Business One in Action - How can we post bank fees and charges while posting Incoming or Outgoing Payment transactions?

SAP

Applies to:

SAP Business One, Accounting, Banking and Reconciliation

Summary:

This article describes a workaround to record bank charges while posting payments.

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Author Bio:

Lorna Real joined SAP in 2007 and is currently active as Senior Support Consultant for SAP Business One. She has worked as both technical and business consultant. She authored this article as a direct response to a partner enquiry during the Expert-on-Phone project, where she consulted on mainly Logistics and Finance related topics.

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How can we post bank fees and charges while posting Incoming or Outgoing Payment transactions?

When processing bank transfer payments from customers or to suppliers there is a requirement to record the related bank charge. Is there a way to post this bank charge fee with the Incoming or Outgoing Payment transaction?

Solution:

In the 'Payment Means' window of the 'Incoming or Outgoing Payment' function, there is currently no facility to define the bank charge. The bank charge can be posted separately using the following:

- Create a separate Journal Entry.
- Create an Adjusting Journal Entry during the process of reconciling bank statements with the Cash Account balance.

To address the requirement during the payment process, the 'Credit Card' tab of the 'Payment Means' window can be used to hold the Bank Charges.

The details of this workaround are:
1. In the 'Credit Card' tab, click on the 'Credit Card Name' field and select 'Define New'.

2. The 'Credit Cards – Setup' window is now displayed. Enter a description for the bank charge and the corresponding bank charge account. Then, click on 'Update'. Close the window.

3. Access the 'Incoming Payment' function to post an incoming payment. Select an A/R Invoice for payment. Consider this scenario:

A/R Invoice Balance – GBP 1,000

Customer Payment – GBP 1,000 (through Bank Transfer)

Bank Fees – GBP 50.00 (to be paid by the Company)

Net Amount of Cash in the Bank – GBP 950.00

Incoming Payments

	Code		C1000		Customer		No.	Primary	61
Name		Funsports UK		Vendor		Posting Date		03.12.08
Bill To	Bill to	2 George Street		Account		Due Date		03.12.08
						Document Date		03.12.08
		N2 7YW LONDON				Reference		
		UNITED KINGDOM				Transaction No.		
Contact Person		David Moore						
Project								

Selected	Documen...	Installment	Date	*	Total	Balance Due	Discount %	Documen...	Total Payment
☐	19	1 of 1	18.09.08	*	GBP -152.000000	GBP -152.000000	0.000000	CN	GBP -152.000000
☐	17	1 of 1	18.09.08	*	GBP -124.000000	GBP -124.000000	0.000000	CN	GBP -124.000000
☐	16	1 of 1	18.09.08	*	GBP -124.000000	GBP -124.000000	0.000000	CN	GBP -124.000000
☐	114	1 of 3	20.08.08	*	GBP 48.000000	GBP 29.000000	0.000000	IN	GBP 29.000000
☐	124	1 of 1	29.09.08	*	GBP 137.000000	GBP 137.000000	0.000000	IN	GBP 137.000000
☐	134	1 of 1	03.12.08	*	GBP 137.000000	GBP 137.000000	0.000000	IN	GBP 137.000000
☑	135	1 of 1	03.12.08	*	GBP 1,000.000000	GBP 1,000.000000	0.000000	IN	GBP 1,000.000000
☐	959	1 of 1	13.06.07		GBP 200.000000	GBP 200.000000	0.00	JE	GBP 200.000000

☐ Payment on Account   0.000000

Remarks

Journal Remarks   Incoming Payments – C1000   Total Amount Due   GBP 1,000.000000

☐ Created by Payment Wizard

Open Balance

Add   Cancel   Deselect All   Select All   Add in Sequence

4. Access the 'Payment Means' window. In the 'Credit Card' tab, call up the Bank Fees and Charges. Notice that the G/L Account automatically appears on the 'G/L Account' field.

5. Enter the values in the 'Credit Card No.', 'Valid Until', 'Payment Method' and 'Voucher No.' fields. Set the 'No. of Payments' to '1'. In the 'Amounts Due' field, enter the amount of the bank charge.

6. Access the 'Bank Transfer' tab to complete the remaining payment details. In the 'Total' field, right click and select 'Copy Balance Due'. This will automatically bring the GBP 950.00 to the field. The GBP 950.00 is the net cash amount that is received in the bank. Once done, click on 'OK'.

7. Add the incoming payment transaction. The journal entry will be as follows:

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