PROMPT PAYMENT DISCOUNTING ChreOS

Application	ChreosClient – Chreos 3
Module	Clients
Access	"Various"
Minimum service pack	SP32
This document	Prompt Payment Discounting
Ref 15.18
Release 1
Published November 2002

Overview

Prompt payment discounting allows clients to be offered a percentage discount on their invoiced purchase provided payment is received within the required time period. This information sheet brings together and references all of the relevant information sheets regarding the prompt payment discount functionality in Chreos.

Setup

- Select the menu option "Maintenance | Setup | System | Clients | Prompt Payment Discount".
- Enable the prompt payment discounting and define the settings. Refer to "Setup (9.1)".
- The settings that you set up in 'Setup' are the default for prompt payment discounts for every new client created. However these can be changed for each client individually if required. Go to "Client management (3.1)" to override the default prompt payment discount settings for each client (see below). This will also need to be done for each client that exists before the prompt payment discounting is activated. To do this:
  - Select the menu option "Clients | Client management". Select the required client and select the 'Client details' page.
  - The client **must** have the 'Charge account' check box ticked.
  - The 'Prompt %' field will default to the 'Default discount percentage' defined in "Setup (9.1)". This can be over-ridden. Some examples include:
    - To give a client no discount change this to 0.00.
    - A 5% discount is entered as '5' and is displayed as '5.00'
    - Some clients may receive a larger or lesser discount. Over-ride the default and enter the correct percentage for the selected client.

- When prompt payment discounting is initially activated in "Setup (9.1)" all existing clients will be set to receive a 0.00% discount. All clients that do receive a prompt payment discount will need to have this field over-ridden to the required percentage.

- The 'Margin tolerance' defined in "Setup (9.1)" is added to the 'Days credit' as the number of days that the client is eligible to receive the prompt payment discount. This can be used for a number of reasons including to cover times when the last 'Days credit' falls on a weekend or public holidays. Examples of use include:

  - If the 'Days credit' is '7' and the 'Margin tolerance' is 4 the client has 11 days to pay the invoice and receive a prompt payment discount.

  - If the 'Days credit' is '0' (the 20th of the following month) and the 'Margin tolerance' is 10 the client has until the 30th of the following month to pay the invoice.

Debtor Invoice

When an invoice for a debtor is created the two fields concerning prompt payment discount are:

- **Discount %**. The discount that they receive when the invoice is paid within the required time period. This is the same as the percentage in "Client management (3.1)" for the selected client.

- **Payment Due**. The date that payment for the invoice is due. This is calculated using 'Days credit' in "Client management (3.1)".

Both of these fields can be edited. Refer to 'Editing – Examples of Use' in this information sheet.

Debtor Receipts

When a client's invoice is receipted and allocated within the required time period through "Debtor receipts (3.3)" the following will happen:

- The client will automatically receive the prompt payment discount defined in "Client management (3.1)" as above.

- A journal entry, defined in "Setup (9.1)", will be created in the client's account using the general ledger account defined in 'Journal discounts to' in "Setup (9.1)".

- The amount of discount and whether the client qualifies for a discount can be edited in "Clients | Debtor receipts". Refer to "Debtor receipts (3.3)".

- **Note: The prompt payment discount will only work if the payment is receipted in "Debtor receipts (3.3). It will not work if the payment is receipted in "Point of sale (5.3)".**

Extra Editing Options

The 'Payment due' and the 'Prompt % Disc' for individual invoices can be edited in "Client management.

- Select the menu option "Clients | Client management". Select the required client and select the 'Activities' tab page.

- Select and double click the required invoice. The 'Documents' tab page will open and display the details of the invoice.

- The 'Payment due' and the 'Prompt % Disc' fields can be edited here.

Editing - Examples of Use

The editing capabilities associated with the prompt payment discount gives you negotiation flexibility with your clients that can be recorded immediately. Some examples of use include.

- A client is given a one-off higher prompt payment 'Discount %' for a bulk purchase.

- You have offered a client extra credit for an invoice and forgot to include it. It can be corrected straight away.

- A client ordered 10 of an item and 20 was sent by accident. They decide to keep it all if the discount is extended for a month.

- A client negotiates a special price on a large purchase and therefore forfeits any prompt payment discount.