

Credit Charges

Gold offers the facility to apply a credit charge to invoices raised. This charge is only levied should the invoice be paid outside of the given settlement terms.

Credit Charge is an alternative to Settlement Discount (or the new Prompt Payment Discount) and can be set up for use in any version of Gold.

The main advantage of credit charge over settlement discount is that it does not affect the profit margin.

It is added to an invoice as an additional charge which can then be deducted from an invoice by the customer if they are paying the invoice within the given settlement period.

Example of Settlement vs Credit Charge

For example a £100 plus VAT invoice offering 10% settlement discount.

If the invoice is paid within the settlement period only £90 plus vat is actually paid, the £12.00 settlement is written off as discount.

For a £100 plus VAT invoice with 10% credit charge, if the invoice is paid within the settlement time £120 is paid and nothing written off.

If the payment is late the customer must also pay the credit charge making the payment £130.00. The additional £10.00 is posted to credit charges income.

Setting up Credit Charges

1. Company Control File

(System Management, Company Control File)

On the "Accounts" tab in the "General" section a vat code to use for credit charges must be entered.

This must be a zero rated code as VAT cannot be applied to credit charges.

The screenshot shows a software window titled "General - Amend" with a tabbed interface. The "Accounts" tab is active. The window contains several configuration options for credit charges:

- Next Auto Sales & Nominal Ref.: 4667
- Next Auto Purchase Reference: 1914
- Label Format: "New" Gold 3 wide
- System Audit: Yes
- Allow Forward Invoice Postings: Yes
- VAT Code for Credit Charges: 0
- Allow Non-Mapped Parts: No
- Allow Cash Accting: No
- IDT Profit In Prefix: 191
- IDT Profit Out Prefix: 192
- IDT In Transit Prefix: 182
- ProQuest BM Code: (empty)
- Include VAT in Uninvoiced Value: No

Buttons for "OK" and "Cancel" are visible at the bottom left of the dialog.

2. **Invoice Type File**
(System Management, Invoice Type File)

Credit charges can be applied to all invoices raised on specific invoice types.

In this case the following fields should be set.

Key Entry Fields

O/Ride Cust Sett/Credit	“Invoice Type – FIXED” to apply the same rate of credit charge each time. “Invoice Type – AMEND” to allow the credit charge percentage to be changed for individual invoices.
Credit or Settlement	Select “Credit Charge”
Percentage%	Enter the percentage of credit charge to apply, e.g. 10.00%.
Days Credit Given	Enter the number of days given for customers to pay, e.g. 30
Sett/Credit Date Basis	Select whether the days credit given is based on the Invoice Date or the Month End date.

3. **Customer Maintenance**
(Sales Ledger, Account Maintenance)

As an alternative to adding credit charge to every invoice for an invoice type it can instead be added to specific customers only.

These details are added to the "Terms" tab.

Key Entry Fields

Default Sett/Credit %	Enter the percentage of credit charge to apply, e.g. 10.00%
Days Credit Given	Enter the number of days given for the customer to pay, e.g. 30
Sett/Credit Date Basis	Select whether the days credit given is based on the Invoice Date or the Month End date.
Sett/Cred Chrg Rule	"Invoice Type - FIXED" to apply the same rate of credit charge each time. "Invoice Type - AMEND" to allow the credit charge percentage to be changed for individual invoices.

Note: if the Credit Charge is set on the invoice type the field for "Sett/Cred Charge Rule" should be set to "As Per Invoice Type".

Part Number	Description	Otv	Unit	Price	Amount
SL-790 4404	BACKPACK CARRIER	1	EACH	100.00	100.00
	Credit Charge				10.00

					110.00
				V.A.T.	20.00

				Invoice Total	130.00
				(Sterling)	=====
			Rate	Goods	V.A.T.
			20.00	100.00	20.00
			0.00	10.00	0.00
			Remit 120.00 if paid by 30/04/2015		
	You have been served by Gerald Orson @ 09:45				