

Write Off an Uncollectible Account Receivable

The Credit Memo, Product/Service information, and Receive Payment windows are used to process and record write off of accounts receivable that are uncollectible. Note that there are several pages of *QBO* windows for this section, and the circled letters from the Quick Reference Table below are disbursed throughout those pages. After the write off information has been updated and saved, the following has occurred:

Transactions	DR	CR	Subsidiary Records Updated	General Ledger Updated
Bad Debt Expense	\$			✓
Accounts Receivable		\$	✓	✓

Quick Reference Table

Step	Box or Other Location	Procedure
A	QBO Navigation bar	+ Create → Credit Memo (in the Customers category) to open the Credit Memo window .
B	Customer	Select a customer from the drop-down list.
C	Credit Memo Date	Accept default date or change.
D	Credit Memo no.	Type "Write off."
E	Product/Service	Select the non-inventory item for write offs, if available, and skip to step J. <i>If a non-inventory item has not yet been set up for write offs</i> , then type "Write off" and click the + Add new option. Then complete steps F through I to add a non-inventory item for write offs.
F	Product/Service detail window*	Select Non-inventory item as the item type.
G	Description*	Type a description, such as "Write off uncollectible account balance."
H	Income account*	Select the general ledger account used for bad debt expense.
I	Save options	Save the non-inventory item for write offs and close the window to return to the Credit Memo window .
J	Rate	Type the amount of the write off for the uncollectible portion of the customer's account receivable.
K	Total Credit	Verify that the credit memo total is correct for the write off transaction.
L	Create Memo window	Review the information to verify that it is correct.
M	Save options	Save the credit memo and close the window. Note: if there is a "Save and send" option, do not use that option because that option requires an email address.
N	My apps menu	Click Sales & Get Paid → Sales transactions to open the listing of all sales transactions.

(continued)



Quick Reference Table (continued)

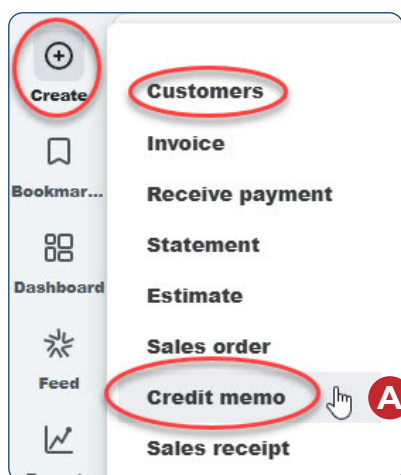
Step	Box or Other Location	Procedure
O	Specific credit memo line and related View/Edit link	Locate the credit memo you just processed (you may need to change the Date filter to “All”) and click the View/Edit link on the far right of that credit memo line.
P₁ P₂	1 payment made link and Date link (in the reopened credit memo window)	P₁ - Click the 1 payment made link in the top right corner of the Credit Memo window under the word “PAID.” This will open a pop-out window with a default date and a dollar amount in the Amount applied area . P₂ - Click on the Date link to open the Receive Payment window . This window will be used to apply the credit memo to one or more of the customer’s outstanding invoices.
Q	Payment date**	Enter the date of the credit memo you processed earlier. Note that QBO defaults to the system date, so be careful to enter the credit memo date if the default date is not correct.
R	Outstanding Transactions check box(es)**	Note that QBO automatically applies the credit memo to the customer’s oldest invoice, which may or may not be correct. Examine the Outstanding Transactions section of the window carefully and use the check boxes to make any changes necessary to apply the credit memo to the proper outstanding invoice(s).
S	Payment box(es)**	Make sure that the total of the Payment boxes does not exceed the total credit memo. Correct if necessary.
T	Receive Payment window**	Review the information to verify that it is correct. When a credit memo is fully applied, the Amount to Credit box should be 0.
U	Save options **	Save the application of the credit memo and close the window. If you receive a message about the transaction being linked to others, click Yes .

* Product/Service detail window

** Receive Payment window

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QBO windows



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QBO windows (continued)

L **Credit Memo # CM-2** Feedback Settings Help Close

Customer: Choose a customer **B** Email: Email (Separate emails with a comma) Co/Boc
☐ Send later

Billing Address:
Credit Memo Date: 09/02/2025 **C**

Amount to Credit: **\$0.00**

Credit Memo no.: **D**
Store:

#	PRODUCT/SERVICE	SKU	DESCRIPTION	QTY	RATE	AMOUNT
1	E					
2						

J

Subtotal \$0.00
Discount Percent 0.00 \$0.00
Add sales tax
Total \$0.00
Total Credit **K** \$0.00

Message displayed on credit memo:
Message displayed on statement:

M Cancel Clear Print or Preview Make recurring Save Save and close

Basic info

Name*:

Item type: Non-inventory item **F** Add an image

SKU:

Category:

Basic info

Name*: wo Add an image

Item type: Non-inventory item

SKU:

Category:

Sales

☒ I sell this to my customers

Description: **G** Write off uncollectible account balance

Price/rate: Income account*: **H** 40900 Bad Debt Expense

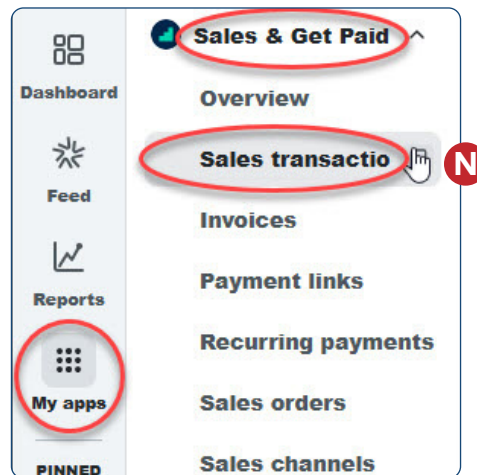
Purchasing

☐ I purchase this from a vendor

I Cancel Save and new Save and close

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QBO windows (continued)



Sales transactions [Give feedback](#)

\$0.00 0 estimates **\$0.00** Unbilled income **\$0.00** 0 overdue invoices **\$0.00** 0 open invoices and credits **\$0.00** 0 recently paid

[Batch actions](#) Type: [All transacti...](#) Date: [All](#) Customer: [Search](#) [New transaction](#)

[All statuses](#) [Delivery method](#) [Errors](#)

<input type="checkbox"/>	DATE	TYPE	NO. ▼	CUSTOMER	MEMO	AMOUNT	STATUS	ACTION
<input type="checkbox"/>	2/16/23	Credit Memo	Write off	Greenleaf Suites		~\$517.00	Applied	View/Edit Print
<input type="checkbox"/>	2/24/23	Credit Memo	CM-3	Sunway Suites		~\$1,125.00	Unapplied	View/Edit Send
<input type="checkbox"/>	1/24/23	Credit Memo	CM-102	Bronson Hotel		~\$480.00	Applied	View/Edit Print
<input type="checkbox"/>	1/26/23	Invoice	1011	Sunway Suites		\$1,125.00	Overdue on 2/25/23	View/Edit Receive payment
<input type="checkbox"/>	1/25/23	Invoice	1010	Greenleaf Suites		\$517.00	Paid	View/Edit Print
<input type="checkbox"/>	1/24/23	Invoice	1009	Bronson Hotel		\$1,861.25	Overdue on 2/23/23 Partially paid, \$1,381.25 due	View/Edit Receive payment
<input type="checkbox"/>	3/18/23	Invoice	1008	Airport Inn		\$2,462.50	Overdue on 4/17/23	View/Edit Receive payment
Total						\$4,492.50		

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QBO windows (continued)

Credit Memo # Write off

Customer: Greenleaf Suites | Email: WhittierKyle@Greenleaf.com | Cc/Bcc: ☐ Send later

Billing Address: Greenleaf Suites, 200 Stadium Drive, Cleveland, OH 44101, United States

Credit Memo Date: 02/16/2023

REFUND STATUS: **PAID** (1 payment made (\$517.00))

Date: 09/02/2025 | Amount applied: \$517.00

Write off

#	PRODUCT/SERVICE	SKU	DESCRIPTION	QTY	RATE	AMOUNT
1	write off	write off	write off	1	\$17.00	\$517.00
2						

Add lines | Clear all lines

Subtotal: \$517.00

Discount Percent: 0.00 | \$0.00

Add sales tax

Total: \$517.00

Amount received: \$517.00

Total Credit: \$0.00

Message displayed on credit memo

Message displayed on statement

Cancel | Print or Preview | Make recurring | More | Save | Save and close

*See Note below

Receive Payment

Customer: Greenleaf Suites | Get paid 2 times faster | Accept payments online

Credit card | ☐ ePay | ☐ VISA | ☐ MASTERCARD | ☐ AMEX | ☐ DISC | ☐ BANK | ☐ PAYEE | ☐ OTHER

Payment Date: 09/02/2025

Payment method: Choose payment method | Reference no.: | Deposit To: Choose an account | Amount received: \$0.00

Outstanding Transactions

Find Invoice No. | Filter > | All

DESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
Invoice # 1010 (01/25/2023)	02/24/2023	\$517.00	\$517.00	\$517.00

1-1 of 1 | 1

Credits

Find Credit Memo No. | Filter > | All

DESCRIPTION	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
Credit Memo # Write off (02/16/2023)	\$517.00	\$517.00	\$517.00

1-1 of 1 | 1

Amount to Apply: \$517.00
Amount to Credit: \$0.00

Cancel | Print | More | Save | Save and close

*Note: Date shown in this illustration is the date that defaults when the Receive Payment window is first opened. This date should be changed, if necessary, to match the credit memo date.