Sender | Select the employee whose email address you must use for sending the email notifications. |
| | Email Recipients | Enter the email addresses of the recipients. A comma must separate the email addresses.<br>You can add up to 10 email addresses. |
| | Credit Memo Note | Enter the default credit memo note to display in the credit memo generated from small balances write off. |
| | Saved Search (Invoices) | Select the saved search that the small balances write off scheduled script uses for querying eligible invoices. |
| | Invoice Date Range | Enter the number of days between the current date and the earliest date when the user can retrieve applicable invoices. Enter a number between 1 and 999. |
| | Credit Memo Form | Select the form to use when a creating credit memo. |
| Deduction Management | Enable Deduction Management | Check the box to create deduction credit memos and chargeback invoices. |

| Section | Preference | Description |
|---|---|---|
| | | **Note:** You should not disable this preference if there is an ongoing deduction management process. |
| | Default Deduction Management Type | The deduction type you select in this list is the default deduction type selection in the **Deductions and Chargebacks** subtab of the Payment page. |
| | Default Chargeback Type | The chargeback type you select in this list is the default chargeback type selection in the **Deductions and Chargebacks** subtab of the Payment page. |
| | Invoice Form | Select the invoice form to use when creating a chargeback invoice. |
| | Additional Notes | Enter the default note to display in the credit memo generated from deduction management. If you create a chargeback, the same note also displays in the chargeback invoice. |
| | Credit Memo Form | Select the credit memo form to use when creating credit memo using the Deductions and Chargebacks feature. |

# Deduction, Chargeback, and Small Balances Write Off Types

The deduction and chargeback types determine the general ledger account toward which the respective deduction, chargeback, or small balances write off amount is charged or credited. Before applying deductions, chargebacks, and small balance write offs, you must create respective deduction, chargeback, and small balance write off types.

## Creating a Deduction, Chargeback, or Small Balances Write Off Type

Create deduction, chargeback, or small balances write off type from the Deduction and Chargeback page.

### To create a deduction, chargeback, or small balances write off type:

1. Go to Deduction Management > Setup > Deduction and Chargeback Type > New.
2. From the **Type** list, select the desired type.
3. In the **Name** field, enter the name of the deduction, chargeback, or small balances write off type.
4. From the **Item** list, select the non-inventory or other charge item that you want to associate to the type.
5. **Note:** If you set the Class, Department, and Location as mandatory in the Accounting Preferences, you must add values in those fields in the accounting item records. Accounting items such as non-inventory or other charge item that you select should not have promotions configured to it.
6. From the **Subsidiaries** list box, select the subsidiaries to which you want to apply the deduction, chargeback, or small balances write off type.

7. Click **Save**.

# Applying Deductions

Apply deductions from the **Deductions and Chargebacks** subtab of the Payment page. When you create or edit a payment record, the **Deductions and Chargebacks** subtab is available. When you enter a payment less than the amount due, you can automatically apply the difference as a deduction in the **Deductions and Chargebacks** subtab. You can also select each invoice and apply the deductions manually.

> **Note:** If you enable SuitePromotions then apply promotions on invoices, you must not disable the feature until the deduction or chargeback process is complete.

### To apply deductions:

1. Go to Transactions > Customers > Accept Customer Payments.
2. From the **Customer** list, select the customer.
3. In the **Apply** subtab, enter payment against invoices.

   > **Note:** To apply deductions, you must have short payments, that is payment less than the amount due for one or more invoices.

4. In the **Deductions and Chargebacks** subtab, do one of the following:
   - Click **Auto Apply Deductions**.

     All invoices having short payments list in the **Deductions** sublist and deduction equal to the amount due is applied to each invoice.
   - In the **Invoice** column, select each invoice manually and in the **Deduction Amount** column, add the deduction amount for each invoice.
5. (Optional) To change the deduction type, select the type from the **Deduction Type** column.
6. Click **Save**.

After you save the payment, the SuiteApp runs the following processes:

- Generates a credit memo for the deduction amount. In the credit memo, the **Credit Memo Source** field indicates that the credit memo is generated from a deduction made using the Deduction Management feature.
- If the sum of deduction and payment is equal to the invoice amount due, the SuiteApp sets the status of the invoice to **Paid in Full**.
- Creates a deduction management record for each deduction. You can review the record from the Deduction Management List page by going to Deduction Management > Records > Review Records.

The SuiteApp can process payments up to the maximum limit of invoices and sub customers allowed in your NetSuite account.

# Applying Chargebacks

Like deductions, you can apply chargebacks to the invoices from the **Deductions and Chargebacks** subtab of the Payment page. When you create or edit a payment record, the **Deductions and Chargebacks** subtab is available.

> **Note:** If you enable SuitePromotions then apply promotions on invoices, you must not disable the feature until the deduction or chargeback process is complete.

### To apply chargebacks:

1. Go to Transactions > Customers > Accept Customer Payments.
2. From the **Customer** list, select the customer.
3. In the **Apply** subtab, enter payment against invoices.

   > **Note:** To apply chargebacks, you must have short payments, that is payment less than the amount due for one or more invoices.

4. In the **Deductions and Chargebacks** subtab, do one of the following:
   - Click **Auto Apply Deductions**.

     All invoices having short payments list in the **Deductions** sublist and deductions equal to the amount due are applied for each invoice.
   - In the **Invoice** column of the **Deductions** sublist, select each invoice manually and add the chargeback amount for each invoice in the **Deduction Amount** column.
5. In the **Chargeback** column, check the box.
6. (Optional) To change the chargeback type, select the chargeback type from the **Chargeback Type** column.
7. Click **OK**.
8. Click **Save**.

After you save the payment, the SuiteApp runs the following processes:

- Generates a credit memo for the deduction and creates an invoice for the chargeback amount. In the credit memo, the **Credit Memo Source** field indicates that the credit memo is generated from a deduction made using the Deduction Management feature.
- Generates a chargeback invoice for the chargeback amount and sets the status of the chargeback invoice to **Open**. The **Source** field in the chargeback invoice provides a link to the deduction management record.
- If the sum of payment and deduction is equal to the invoice amount due, then the SuiteApp sets the original invoice to **Paid in Full**.
- Creates a deduction management record for each deduction. You can review the record from the Deduction Management List page by going to Deduction Management > Records > Review Records.

The SuiteApp can process payments up to the maximum limit of invoices and sub customers allowed in your NetSuite account.

# Splitting Invoices

You can split an invoice for different deduction and chargeback amounts. The following example explains how to split invoices.

## Example of Splitting Invoices

For example, for an amount due of 1,000 USD, you make a payment of 700 USD. Out of the remaining 300 USD amount due, you want to apply deduction of 200 USD deduction and apply a chargeback 100 USD. You can split the deduction and chargeback for the invoice using the following procedure:

### To split invoices:

1. Go to the **Deductions and Chargebacks** subtab of the Payment page.
2. In the **Invoice** column, select the invoice that has an amount due of 1,000 USD.
3. In the **Deduction Amount** column, enter 200.
4. Click **OK**.
5. In a new row in the sublist, in the **Invoice** column, again select the same invoice that has an amount due of 1,000 USD.
6. In the **Deduction Amount** column, enter 100.
7. In the **Chargeback** column, check the box.
8. Click **OK**.
9. Click **Save**.

# Setting Small Balances Write Off Limits

Set the small balances write of limits per currency type from the Write Off Limits page. Set the following options on the Write Off Limits page:

| Setting | Description |
|---|---|
| Currency | Select the currency for which you want to set the write off limit. You can set only one write off limit per currency. |
| Percentage | Enter the percentage of invoice amount against which the amount due is compared. If amount due is less than the product of the invoice amount and this percentage, then the amount due is considered for small balances write off. However, the amount due must not exceed the value set in the **Amount Limit** field. |
| Amount Limit | Enter the maximum amount due allowed for an invoice to be considered for small balances write off. |

The SuiteApp can process small balances write offs up to the maximum limit of invoices and sub customers allowed in your NetSuite account.

# Scheduling Small Balances Write Off Script

The small balances write off script name is **DC Small Balances Write Off MR**. The script uses the company date format defined in the General Preferences page. Schedule the script at the desired interval.

When deploying the script, make the following settings in the **Parameters** subtab of the Script Deployment page:

- **Subsidiary** - Invoices associated with the selected subsidiary are checked for small balances write off. The selection of a subsidiary is required for the script to search for invoices.
- **Small Balances Write Off Type** - Select the small balances write off type to assign to the write off credit memo created using the script. The selection made in this field takes precedence over the small balances write off type selected in the Deduction Management Setup page.
- **Credit Memo Note** - Enter the credit memo note to display in the credit memo generated from small balances write off created using the script. The note added in this field takes precedence over the credit memo note added in the Deduction Management Setup page.

> **Note:** Only an Administrator role can schedule the small balances write off script. For more information about scheduling a map reduce script, read the help topic Scheduling a Map/Reduce Script Submission.

## Excluding Customers from Deduction Management and Small Balances Write Off

You can exclude customers from deduction management or small balances write off. In the **Deductions** subtab of a customer record, choose to check any of the following boxes:

- **Exclude from Write Off** – Excludes the customer from small balances write off.
- **Exclude from Deduction Management** – Exclude the customer from deduction management.