Returns and Refunds

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Customer Return Management

Customer return management is the process of tracking information about items that customers return to you. Just as you track information about items that come into your inventory when you receive purchased items, it is also important to keep track of the quantity and value of items that come into your inventory for returns.

Maintain returns information by first Enabling the Return Authorizations Feature, setting Preferences for Customer Returns, then issuing Return Authorization (RMA) Forms for each return you expect to receive.

Enabling the Return Authorizations Feature

To enable customer return authorizations, go to the Transactions subtab at Setup > Company > Setup Tasks > Enable Features (Administrator). Check the Return Authorizations box, and click Save.

Customer Return Management Tips

Requiring returns to be processed using authorizations enables managers to track returns and employees to process returns in an organized, step-by-step manner.

To get the best benefits from working with customer returns, follow these tips:

1. Require a return authorization to be entered for **every** customer return.
   - If you **do not** use an authorization to track a return, it is difficult to answer these questions about returns quickly or accurately:

     Did we expect this item from this customer?

     Did a manager approve the return?

     Did returned items already get added back into stock or get refunded?

     Was the refund price correct?
   - If you enter an authorization for **only some** returns, you will not be able to track accurate data for all returns and chances increase that employees in different departments will have incorrect or incomplete information.
2. Record the authorization for each expected return before it arrives at your warehouse. Then, return process is not slowed by unaccounted for items cluttering the warehouse.
3. Establish a standard practice to always record new information on the authorization at each step in the process so your records are always current and accurate.
   - By updating authorizations, each step of the return process is documented and can be tracked, from when the authorization is issued until the return is credited back to the customer. Then, an authorization can be referenced so you always know the status of each return.
4. Issue credit for a returned item **only** from an RMA showing the item has been received.
   - This ensures that the correct item is credited the correct amount at the correct time.

Customer Returns Process

From the time a customer lets you know they want to return an item until the time they are credited or refunded for that item, you need to track each step in the return process for that item.

Tracking returns helps you to know the following:

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- What items and quantities to expect
- Whether you have received items back into inventory
- How much credit to issue or whether to pay out a refund

When a customer wants to return a purchased item, issue a return authorization to the customer showing the item to be returned and the amount to be credited to the customer upon receipt of the item. Each customer return authorization is assigned a unique return number that enables you to track it.

As each return progresses through the steps in the returns process, enter information on the return authorization to track the information about the items your customers are returning.

Steps in the customer return process:

- Issuing Return Authorization (RMA) Forms

  Identifies items the customer wishes to return and initiates the return process.

  - Entering a Standalone Return Authorization
  - Entering a Linked Return Authorization

- Approving a Customer Return Authorization

  Gives permission to employees to process the return and approves the customer to be credited or refunded upon receipt of the item.

- Receiving a Customer Return

  Verifies that the returned item has been received from the customer.

- Issuing a Customer Credit Memo

  Logs a credit for the customer for the returned item

- Refunding an Authorized Customer Return

  Repays the customer in the amount they are credited for the returned item.

- Closing Line Items on a Customer Return Authorization

  Closes one or more lines on a return authorization for items you no longer expect to receive.

Return Authorization (RMA) Forms

A return authorization form, also known as a return materials authorization (RMA), is a record of expected customer returns.

The return authorization holds information about the items you expect a customer to return, such as the item number and/or vendor item number and the quantity being returned. The authorization also tracks the price of items being returned which determines the amount to be credited or refunded to the customer.

> ⓘ **Note:** This is a non-posting transaction.

> ⚠ **Important:** The form you choose when you enter an authorization guides whether the return is processed as a refund or a credit, along with other account settings, as described below.

Credit or Refund?

Whether the return process results in a credit or a refund is dependent on three things:

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1. Which return authorization form is selected in the Custom Form field on the authorization.

   Standard forms available include the following:

   - **Standard Return Authorization - Credit** – A return using this form generates a credit memo for the returned item.

     The credit memo can later either be applied to an account balance or refunded to the customer.

   - **Standard Return Authorization - Cash** – A return using this form generates a refund for the returned item.

     A cash form return authorization **cannot** later be processed as a credit memo.

2. Your setting for the Refund in Advance of Return preference.

3. Whether the **Advanced Receiving** feature is enabled.

   - If you have enabled the Advanced Receiving feature, you must credit a return before you can refund a return.

     □ First, a credit is created from the return authorization in the authorized amount.

     □ Next, from the credit, a refund is created, also in the authorized amount.

     For more information, read the help topic Receiving a Purchase Orders With Advanced Receiving.

   - If you do not use the Advanced Receiving feature, you can create a refund directly from an authorization without creating a credit memo first.

   Whether Advanced Receiving is enabled or not, you can always enter standalone credit memos that record credit on a customer account that can be applied toward their account balance. For more information on this type of customer credit memo, read Customer Credit Memos.

As you enter information to process the return, the return authorization keeps track of the status of return while accounting and inventory records are updated. This way, you can monitor accurate data to know which steps are completed and what to expect next.

For example, when the warehouse manager gets the item from the customer and marks the return authorization received, the accounting department sees the return authorization in their queue to be credited.

To begin the customer return process, issue the authorization. NetSuite offers two ways to issue a return authorization.

- Entering a Standalone Return Authorization.

  This creates a return authorization that is not linked to a sale.

- Entering a Linked Return Authorization.

  This creates a return authorization from a cash sale or invoice that automatically shows the items from the original sale and is linked to the original sale.

Preferences for Customer Returns

When you process customer returns using NetSuite, you can set preferences for handling customer returns at Setup > Accounting > Preferences > Accounting Preferences > Order Management.

The following customer return management preferences are available:

Default Return Authorization Status

Choose your default return authorization status:

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- Select **Pending Approval** if your company uses the approval process for return authorizations.
- Select **Pending Fulfillment** if your company does not use the approval process for return authorizations.

Refund in Advance of Return

Enable this preference to allow a purchase to be refunded before the item is returned.

In some cases, companies prefer to wait until a return is actually received back into stock before crediting or refunding an amount to the customer. However, if you enable this preference, you can issue credit or a refund for the item before it is received.

For more information on refunding returns, read Refunding an Authorized Customer Return.

Restock or Write-off Returned Items

When you use the Advanced Receiving feature and receive inventory items returned by customers, you can set a preference for whether the item is restocked in inventory or written off as an expense.

For more details on these preferences, read the help topic Accounting Preferences.

Minimum Return Quantity

If an item has a minimum order quantity (which is the minimum number of units of an item that a customer must buy), you can require that returns also comply with the same minimum quantity. For example, if the minimum quantity of an item is five, a customer must also return a quantity of at least five. See the help topic Sales and Shipping Information for Items for information about setting the minimum quantity on an item record.

To enable this preference, go to Setup > Accounting > Preferences > Accounting Preferences, and then on the Items/Transactions tab under Other Item Preferences, check the **Enforce Minimum Quantity on Return Authorizations** box.

Entering a Standalone Return Authorization

A return authorization form is a record of expected customer returns holds information about the items you expect to receive. For more information, read Return Authorization (RMA) Forms.

A standalone return authorization is not linked to a sale transaction. This means that no information is sourced from an existing transaction to create the authorization, such as item prices, item discounts, or quantities. All information must be entered in the authorization manually.

For information about linked return authorizations, read Entering a Linked Return Authorization.

ⓘ **Note:** You also can use the Import Assistant to import return authorization data from a CSV file. See the help topic Return Authorization Import.

To enter a standalone return authorization:

1. Go to Transactions > Customers > Issue Return Authorizations (Administrator).
2. Under Primary Information:
   a. In the **Custom Form** field, select a standard return authorization form or one you have already customized.

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b. Select the customer or project you are authorizing a return for.

c. If you are using the Multiple Currencies feature, select the currency for this return. For more information, see the help topic Customers and Multiple Currencies.

The return authorization number shows in the Rtn. Auth. # field.

> ⓘ **Note:** If you enable the override of autogenerated numbers for return authorizations, you can edit this field. Otherwise this field is display only. Enable overrides at Setup > Company > Auto-Generated Numbers on the Transactions subtab.

d. Accept or enter the date.

e. Accept or select the status of this transaction.

> ⓘ **Note:** By selecting Pending Receipt, the return authorization skips the approval process.
>
> You can set up a default status for return authorizations on the Order Management subtab at Setup > Accounting > Accounting Preferences > Order Management (Administrator).

f. In the **PO#** field, enter the original purchase order number associated with this order.

g. In the **Memo** field, you can enter information about this customer return, such as the reason for the return.

3. Under Sales Management:

a. You can change the sales effective date for this transaction. The sales effective date determines which commission plan and historical sales team this transaction applies to.

If this return is created from a sales order, the sales effective date from the order shown in the Created From field is set by default for this return authorization.

b. Check **Exclude Commissions** to exclude this transaction and its subordinate transactions from inclusion in all commission calculations. For example, selecting this box on a sales order excludes the sales order and the resulting invoice from all commission calculations for all sales people.

c. Select the lead source this transaction is associated with.

- If you use the Marketing Automation feature, your list of lead sources is your list of campaigns.

- If you do not use Marketing Automation, you can create new lead sources at Setup > Sales > Setup Tasks > CRM Lists > New > Lead Source (Administrator).

d. In the **Sales Rep** field, select the original sales rep for this order.

You can change the sales effective date for this transaction. The sales effective date determines which commission plan and historical sales team this transaction applies to.

4. Under Classification, select a department, class or location if you track them.

> ⓘ **Note:** If you use NetSuite OneWorld and the selected customer is shared with multiple subsidiaries, you can choose any subsidiary assigned to the selected customer. For information about sharing customer records with multiple subsidiaries, see the help topic Assigning Subsidiaries to a Customer.

5. On the **Items** subtab, enter information about each item credited, and click **Add** after each.

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If the item being returned is a serialized item, you can:

- enter the customer name, then enter the item number in the item field. Next, click List to select the serial number sold to this customer.
- enter the serial number and the item number will autofill the Item field.

For more information, see the help topic Adding Items on a Sales Transaction.

6. On the **Billing** subtab, enter the billing details for this customer. For more information, see the help topic Adding Billing Information to a Transaction.

7. The Accounting subtab only shows if you are using the Multiple Currencies or Revenue Recognition features, if you have not enabled the Per-Line Taxes preference at Setup > Accounting > Taxes > Set Up Taxes (Administrator), or if you have added fields to this subtab. For more information, see the help topic Entering Accounting information about a Sales Transaction.

8. On the **Relationships** subtab, enter a contact or partner details for this transaction. For more information, see the help topic Entering Relationships on a Transaction.

9. On the **Sales Team** subtab, if you use the Team Selling feature, select the Sales Team for this transaction. For more information, see the help topic Associating Sales Teams with Customers and Transactions.

10. On the **Communication** subtab, enter communication information for this transaction. For more information, see the help topic Entering Communication Information on a Transaction.

11. Click **Save**.

The customer return authorization is recorded in the Return Authorizations Register, a non-posting account in your chart of accounts.

Now, you can track the return of these items into your inventory.

Entering a Linked Return Authorization

A return authorization form is a record of expected customer returns holds information about the items you expect to receive. For more information, read Return Authorization (RMA) Forms.

A linked return authorization is created from a sales order, cash sale or invoice. It automatically shows the items from the original sale and is linked to the original sale.

This means that information is sourced from an existing transaction to create the authorization, such as item prices or quantities, so information does not need to be entered in the authorization manually.

For information about standalone return authorizations that are not linked to previous sales, read Entering a Standalone Return Authorization.

To enter a linked return authorization:

1. Do one of the following:
   - View the cash sales list: Transactions > Sales > Enter Cash Sales > List (Administrator)
   - View the invoices list: Transactions > Sales > Create Invoices > List (Administrator)
   - View the sales order list: Transactions > Sales > Enter Sales Orders > List (Administrator)

2. Click **View** next to a cash sale or invoice.

3. Click the **Authorize Return** button.

   A customer return authorization opens that shows all items from the original order.

   You will receive a popup warning if there are existing return authorizations associated with this order.

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You can change the sales effective date for this transaction. The sales effective date determines which commission plan and historical sales team this transaction applies to.

4. Check the **Exclude Commissions** box to exclude this transaction and its subordinate transactions from inclusion in all commission calculations. For example, selecting this box on a sales order excludes the sales order and the resulting invoice from all commission calculations for all sales people.

5. Click the **Items** subtab and verify that all items on the return authorization are being returned.

⚠️ **Important:** If some items are not being returned, remove them by clicking the line-item and then clicking **Remove**.

For more information, see the help topic Adding Items on a Sales Transaction.

6. On the **Billing** subtab, the customer's default billing address autofills the **Bill To** text field. You can change this address as needed.

   For more information, see the help topic Adding Billing Information to a Transaction.

7. On the **Payment** subtab, select the customer's original payment method. For more information, see the help topic Entering Payment Information on a Transaction.

   If you want to credit your customer's credit card account and do not have an MeS merchant account, check the **Card Approved** box after the refund is approved.

   If you do have an MeS merchant account, the **Card Approved** box is automatically filled when the refund is approved.

   If you do not use NetSuite to process credit cards, enter any authorization information for this credit card.

8. The Accounting subtab only shows if you are using the Multiple Currencies or Revenue Recognition features, if you have not enabled the Per-Line Taxes preference at Setup > Accounting > Taxes > Set Up Taxes (Administrator), or if you have added fields to this subtab. For more information, see the help topic Entering Accounting information about a Sales Transaction.

9. On the **Relationships** subtab, enter a contact or partner details for this transaction. For more information, see the help topic Entering Relationships on a Transaction.

10. On the **Sales Team** subtab, if you use the Team Selling feature, select the Sales Team for this transaction. For more information, see the help topic Associating Sales Teams with Customers and Transactions.

11. On the **Communication** subtab, enter communication information for this transaction. For more information, see the help topic Entering Communication Information on a Transaction.

12. Click **Save**.

The customer return authorization is recorded in the Return Authorizations Register, a non-posting account in your chart of accounts.

Now, you can track the return of these items into your inventory.

Approving a Customer Return Authorization

You can use the return authorizations approval process to keep track of what is being returned and why. A return cannot be received, credited, or refunded until the authorization is approved.

After you have approved an authorized return, it enters the receiving queue and the warehouse knows to expect this item to be shipped.

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To approve an authorized customer return:

1. Go to Transactions > Customers > Approve Return Authorizations (Administrator).

2. In the **Returns on or Before** field, enter the date for the earliest unapproved return you want to see. Unapproved returns dated on or after this date appear in the list.

3. In the **Approve** column, check the customer returns you want to approve.

    The **Amount** field updates to show the total amount of the approved returns.

4. Click **Submit**.

The approved return authorizations can now be received and processed as credit memos or refunds. The amount of the returned order can be credited back to customers as a credit memo or a cash refund, depending on the type of form used. For more information, read Return Authorization (RMA) Forms.

> (i) **Note:** You can also approve return authorizations by going to Transactions > Customers > Issue Return Authorizations > Lists (Administrator) to open the authorization and click Approve Return, as shown below.

Printing a Customer Return Authorization

To print a customer return authorization, you first need Adobe® Reader®. Visit the Adobe Web site to download the latest version at no charge.

To print a new customer return authorization:

1. Go to Transactions > Customers > Issue Return Authorizations (Administrator).

2. On the **Return Authorization** page, complete the information as appropriate.

3. Click **Save & Print**.

    NetSuite shows the printout for your return authorization in an Adobe application document.

4. Click the printer button in the Adobe application frame.

5. If you wish to print multiple copies, specify the number on the print message that appears.

6. Click **OK**.

To print an existing customer return authorization:

You can print existing return authorizations by going to Customers > Transactions > Print Checks and Forms > Return Authorizations. Click Print next to the return authorization you want to print.

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You can print several customer return authorizations at one time if you check the To Be Printed box on each return authorization when you create it.

To print multiple customer return authorizations:

1. Go to Customers > Transactions > Print Checks and Forms.
2. Click **Return Authorizations**.
3. If you use locations, select the location related to the original transaction.
4. Check the box in the **Print** column next to each return authorization you want to print.

5. Check the **Allow Reprinting** box to be able to reprint previously printed transactions.

    When you check this box, the documents appear at the bottom of the page in segments.

6. Click **Print**.

    - If you selected **Download PDF Files** on the Set Preferences page, a preview of your return authorizations pops up in the default Adobe application.

    - If you did not select Download PDF Files on the Set Preferences page, you must first save your return authorizations and then open them with the Adobe application.

7. Click the printer button in the Adobe application frame.
8. If you want to print multiple copies, specify the number on the print message that appears.
9. Click **OK**.

Your administrator can customize the layout of your printed forms using advanced PDF/HTML templates. For information, see the help topic Advanced PDF/HTML Templates.

Receiving a Customer Return

When a shipment from a customer arrives at your business, process the return by matching the shipment to the corresponding return authorization number. Then, enter an item receipt for any items in that shipment against the open authorized return.

When you use the Advanced Receiving feature, you can mark authorized returned items as received when they arrive. When you receive an authorized returned order, you can indicate what was received and process the return based on those quantities.

By entering a receipt against the RMA, the following information is updated:

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- Items on return authorizations are recorded as received.
- Inventory records are updated for the new stock levels.
- Inventory asset accounts are updated with the values of returned items.
- Status of the return is updated.

Then, your records show the most current information.

If you have not enabled the Refund in Advance of Return preference, you need to know when items are received to issue credits that are due to customers. For more information on this preference, read Preferences for Customer Returns.

Exchange Rates on Returns

You can set a preference for how currency exchange rates are handled on returns you process. This helps if exchange rates change between the time an authorization is entered and when it is received. For details, read the help topic Exchange Rates on Item Receipts.

To receive an authorized customer return:

1. Go to Transactions > Customers > Receive Returned Order (Administrator).
2. Select a customer from the dropdown list.
3. In the **Receive** column, check the box next to the return you received from the customer.
4. Click **Submit**.
5. On the Item Receipt page:
   - Verify information in the following fields:
     - **Customer** – the customer who returned the order
     - **Receipt of** – the return authorization number of the return you are receiving
   - Verify or enter information in the following fields:
     - **Date** – the date on which the return was received
     - **Posting Period** - Select the period you want to post this transaction to. If a period is closed, you cannot post to that period.
     - **Ref. No.** – a number you can later use to reference this partial shipment

       > ⓘ **Note:** On the **Transactions** subtab, check the **Allow Override** box next to **Item Receipt** and click **Save**.

     - **Memo** - Enter an optional reference memo for this receipt. Later, you can search for this receipt by text entered in the memo.
6. On the **Items** subtab, check the box in the **Receive** column next to items you are receiving.
7. In the **Quantity** column, enter the amount of each item you received in this shipment.
8. In the **Restock** column, do one of the following:
   - Check the **Restock** box to return this item to your inventory. Your inventory reflects the increased count of the returned item and the value of your inventory is also increased.
   - Clear the **Restock** box to write the item off as an expense. Your inventory does not reflect the increased count of the returned item and the value of your inventory is not increased. Items that you write off are logged as an expense and the income you lose by not selling the item is posted as a loss.

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> **Note:** You can set preferences for default handling of returned items you receive. For more information, read Handling Returned Items.

9. If you use the Multi-Location Inventory feature, you must select a location for each returned item.

10. On the **Expenses** subtab, check the box in the **Mark Received** column next to expenses you want to receive.

11. When you have finished, choose one of two options to post the information to your NetSuite account:

   - Click **Save** to save the information and return to the Transactions page.
   - Click **Save & Refund** to save the information and go to the cash refund for this return.

   You credit customers only for what you received.

Now, the items are marked as received from the customer.

> **Note:** You can also receive items on a return authorization record. Go to Transactions > Customers > Issue Return Authorizations > List (Administrator) and click view next to the return authorization with the Pending Receipt status. Click **Receive** to mark the items as received. NetSuite creates an item receipt record for the returned items.

To see what has already been received and processed for a return authorization, open the return authorization record and click the Related Records subtab. Item receipts and refunds (such as credit memos and cash refunds) are listed on the Receipts & Refunds tab. Click the record link to view the related record. See Customer Credits and Refunds for more information.

Handling Returned Items

When you use the Advanced Receiving feature and receive inventory items returned by customers, you can choose whether the item is restocked in inventory or written off as an expense.

Items that you receive against return authorizations and restock are added back into your inventory. Your inventory reflects the increased count of the returned item and the value of your inventory is also increased. Generally, items are restocked if they are in good condition and can be sold to another customer.

Items that you write off are logged as an expense and the income you lose by not selling the item is posted as a loss. Your inventory does not reflect the increased count of the returned item and the value of your inventory is not increased. Items are generally written off when they are in poor condition and cannot be resold to another customer.

When a customer returns an inventory item to you, enter a receipt to track the item. On the receipt form, do one of the following:

- Check the box in the Restock column to indicate that the item should be returned to inventory.
- Clear the box to write the item off as an expense.

You can also set preferences to define the default way you handle returns. For more information, read Preferences for Customer Returns.

Closing Line Items on a Customer Return Authorization

If you no longer expect to receive items that show on an return authorization, you may need to close one or more lines on that transaction.

> **(i) Note:** If you are going to close a line item on a customer return manually, you must credit the customer return **BEFORE** you close the line. When all lines on a customer return are received or closed manually, the return no longer shows in queues to be received, credited or refunded.

Close Lines on a Return

To close a single line or all open lines on a return authorization, go to Transactions > Customers > Issue Return Authorizations > List (Administrator) to open the authorization.

Then you can do the following:

- Close an individual line item
- Close all open lines on a return authorization

To close an individual line item:

1. Click **Edit** on the authorization and click the line you want to close.
2. Check the **Closed** box in the Closed column.
3. Click **Save**.

You can close all open lines on a return authorization when its status is Pending Receipt or Pending Refund. You cannot close all open lines when the status is Pending Receipt or Pending Refund.

> **(i) Note:** You can still close lines individually by editing the return authorization record and checking the Close box on a line regardless of the status of the return authorization. However, closing a line that has already been received or received and refunding can affect reimbursement.

To close all open lines on a return authorization:

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1. To close all lines when viewing a return authorization, click **Close**.
2. To close all lines when editing a return authorization, click the **Close Remaining Lines** button on the Items subtab

You can also close line items on the following forms:

- Purchase Order
- Sales Order
- Vendor Return Authorization

Customer Return Authorization Status

Each customer return authorization has a status that reflects where the return is in the receiving and refunding process.

To see the status of a customer return authorization , go to Transactions > Customers > Issue Return Authorizations > List (Administrator).

The list shows the status of each Return Authorization in the Status column.

The status of a return could be as follows:

- With both the Return Authorizations and Advanced Receiving features **ON**:
  - **Pending Approval** – The return is not yet authorized.
  - **Pending Receipt** – The return is authorized and pending receipt of items.
  - **Partially Received** – Not all items have been received.
  - **Pending Refund** – All items on the return are received and it is pending the creation of a credit memo or cash refund, including partially refunded returns.
  - **Refunded** – The return has been completely received and refunded.
  - **Canceled** – The return has been canceled.
  - **Closed** – All lines on the return have been closed.
- With Return Authorizations **ON** and Advanced Receiving **OFF** :
  - **Pending Approval** – The return is not yet authorized.

- ▫ **Pending Refund** – The return is approved and is pending receipt and refund of the item.
- ▫ **Partially Refunded** – The return is partially received and refunded.
- ▫ **Refunded** – The return is completely received and refunded.
- ▫ **Canceled** – The return has been canceled.
- ▫ **Closed** – All lines on the return have been closed.

To see what has already been received and processed for a return authorization, open the return authorization record and click the Related Records subtab. Item receipts and refunds (such as credit memos and cash refunds) are listed on the Receipts & Refunds tab. Click the record link to view the related record. See Customer Credits and Refunds for more information.

Reporting on Customer Returns Impact

When you use the Return Authorization feature, during returns processing, each department can use NetSuite reporting to track data affected by returns. You can report on return authorizations, or return materials authorizations (RMAs), using the following reports:

- As you receive returns, you can track the effect on inventory using the Current Inventory Snapshot Report and Inventory Valuation Detail Report.
- As returns are credited or refunded, you can track the effect on your receivables and profits using the A/R Aging Detail Report and Inventory Profitability Report.

Inventory Profitability

Item	Description	Qty. Sold	Total Cost	Total Revenue	% of Total Profit	Gross Profit	Gross Profit %
± Accessories			$1,493.71	$2,752.53	0.63%	$1,258.82	45.73%
⊟ Computer Systems							
± Desktop			$657,491.00	$848,156.10	95.76%	$190,665.10	22.48%
± Laptop			$19,281.00	$20,083.60	0.40%	$802.60	4.00%
Total - Computer Systems			$676,772.00	$868,239.70	96.17%	$191,467.70	22.05%
⊟ Electronics							
Desk Telephone	Desk Telephone						
Telephone Headset		50	$499.50	$897.50	0.20%	$398.00	44.35%
Total - Electronics			$499.50	$897.50	0.20%	$398.00	44.35%
± Monitors			$12,869.15	$18,247.15	2.70%	$5,378.00	29.47%
± Networking			$263.84	$383.80	0.06%	$119.96	31.26%
± Peripherals			$43,774.77	$44,404.25	0.32%	$629.48	1.42%
± Storage Media			$151.95		(0.08%)	($151.95)	0.00%
Total			$735,824.92	$934,924.93	100.00%	$199,100.01	21.30%

You can review the following reports to track return authorizations:

- Return Authorizations Register

  This report provides details on all return authorizations. By default, for each return authorization, the report shows the transaction date, transaction number, customer or project name, order status, and the order total (aggregate amount).

- Open Return Authorizations Report

  This report shows how much money you expect to credit or refund from the return authorizations that are currently open. By default, for each authorization, the report shows the transaction date, transaction number, customer or project name, order status, and the order total (aggregate amount).

- Return Authorizations Pending Receipt Report

  This report lists items that you have authorized for return by your customers, but have not yet received. Items are grouped by return authorization.

  By default, for each authorization, the report displays the transaction number, customer or project name, item name, quantity approved for return, and quantity actually returned.

These reports are available at Reports > Order Management.

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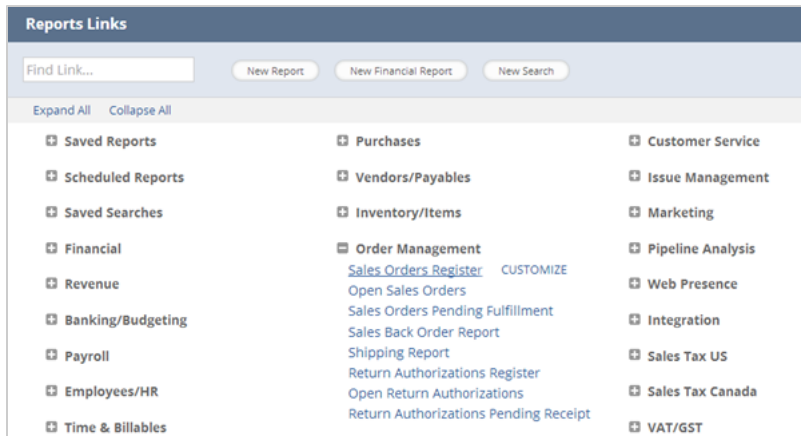
You can customize a report from Reports Links (click the **Reports** tab) by positioning the mouse pointer over the report you want to customize and them clicking its **Customize** link (shown above) or the Customize button to open it in the Report Builder.

Customer Credits and Refunds

After you receive an item on a return, you can credit the customer in the amount they paid for the item.

The credit for the return, depending on the type of return authorization you created, can be:

- **A credit memo** – a record of the credit a customer is due. For more information, see Customer Credits.
- **A customer refund** – a transaction that records the return of funds to a customer. For more information, see Customer Refunds.

> **ⓘ** **Note:** A customer refund is not the same as a cash refund. A cash refund transaction records the return of money to a customer who immediately paid for goods or services using cash, a check or a credit card. For details about this type of transaction, see the help topic Refunding a Cash Sale.

Customer Credits

Customer credit is provided in the form of a customer credit memo. The amount of a credit memo can be applied toward an invoice to decrease the amount the customer owes you.

For example, Joe Smith returns two widgets to you that he originally bought for $100 each. When you receive the widgets, you issue Joe a credit memo in the amount of $200. Later, Joe purchases five widgets from you. The invoice total is $500, but when he applies the $200 credit memo, the total Joe is due to pay is only $300.

Customer Credit Memos

A credit memo is a transaction that decreases the amount a customer owes you.

You can use a credit memo to reverse a charge you billed to a customer. For example, a customer returns part of an order after you've issued an invoice. Enter a credit memo to decrease the amount of this open invoice.

If a customer receives a credit memo after having paid an invoice, this memo can be applied to any of the customer's open or future invoices.

A credit memo created from a return authorization has no impact on inventory; however, a stand-alone credit memo does impact inventory.

To use credit memos, you must maintain customer balances using the A/R (Accounts Receivable) feature. An administrator can enable this feature at Setup > Company > Setup Tasks > Enable Features (Administrator).

To enter a credit memo, go to Transactions > Customers > Issue Credit Memos (Administrator).

After you have applied a credit memo, you can review how it was applied by viewing the credit or a customer payment. For more information, read Applying a Customer Credit Memo.

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> **Note:** If you determine that item costing for the returned item does not reflect the exact cost from a linked sales transaction, please contact Customer Support.

Issuing a Customer Credit Memo

A credit memo is a transaction that decreases the amount a customer owes you. A credit memo created from a return authorization has no impact on inventory; however, a stand-alone credit memo does impact inventory.

> **Note:** You can use the Import Assistant to import credit memo data from a CSV file. See the help topic Credit Memo Import.

To issue a credit memo:

1. Go to Transactions > Customers > Issue Credit Memos (Administrator).
2. Under Primary Information:
    a. In the **Custom Form** field, select the credit memo form you want to use.
    b. Select the customer you are crediting.
    c. Accept today's date, or enter another.
    d. If you use accounting periods, select the posting period for this credit.
    e. Enter the customer's original purchase order number.
    f. If you like, enter a memo that will appear on the 2-line Accounts Receivable register.
3. Under Sales Information:
    a. You can change the sales effective date for this transaction. The sales effective date determines which commission plan and historical sales team this transaction applies to.
    b. Check **Exclude Commissions** to exclude this transaction and its subordinate transactions from inclusion in all commission calculations. For example, selecting this box on a sales order excludes the sales order and the resulting invoice from all commission calculations for all sales people.
4. Under Classification, select a department, class, and location you want this order associated with.

> **Note:** If you use NetSuite OneWorld and the selected customer is shared with multiple subsidiaries, you can choose any subsidiary assigned to the selected customer. For information about sharing customer records with multiple subsidiaries, see the help topic Assigning Subsidiaries to a Customer.

5. On the **Items** subtab, enter information about each item credited, and click **Add** after each.

    If the item being returned is a serialized item, you can:

    - enter the customer name, then enter the item number in the item field. Next, click **List** to select the serial number sold to this customer.
    - enter the serial number and the item number will autofill the Item field.

    For more information, see the help topic Adding Items on a Sales Transaction.

6. On the **Billing** subtab, the default billing address for the selected customer is displayed in the **Bill To** field. You can change this address as needed. For more information, see the help topic Adding Billing Information to a Transaction.
7. On the **Shipping** subtab, enter the shipping details for this transaction. For more information, see the help topic Entering Shipping Information on a Sales Transaction.

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8. The Accounting subtab only shows if you are using the Multiple Currencies or Revenue Recognition features, if you have not enabled the Per-Line Taxes preference at Setup > Accounting > Taxes > Set Up Taxes (Administrator), or if you have added fields to this subtab. For more information, see the help topic Entering Accounting information about a Sales Transaction.

9. On the **Relationships** subtab, enter a contact or partner details for this transaction. For more information, see the help topic Entering Relationships on a Transaction.

10. On the **Sales Team** subtab, if you use the Team Selling feature, select the Sales Team for this transaction. For more information, see the help topic Associating Sales Teams with Customers and Transactions.

11. On the **Communication** subtab, enter communication information for this transaction. For more information, see the help topic Entering Communication Information on a Transaction.

12. Click **Save**.

If you issue a credit memo after a customer has paid an invoice, this memo can be applied to any of the customer's open or future invoices. To do this, go to Transactions > Customers > Accept Customer Payments (Administrator), and select the appropriate customer.

Crediting an Authorized Customer Return

You can credit a customer for an authorized return by issuing a credit memo in the amount they paid for the item. Customer Credit Memos are records of credit that decrease the amount a customer owes you.

When you generate a credit from the return, you ensure that the customer is credited the appropriate amount for the item they are returning.

To credit an existing authorized return:

1. Go to Transactions > Customers > Issue Return Authorizations > List (Administrator).

2. Click **View** next to the authorization you want to credit.

3. On the authorization, click **Refund**.

> ⓘ **Note:** Clicking Refund opens a credit memo.

4. On the credit memo, verify the quantity and amount shown for the items.

5. Click **Save**.

Now, the customer is credited for the items on the return authorization.

For information about crediting items before they are received, read Preferences for Customer Returns.

When a credit is issued, the credit can be used in the following ways:

▪ **Apply the credit amount toward the customer's account balance.**

For information, read Applying a Customer Credit Memo.

▪ **Refund the amount of the credit to the customer.**

For information, read Refunding an Authorized Customer Return.

Applying a Customer Credit Memo

You can apply a credit memo to decrease the amount a customer owes you. When you apply a credit memo against an open invoice or cash sale, the amount of the credit is deducted from the total amount due.

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> **ⓘ Note:** If you create a standalone credit memo and apply it to one or more invoice lines, in a transaction saved search the CreatedFrom field references that invoice. However, the credit memo transaction CreatedFrom field is blank because it was not created directly from an invoice.

You can apply a credit memo in the following ways:

- Apply a Credit Memo on the Credit Transaction
- Apply a Credit Memo on a Customer Payment
- Apply a Credit Memo on an Open Invoice

Apply a Credit Memo on the Credit Transaction

1. Go to Transactions > Customers > Issue Credit Memos > List (Administrator).
2. Click **Edit** next to the memo you want to apply.
3. On the **Items** subtab, check the **Auto Apply** box next to the Unapplied field if you want NetSuite to apply the credit amount to the oldest invoices or cash sales due.
4. Click the **Apply** subtab to apply the credit toward a specific invoice or cash sale.
5. Check the **Apply** box next to the invoices or cash sales you want the credit applied to.

   If you use the **Multiple Currencies** feature, only invoices or cash sales in the currency of the memo are shown on the **Apply** subtab.

   For more information, see the help topic Customers and Multiple Currencies.
6. Click **Save**.

Now, when you include the credited invoice or cash sale on a customer payment, the balance due reflects the credit amount.

You can also apply credit memos when you enter a customer payment.

When you enter a customer payment, you can also apply open credit memos for that customer. This is useful when a customer remits a payment amount that is based on both invoices and credits to their account.

For example, your customer ACME Inc. makes a monthly payment based on their statement. This month, their statement shows invoice #888 for $100 and credit memo #999 issued for $25. ACME Inc. remits a $75 payment. You can create one transaction that applies both the $25 credit memo and the $75 payment to invoice #888.

Apply a Credit Memo on a Customer Payment

1. Go to Transactions > Customers > Accept Customer Payments > List (Administrator).
2. Click Edit next to the payment where you want to apply the credit.

   To create a new payment click New Transaction.
3. Fill in the necessary information for this payment. For more information, see the help topic Applying a Payment on the Customer Payment Page.
4. On the **Apply** subtab, click the **Credits** subtab.

   a. Check the box in the **Apply** column next to each credit memo you want to apply.

   b. Clear the box in the **Apply** column next to each credit memo you are not applying.

   c. Click **Mark All** to apply all existing credits.

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> **(i) Note:** If you check the Auto Apply box, NetSuite applies this credit amount to the oldest outstanding invoices, but does not auto-apply existing credits or deposits.

5. Click the **Invoices** subtab to view the invoices being credited.

    You can change the bills that credits are applied to by:

    a. checking the box in the **Apply** column next to each invoice you are applying credit to.

    b. clearing the box in the **Apply** column next to each invoice you are not applying credit to.

    As credits are applied, you can see the amounts change in the To Apply, Applied, and Unapplied amounts in the header.

6. Click **Save**.

The following procedure explains how to create a new credit memo and apply it directly from an invoice. To apply an **existing** credit memo to an open invoice, first you must click Accept Payment on the invoice page, and then follow the steps in Apply a Credit Memo on a Customer Payment.

> **(i) Note:** To apply a credit memo on an open invoice, the account fields on both the credit memo and the invoice need to have the same value.

Apply a Credit Memo on an Open Invoice

1. Go to Transactions > Sales > Create Invoices > List (Administrator).
2. Click **View** next to the invoice you want to credit.
3. Click **Credit**.
4. Fill in the necessary information for the **Credit Memo**. For details, read Issuing a Customer Credit Memo.

After you have applied a credit memo, you can review how it was applied in the following ways:

- **From a Credit** – Go to Transactions > Customers > Issue Credit Memos > List (Administrator) > List. On the Credit memos page, click View next to the credit. The Apply subtab on the credit memo shows which bills were credited.

- **From a Payment** – Go to Transactions > Customers > Accept Customer Payments > List (Administrator). On the Payments page, click View next to the payment. The Credits Applied subtab on the payment shows which credits were applied.

Printing a Customer Credit Memo

To print credit memos, you need Adobe® Reader®. Visit the Adobe Web site to download the latest version at no charge.

To print a single credit memo:

1. Go to Transactions > Customers > Issue Credit Memos (Administrator).
2. On the Credit Memo page, complete the information as appropriate.
3. Click **Print**.

    If you have the **Download PDF Files** preference enabled at Home > Set Preferences > General, you must save the file to your computer, open it from there, and print it. If you do not have this preference enabled, NetSuite opens the credit memo PDF in your browser.

4. Click the printer button in the Adobe application frame in your browser or in the Adobe application on your computer.

5. If you wish to print multiple copies, specify the number on the print message that appears.

6. Click **OK**.

You can also print credit memos by going to the Transactions > Customers > Issue Credit Memos > List (Administrator). Then, on the Credit Memos page, click Print next to the credit memo you want to print.

You can print several credit memos at one time if you check the To Be Printed box on each memo when you create it.

To print multiple credit memos:

1. Go to Transactions > Management > Print Checks and Forms (Administrator).

2. Click **Credit Memos**.

3. On the Print Credit Memos page, if you use locations, choose the location you want to print credit memos from.

4. Check the **Allow Reprinting** box to be able to reprint previously printed transactions.

   When you check this box, all documents appear at the bottom of the page in segments.

5. Place a check mark in front of each credit memo you want to print.

6. Click **Print**.

   If you have not enabled the Download PDF Files preference on the Set Preferences page, a preview of your credit memos pops up in the Adobe application.

   If you have enabled the Download PDF Files preference, you must first save your credit memos and then open them with the Adobe application.

7. Click the printer button in the Adobe application frame.

8. If you want to print multiple copies, specify the number on the print message that appears.

9. Click **OK**.

Your administrator can customize the layout of your printed forms using advanced PDF/HTML templates. For information, see the help topic Advanced PDF/HTML Templates.

Customer Refunds

A customer refund is a transaction that records a payment you make to a customer. This payment is generally in the form of currency or a printed check.

For example, Joe Smith returns a widget accessory he previously purchased for $5.00. Rather than issue a credit memo, you refund the money to Joe from the till. Then, you record the $5.00 refund to track the payment.

When you use return authorizations, you track the entire return process. Each step is documented, from when return authorizations are issued to when returns are credited back to your customers. You always know the status of your returns.

If you use Advanced Receiving, you receive the returned items before you can credit the amount to customers. If you receive only parts of an authorized return, you credit customers for only what you received.

Refunding an Authorized Customer Return

When a return has been approved, a credit for the return is in the form of either a credit memo or a cash refund, depending on the type of return authorization you created.

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If you use the Advanced Receiving feature, you receive the returned items before you can credit the amount to customers. If you receive only parts of an authorized return, you credit customers for only what you received.

To credit a return to a customer:

1. Go to Transactions > Customers > Refund Returns (Administrator).
2. Select the customer.

   All open return authorizations for this customer appear at the bottom of the page.
3. If you want to select a return by return number, under Filters, scan or enter that number in the **Select Return Number** field.
4. In the **Credit/Refund** column, check the return you want to credit.
5. Click **Submit**.

   A credit memo or a cash refund transaction appears, depending on the type of return authorization you created.
6. Check the information and make any changes you need.

   If you want to place this refund or credit memo in a queue for printing later, check the **To Be Printed** box.
7. Click **Save**.

Now, the amount of the return is credited to your customer.

To print a credit memo, go to Transactions > Management > Print Checks and Forms > Credit Memos (Administrator) and click **Credit Memos**.

To print a cash refund, go to Transactions > Management > Print Checks and Forms > Receipts (Administrator) and click **Receipts**.

> ⓘ **Note:** You cannot delete credit memos you have refunded.

Refund in Advance of Receipt

You can also choose to refund a return before it is received by enabling the Refund in Advance of Return preference. For information about enabling this preference, read Preferences for Customer Returns.

> ⓘ **Note:** When this preference is disabled, orders that include only receivable items do not show in the refund list. However, orders that contain items that are not receivable **will show** in the refund list immediately upon approval because those items are eligible to be refunded.

Refunding an Open Balance

Refunding an open balance refund gives money back to a customer who has overpaid or is due a refund. In NetSuite, you can pay a customer refund by issuing a check or by crediting a customer's credit card account.

For example, a customer sends you a check to pay an invoice. You apply a discount to this invoice while entering the payment. The difference between the discounted total and the payment is an unapplied credit to the customer's account.

This customer prefers to receive money back rather than having a credit applied to future invoices. You need to issue a customer refund to reimburse this customer.

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To refund an open balance:

1. Go to Transactions > Customers > Issue Customer Refund (Administrator).
2. Under Primary Information:
   a. Select the customer whose balance you are refunding.

      The current customer balance is shown in the **Balance** field.

      If the customer has a negative balance, the transactions responsible for that balance appear on the **Credits** subtab.

   b. In the **Account** field, select the bank account you are using for this refund.

   c. Check the **To Be Printed** box if you want to print a check for this refund.

      If you are refunding this open balance with a check, the next consecutive check number appears.

   d. If you use the **Multi-Currency Customers** feature, select the currency of the credits or deposits you want to refund. The currency selected in the **Currency** field filters the list of credits and deposits on the **Apply** subtab.

      If you do not use this feature, the currency for this customer shows in the **Currency** field.

      For more information, see the help topic Customers and Multiple Currencies.

      The current exchange rate for this currency is shown in the **Exchange Rate** field. You can edit the exchange rate for this transaction only, or you can update the currency record with the exchange rate you enter here.

   e. The **Refund Amount** field shows the total amount for this refund.

   f. In the **Date** field, enter the date for this refund.

   g. In the **Posting Period** field, select the period this transaction should post in.

   h. Enter an optional memo to describe this refund. For example, you may want to include the original transaction number on the refund.
3. Under Classification, select the department, class, or location you want to apply to this transaction.

   > (i) **Note:** If you use NetSuite OneWorld and the selected customer is shared with multiple subsidiaries, you can choose any subsidiary assigned to the selected customer. For information about sharing customer records with multiple subsidiaries, see the help topic Assigning Subsidiaries to a Customer.

4. Click the **Apply** subtab, and on the **Credits** subtab, check the box in the **Apply** column next to each transaction that caused the overpayment you are refunding.
5. Click the **Payee Address** subtab, and verify your customer's address. You can select another address if available, or create a custom address for the particular Customer Refund.
6. Enter the refund method details:
   a. Click the **Refund Method** subtab.
   b. In the **Refund Method** field, select the customer's original payment method.

      You must issue the refund in the same form of payment.

   c. If you are crediting the customer's credit card account, enter the credit card information.

   d. If you have a NetSuite enabled merchant account, the check the **Process Credit Card** box to refund the customer's credit card when you save this transaction.

   e. If you do not have a NetSuite enable merchant account, process the refund then check the **Credit Card Approved** box.
7. When you have finished, click **Save**.

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If you refunded your customer in the form of a check and checked the To Be Printed box, go to Transactions > Management > Print Checks and Forms (Administrator) to print it.

> **ⓘ** **Note:** For details about Refunding a Credit Card with Verisign, please read the help topic FAQ: Accounting & ERP.

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Return Authorization Reports

When you use the Return Authorization feature, you can report on return authorizations, or return materials authorizations (RMAs), using the following reports:

- Return Authorizations Register
- Open Return Authorizations Report
- Return Authorizations Pending Receipt Report

These reports are available at Reports > Order Management.
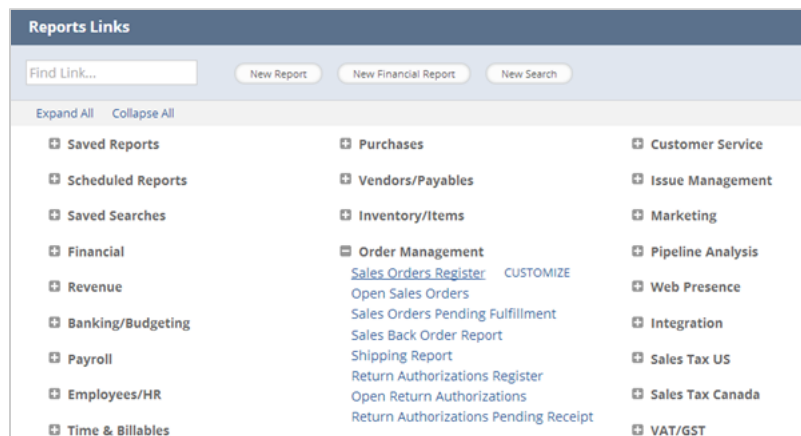
You can customize a report by clicking its Customize link (shown above) or the Customize button to open it in the Report Builder.

Return Authorizations Register

This report provides details on all return authorizations. By default, for each return authorization, the report shows the transaction date, transaction number, customer or project name, order status, and the order total (aggregate amount).

To see the Return Authorizations Register:

Go to Reports > Order Management > Return Authorizations Register.

A message appears indicating that your report is loading. The status bar in the footer of the report indicates the progress as your report loads. You can click **Cancel Report** next to the status bar to stop the report from loading.

You can customize this report by clicking the Customize link to open it in the Report Builder.

> **Note:** This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, on the Analytics subtab.

For more information on reporting, see the help topic Reporting Overview.

Open Return Authorizations Report

This report shows how much money you expect to credit or refund from the return authorizations that are currently open. By default, for each authorization, the report shows the transaction date, transaction number, customer or project name, order status, and the order total (aggregate amount.)

To see the Open Return Authorizations report:

Go to Reports > Order Management > Open Return Authorizations.

A message appears indicating that your report is loading. The status bar in the footer of the report indicates the progress as your report loads. You can click **Cancel Report** next to the status bar to stop the report from loading.

> ⓘ **Note:** This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, on the Analytics subtab.

Return Authorizations Pending Receipt Report

This report lists items that you have authorized for return by your customers, but have not yet received. Items are grouped by return authorization.

By default, for each authorization, the report displays the transaction number, customer or project name, item name, quantity approved for return, and quantity actually returned.

To see the Return Authorizations Pending Receipt report:

Go to Reports > Order Management > Return Authorizations Pending Receipt.

A message appears indicating that your report is loading. The status bar in the footer of the report indicates the progress as your report loads. You can click **Cancel Report** next to the status bar to stop the report from loading.

> ⓘ **Note:** This report does not support reporting by period even when the Report by Period preference is set to All Reports. The Report by Period preference can be configured at Home > Set Preferences, on the Analytics subtab.

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