

Business One in Action - What is the purpose of the deferred payment account when depositing credit card vouchers?



Applies to:

SAP Business One, [Accounting](#), [Banking and Reconciliation](#)

Summary:

This article explains the function of the *Deferred Payment Account* which is found on the *Deposit -> Credit Card* Tab under the module *Banking*. The background and an example with the practical application of this account are given.

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What is the purpose of the deferred payment account when depositing credit card vouchers?

Some companies extend credit terms to customers who pay by credit card. An invoice is fully paid using the credit card, yet in several vouchers with different due dates. It is thus possible for a customer to purchase an expensive item and spread the cost over several months using a credit card without incurring high credit card interest charges. The invoice is considered paid and the customer's credit card will be debited at agreed intervals.

Under Banking -> Deposits -> Deposit -> Credit Card Tab is a field named *Deferred Pmt Acct*, this account serves as an interim account for such transactions.

The screenshot displays the SAP 'Deposit' dialog box. The 'Bank Account' dropdown menu is highlighted with a red box, and 'Deferred Pmt Acct' is selected. The 'Credit Card' tab is active. The dialog includes fields for Deposit No. (11), Series (Primary), Deposit Date (08.06.2009), Date (From/To), Deposit Currency (British Pound), Bank (Barclays), Branch (301020), Account (89898989898), Bank Reference, and Payer. Below these fields is a table for finding vouchers, with columns for #, Voucher No., Date, Card Name, Ref., Payment Method, Customer, # of Payments, and Total. The 'No. of Vouch' field shows 0. The 'Total Commissions' field shows 0.00. The 'Reconcile Amounts After Deposit' checkbox is checked.

The definition of the deferred payment account accommodates spreading credit card costs at the payment level. These are monies due to the company but not yet received. They should thus not influence the cash flow.

Example:

This invoice is due for payment in 1 installment:

The screenshot shows the SAP A/R Invoice window. The 'Accounting' tab is active. The 'Installments' field is highlighted with a red box and set to '1'. The 'Total Before Discount' is GBP 500.00, and the 'Balance Due' is GBP 575.00.

Customer	1000	No.	Primary	181
Name	Fruits R Us	Status	Open	
Contact Person		Posting Date	01.03.2009	
Customer Ref. No.		Due Date	20.03.2009	
Local Currency		Document Date	01.03.2009	

Journal Remark	A/R Invoices - 1000	BP Project	
Payment Terms	- Cash Basis -	Indicator	
Payment Method		Federal Tax ID	
Installments	1	Order Number	

Total Before Discount	GBP 500.00
Discount	%
Total Down Payment	
Freight	
Tax	GBP 75.00
W/Tax Amount	
Total	GBP 575.00
Applied Amount	
Balance Due	GBP 575.00

The customer requests and receives credit terms for this particular invoice and both parties agree that payment is spread over 5 months using the customer's credit card.

Standing on the *Incoming Payment* window and selecting *Credit Card* as *Payment Means*, the user enters the relevant data, here a payment in 5 installments:

The screenshot shows the SAP Incoming Payments window with the 'Payment Means' dialog open. The 'Credit Card' tab is selected. The 'Payment Method' field is highlighted with a red box and set to '02'. The 'Amount Due' is GBP 575.00, and the 'No. of Payments' is 5.

Code	1000	Customer No.	Primary	79
Name				
Bill To				

Currency	GBP
Payment Method	02
Amount Due	GBP 575.00
No. of Payments	5
First Partial Payment	GBP 115.00
Each Add. Payment	GBP 115.00

Overall Amount	GBP 575.00
Balance Due	
Paid	GBP 575.00

Note that the *Payment Method* must be set up such as to accept partial payments; here method '02' is used:

#	Name	Card	Payment Code	Min. Credit Voucher	Min. Payment	Without Approval	Payments
1	01	All	01		10		No
2	02	All	01		100		Yes
3		All					No

The journal entry created after adding the payment shows a different row for every partial payment:

#	G/L Acct/BP ...	G/L Acct/BP Name	Debit	Credit	Posting Date	Due Date	Balance Due (LC)
1	VISA 14090		GBP 115.00		05.03.2009	05.05.2009	GBP 115.00
2	VISA 14090		GBP 115.00		05.03.2009	05.06.2009	GBP 115.00
3	VISA 14090		GBP 115.00		05.03.2009	05.07.2009	GBP 115.00
4	VISA 14090		GBP 115.00		05.03.2009	05.08.2009	GBP 115.00
5	VISA 14090		GBP 115.00		05.03.2009	05.09.2009	GBP 115.00
6	1000	Fruits R Us		GBP 575.00	05.03.2009	05.07.2009	

The invoice is fully closed and reconciled with the payment:

#	Origin	Origin No.	Posting Date	Date Applied	Amount	Open Bala...	Applied Amount	Rec...
1	IN	181	01.03.2009		GBP 575.00		GBP 575.00	
2	RC	78	01.06.2009	01.06.2009	GBP (575.00)		GBP (575.00)	227

The credit card voucher must now be deposited in order to receive the funds from the credit card company:

Deposit No. 10 Series Primary Deposit Date 10.05.2009
 Bank Barclays
 Branch 301020
 Account 89898989898
 Bank Reference
 Payer

Deposit Currency British Pound

Bank Account → 161010 GBP Bank Account No. 1
 Deferred Pmt Acct → 144020 Deferred Payment Account

Checks Credit Card Cash

Find Voucher No. Display the Following Vouchers All

#	Voucher No.	Date	Card Name	Ref.	Payment Method	Customer	# of Payments	Total
1	787878787878	05.05.2009	VISA	02		1000	5	GBP 575.00
							No. of Vouch	1
							Total	GBP 575.00

Journal Remarks Deposit - 161010 Total Commissions 0.00
 Trans. No. → 1357

OK Cancel Reconcile Amounts After Deposit

The *Deferred Pmt Acct* must be defined to serve as an interim account for monies due to the company but not yet realized. The journal entry created by the deposit clearly reflects this:

Series Primary Number 1355 Posting Date 10.05.2009 Due Date 10.05.2009 Doc. Date 10.05.2009 Ref. 1 10 Ref. 2 Trans. Code Deposit - 161010 Remarks

Origin DP Origin No. 10 Trans. No. 1357

Fixed Exchange Rate Automatic Tax

Expand Editing Mode

#	G/L Acct/BP ...	G/L Acct/BP Name	Debit	Posting Date	Due Date	Balance Due (LC)
1	→ VISA 14090	14090	GBP 115.00	10.05.2009	05.05.2009	
2	→ 161010	GBP Bank Account No. 1	GBP 115.00	10.05.2009	05.05.2009	GBP 115.00
3	→ VISA 14090	14090	GBP 115.00	10.05.2009	05.06.2009	
4	→ 144020	Deferred Payment Account	GBP 115.00	10.05.2009	05.06.2009	GBP 115.00
5	→ VISA 14090	14090	GBP 115.00	10.05.2009	05.07.2009	
6	→ 144020	Deferred Payment Account	GBP 115.00	10.05.2009	05.07.2009	GBP 115.00
7	→ VISA 14090	14090	GBP 115.00	10.05.2009	05.08.2009	
8	→ 144020	Deferred Payment Account	GBP 115.00	10.05.2009	05.08.2009	GBP 115.00
9	→ VISA 14090	14090	GBP 115.00	10.05.2009	05.09.2009	
10	→ 144020	Deferred Payment Account	GBP 115.00	10.05.2009	05.09.2009	GBP 115.00

OK Cancel

The deferred payment account balance will now hold the expected revenue until future deposits:

#	Posting Date	Trans...	Origin	Origin No.	Offset Account	Details	C/D (LC)	Cumulative Balanc...
1			OB					0.00
2	10.05.2009	1357	DP	10	VISA	Deposit - 161010	GBP 115.00	GBP 115.00
3	10.05.2009	1357	DP	10	VISA	Deposit - 161010	GBP 115.00	GBP 230.00
4	10.05.2009	1357	DP	10	VISA	Deposit - 161010	GBP 115.00	GBP 345.00
5	10.05.2009	1357	DP	10	VISA	Deposit - 161010	GBP 115.00	GBP 460.00

This account should naturally not be defined as a cash account; it merely serves the purpose of recording expected cash receipts in the future.

The future installments are processed using the *Postdated Credit Voucher Deposit* functionality under the module Banking -> Deposits.

#	Date	Acct Code	Doc. No.	Card N...	Ref.	Payment...	Cu...	# P...	of	Total
1	05.06.2009	144020	787878787	VISA	02	1000	2	5	5	GBP 115.00
2	05.07.2009	144020	787878787	VISA	02	1000	3	5	5	GBP 115.00
3	05.08.2009	144020	787878787	VISA	02	1000	4	5	5	GBP 115.00
4	05.09.2009	144020	787878787	VISA	02	1000	5	5	5	GBP 115.00

Adding the second installment will trigger a posting of the expected revenue from the interim account (*Deferred Pmt Acct*) to the bank account:

#	G/L Acct/BP ...	G/L Acct/BP Name	Debit	Credit	Posting Date	Due Date	Balance Due (LC)
1	144020	Deferred Payment Account		GBP 115.00	08.06.2009	05.06.2009	GBP (115.00)
2	161010	GBP Bank Account No. 1	GBP 115.00		08.06.2009	05.06.2009	GBP 115.00

Related Contents

- [SAP Business One in Action Catalog Page](#)
- [Link to DRC](#) documentation
- Note [1227722](#)
- For more information, visit the [Business One homepage](#).

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