

Business One in Action - In the Dunning Wizard Function, How Are Dunning Levels Assigned to an AR Invoice?



Applies to:

SAP Business One, [Accounting](#), [Reporting](#)

Summary:

This article explains in-depth how the system uses the effective days defined in the Dunning Terms to determine whether an AR Invoice has reached the specified Dunning Level.

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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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In the Dunning Wizard Function, How Are Dunning Levels Assigned to an AR Invoice?

Documentation Resource Centre:

[How to Set Up an Automated Dunning Process in 2007 A & B](#)

Prerequisites

1. The *Dunning* definitions have to be set in the database according to the document mentioned above.
2. In the *Business Partner Master Data* and in the *A/R Invoice* -> *Logistics* tab, the *Block Dunning Letters* option is not ticked.
3. The *A/R Invoice* meets the criteria specified in the Steps 2, 3 and 4 of the *Dunning Wizard* function.
4. The *A/R Invoice* meets the 'Dunning Level' criteria specified in the *Dunning Term* window.

Notes

- In Step 4 of 6 of the *Dunning Wizard*, if the option *Display All Open Items* is ticked, all open invoices will be shown regardless of whether or not they meet the criteria defined for the next dunning level.
- This article will focus on the 3rd prerequisite which is on the *Dunning Level* criteria.

In order to get more information about the pre-requisites in Dunning, refer to the [How to Set Up an Automated Dunning Process in 2007 A & B](#) in the Documentation Resource Centre.

Let's look at the scenario wherein a dunning term *Dunning* is assigned to business partner (BP) C1011.

The screenshot shows the 'Business Partner Master Data' window for customer C1011. The 'Dunning Term' field is highlighted with a red box and set to 'Dunning'. Other fields include Name (Island Tours), Group (Retail stores), Currency (British Pound), and Payment Terms (- Cash Basis -). The window also displays various financial and operational data points such as Account Balance, Deliveries, Orders, and Opportunities, all showing 0.00. The 'Dunning Term' field is highlighted with a red box, indicating the focus of the article.

Code	C1011	Customer	Local Currency
Name	Island Tours	Account Balance	0.00
Foreign Name		Deliveries	0.00
Group	Retail stores	Orders	0.00
Currency	British Pound	Opportunities	
Federal Tax ID			

Payment Terms: - Cash Basis -
 Interest on Arrears %:
 Price List: Selling Price
 Total Discount %:
 Credit Limit: 0.00
 Commitment Limit: 0.00
Dunning Term: Dunning
 Bank Country: United Kingdom
 Bank:
 Account:
 Branch:
 Control Internal ID:

Payment Dates: ...
 Allow Partial Delivery of Sales Order
 Allow Partial Delivery per Row

The dunning term has two dunning levels defined as follows:

Dunning Letter 01 – Effective after 2 days

Dunning Letter 02 – Effective after 3 days

Dunning Terms - Setup

Code: Dunning Dunning Letter Method: One Letter per BP
 Name: Dunning Apply Letter Template by Highest Level

Dunning Levels

	Letter Template	Effective After(Days)	Fee Per Letter	Minimum Balance	Interest
1	Dunning Letter 01	2	GBP 0.00	GBP 0.00	<input type="checkbox"/>
2	Dunning Letter 02	3	GBP 0.00	GBP 0.00	<input type="checkbox"/>
3	Dunning Letter 01				<input type="checkbox"/>

Letter per BP Term: Minimum Balance: GBP 0.00 Fee Per Letter: GBP 0.00 Include Interest

Bank Interest %: Number of Days in Year: 360 Annual Interest Rate: 0.0000 Number of Days in Month: 30

Use Original Exchange Rate from Invoice Calculate Interest on Remaining Amount
 Use Current Exchange Rate Calculate Interest Value on Original Sum

OK Cancel

Scenario

1. Create an A/R Invoice for C1011 with Due Date of 18.05.2009.

A/R Invoice

Customer: C1011
 Name: Island Tours
 Contact Person: John Hadley
 Customer Ref. No.:
 Local Currency:

No. Primary: 170
 Status: Open
 Posting Date: 03.05.2009
Due Date: 18.05.2009
 Document Date: 03.05.2009

Contents | Logistics | Accounting

#	Item No.	Item Descripti...	Quantity	Unit Price	Tax Code	Total (LC)	Whse
1	A1003	Dumbbells 1	2	GBP 10.00	O1	GBP 20.00	04
2	A1004	Dumbbells 2	2	GBP 10.00	O1	GBP 20.00	04

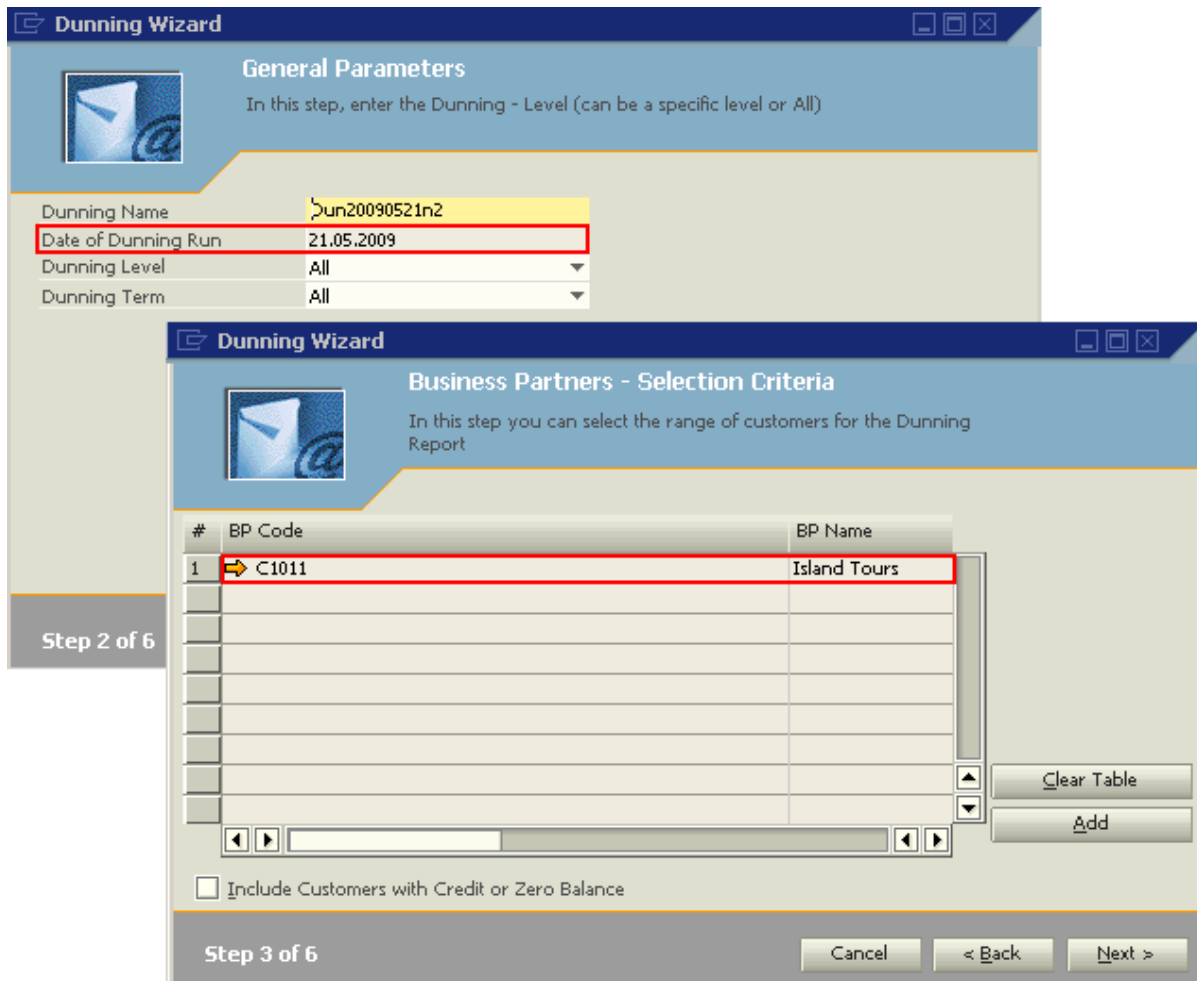
Sales Employee: Adam Turner
 Owner:

Remarks:

Total Before Discount: GBP 40.00
 Discount: %
 Total Down Payment:
 Freight: →
 Rounding: GBP 4.00
 Tax: GBP 6.00
 WTax Amount:
 Total: GBP 50.00
 Applied Amount:
 Balance Due: GBP 50.00

OK Cancel Copy From Copy To

- Run the *Dunning Wizard* as at 21.05.2009, the current system date.



The screenshot displays two overlapping windows from the SAP Dunning Wizard. The top window, titled "Dunning Wizard", is at "General Parameters" (Step 2 of 6). It contains the following fields:

- Dunning Name: Dun20090521n2
- Date of Dunning Run: 21.05.2009
- Dunning Level: All
- Dunning Term: All

The bottom window, also titled "Dunning Wizard", is at "Business Partners - Selection Criteria" (Step 3 of 6). It features a table with the following data:

#	BP Code	BP Name
1	C1011	Island Tours

Below the table, there is a checkbox labeled "Include Customers with Credit or Zero Balance" which is currently unchecked. Navigation buttons include "Clear Table", "Add", "Cancel", "< Back", and "Next >".

- Do not select the *Display All Open Items* checkbox.

Dunning Wizard

Document Parameters
Select invoices to be included in the dunning run by posting date, due date, and document type

Posting Date From [] To 21.05.2009
Due Date From [] To 21.05.2009

Document Types

- Include Payments Not Based on Invoice
- Include Credit Memos Not Based on Invoices
- Include Manual Journal Entries

Letter Parameters

- Allow Negative Dunning Letter
- Display All Open Items**

Step 4 of 6

Cancel < Back Next >

- The *Dunning Wizard* displays *A/R Invoice* 170 created in step 1 above. This is because the *A/R Invoice* meets the criteria for the first dunning level. That is, the current system date (21.05.2009) covers the required dunning date (20.05.2009) of the *A/R Invoice*. Thus:

Due Date + Effective Days (Dunning Letter 01)
= 18.05.2009 + 2 Days
= 20.05.2009

In the *Level/* column, the value '1' is displayed to indicate that the document meets the criteria in dunning level 1.

Dunning Wizard

Recommendation Report
In this step you can set the date by which you expect payment from the customer, modify the relevant columns, and change the selection of invoices to be dunned

Payment Expected By [] User manager
Time 11:02

#	Customer Code	Letter No.	Level	Customer Name	Doc. No.	Due Date	Document Sum	Open Sum
1	C1011			Island Tours				
2		1					GBP 50.00	GBP 50.00
3			1		IN 170/1	18.05.2009	GBP 50.00	GBP 50.00

To see print preview or to print dunning letter, select line where number of particular letter is displayed.

Expand All Collapse All

Step 5 of 6

Cancel < Back Next >

5. Create a second A/R Invoice for C1011 with Due Date of 20.05.2009.

A/R Invoice

Customer: C1011
 Name: Island Tours
 Contact Person: John Hadley
 Customer Ref. No.:
 Local Currency:

No. Primary: 172
 Status: Open
 Posting Date: 05.05.2009
 Due Date: 20.05.2009
 Document Date: 05.05.2009

Contents | Logistics | Accounting

Item/Service Type: Item Summary Type: No Summary

#	Item No.	Item Descripti...	Quantity	Unit Price	Tax Code	Total (LC)	Whse
1	A1003	Dumbbells 1	5	GBP 10.00	O1	GBP 50.00	04
2	A1004	Dumbbells 2	5	GBP 10.00	O1	GBP 50.00	04

Sales Employee: Adam Turner
 Owner:
 Remarks:

Total Before Discount: GBP 100.00
 Discount: %
 Total Down Payment:
 Freight:
 Rounding: GBP 5.00
 Tax: GBP 15.00
 W/Tax Amount:
 Total: GBP 120.00
 Applied Amount:
 Balance Due: GBP 120.00

OK Cancel Copy From Copy To

6. Run the Dunning Wizard again as at 21.05.2009, the current system date with the same settings as Steps 2 and 3 above. Notice that A/R Invoice No. 172 (created in Step 5) is not shown.

Dunning Wizard

Recommendation Report
 In this step you can set the date by which you expect payment from the customer, modify the relevant columns, and change the selection of invoices to be dunned

Payment Expected By: User: manager
 Time: 11:02

#	Customer Code	Letter No.	Level	Customer Name	Doc. No.	Due Date	Document Sum	Open Sum
1	C1011			Island Tours				
2		1					GBP 50.00	GBP 50.00
3			1		IN 170/1	18.05.2009	GBP 50.00	GBP 50.00

To see print preview or to print dunning letter, select line where number of particular letter is displayed.

Expand All Collapse All

Step 5 of 6 Cancel < Back Next >

This is because the current dunning date does not cover the required dunning date calculated as follows:

Due Date + Effective Days (Dunning Letter 01)

= 20.05.2009 + 2 Days

= 22.05.2009

7. If the *Display All Open Items* is selected, A/R Invoice No. 172 appears in the list.

Dunning Wizard

Document Parameters
Select invoices to be included in the dunning run by posting date, due date, and document type

Posting Date From [] To 21.05.2009
Due Date From [] To []

Document Types

- Include Payments Not Based on Invoice
- Include Credit Memos Not Based on Invoices
- Include Manual Journal Entries

Letter Parameters

- Allow Negative Dunning Letter
- Display All Open Items

Step 4 of 6

Cancel < Back Next >

Dunning Wizard

Recommendation Report
In this step you can set the date by which you expect payment from the customer, modify the relevant columns, and change the selection of invoices to be dunned

Payment Expected By [] User manager
Time 11:02

#	Customer Code	Letter No.	Level	Customer Name	Doc. No.	Due Date	Document Sum	Open Sum
1	▼ C1011			⇒ Island Tours				
2		▼ 1					GBP 290.00	GBP 290.00
3			0	⇒ IN 171/1		05.06.2009	GBP 120.00	GBP 120.00
4			0	⇒ IN 172/1		20.05.2009	GBP 120.00	GBP 120.00
5			1	⇒ IN 170/1		18.05.2009	GBP 50.00	GBP 50.00

To see print preview or to print dunning letter, select line where number of particular letter is displayed.

Expand All Collapse All

Step 5 of 6

Cancel < Back Next >

Note the value '0' in the *Level* column. This indicates that the document did not meet any of the dunning level criteria defined in the dunning term.

The *Dunning Level* only increases after the wizard is executed. The system does not automatically use the highest dunning level. Thus, even if the document meets the criteria of *Dunning Level 2* in the *Dunning Terms – Setup* window, the *Dunning Level* will still show '1', if the document has not been previously dunned.

Related Contents

- [SAP Business One in Action Catalog Page](#)
- DRC: [How to Set Up an Automated Dunning Process in 2007 A & B](#)
- For more information, visit the [Business One homepage](#).

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