

PartsWatch
Understanding Prompt Payment Discounts
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UNDERSTANDING PROMPT PAYMENT DISCOUNTS

Setups

System General Setup

Menu Path: Controls, System, General Setup, SYSTEM GENERAL SETUP screen, *AR Options* section

1. CALCULATE STATEMENT DISCOUNT IF PAST DUE (Y/N)
 - Affects statement calculated discount. Affects auto-calculated posted discounts if the AUTO-CALC DISCOUNT ON POSTING SCREEN control is set to View Only, Allow Edit or Allow Decrease. Affects auto-calculated ROA discounts if the AUTO-CALC DISCOUNT ON ROA WINDOW control is set to View Only, Allow Edit or Allow Decrease.
 - Unchecked: A prompt payment discount is auto-calculated on the CURRENT period balance if the sum of the 1-30, 31-60, 61-90 and OVER 90 buckets is 0.00.
 - Checked: The system will calculate the Available Discount amount on customer statements using the CURRENT balance due on the statement, even if the account is "Past Due"; and will auto-calculate the DISCOUNT \$ amount on the POST ENTRIES screen, or the ROA pop-up, using the CURRENT balance due on the statement and any new invoices, even if the account is "Past Due".

AR Control Setup

Menu Path: Controls, Store, AR Control Setup, AR CONTROL SETUP screen, STORE SETTINGS tab

1. AUTO-CALC DISCOUNT ON POSTING SCREEN (None, View Only, Allow Edit and Allow Decrease)
2. AUTO-CALC DISCOUNT ON ROA WINDOW (None, View Only, Allow Edit and Allow Decrease)

Both controls have the same selections:

- NONE: Discount is not auto-calculated.
- VIEW ONLY: Discount is auto-calculated and cannot be edited.
- ALLOW EDIT: Discount is auto-calculated and can be edited.
- ALLOW DECREASE: Discount is auto-calculated and can be edited to a lesser amount only.

Menu Path: Controls, Store, AR Control Setup, AR CONTROL SETUP screen, STATEMENT SETTINGS tab

1. INCLUDE TAX IN STATEMENT DISCOUNT (Y/N)
 - Affects statement calculated discount as well as auto-calculated posted and ROA discounts (DC).
 - Checked: Tax is included in the calculated discount on the statement and the Post Entries and ROA screens.
 - Unchecked: Tax is not included.

Example:

Tax included: $2232.88 * .02 = 2,188.22$ PC and $\$44.66$ DC

Tax not included: $2232.88 - 152.88$ tax = 2080.00

$2080.00 * .02 = 41.60$ DC

$2,191.28$ PC and $\$41.60$ DC

2. ACCOUNT TERMS SETUP

- Affects statement calculated discount as well as auto-calculated posted and ROA discounts (DC).
 - %: Percent used in discount calculation
 - TERMS: Not used in discount calculation. For customer information only.
 - BALANCE LIMIT: How much the customer owes in order to determine the % to use.
Note: Once the customer's balance exceeds the BALANCE LIMIT, terms are no longer considered. For example: 2% up to \$500. If the customer balance is \$499, 2% discount is allowed. If the customer balance is \$501.00, a discount is not calculated.
- Terms are normally set up for any balance: *2% 10, net 30 for current balances up to \$99,999.99*
- Or increased discounts for increased balances:
 - *2% 10, net 30 for current balances up to \$200*
 - *2.5% 10, net 30 for current balances up to \$5000*
 - *3% 10, net 30 for current balances up to \$99,999.99*

Main Account Entry

Menu Path: Customer, Accounts, Account Main, MAIN ACCOUNT ENTRY screen, STATEMENT SETUP button

- *Select a Prompt Payment Statement Terms setup per customer
- *DUE DATE: Enter the Number of DAYS or DAY OF MONTH used to determine the cut-off for discount calculation.

***Note:** Can be added across accounts using the Account Mass Update Utility.

Override Security

Menu Path: Controls, System, Override Security, OVERRIDE SECURITY screen

1. EDIT ROA DISCOUNT

- Manager approval in order to edit the discount on a payment whether taken over the counter or posted in the back office.

How Prompt Payment Discounts Are Calculated

For statement terms, manual posting and ROA tender:

1. When the system calculates the statement discount or auto-calculates the posted or ROA discount, it first checks the aging balances and:

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- If CURRENT is greater than 0.00 and the sum of the 1-30, 31-60, 61-90 and OVER 90 buckets is 0.00, it goes to step # 3.
 - If CURRENT is greater than 0.00 and the sum of the 1-30, 31-60, 61-90 and OVER 90 buckets is greater than 0.00, it goes to step # 2.
2. The system checks the CALCULATE STATEMENT DISCOUNT IF PAST DUE flag and:
- If checked, goes to step #3.
 - If unchecked, the calculated Discount is 0.00.
3. System considers the INCLUDE TAX IN STATEMENT DISCOUNT flag and:
- If checked, will include tax in the calculated discount and goes to step #4.
 - If unchecked, will not include tax in the calculated discount and goes to step #4.
4. System considers the Prompt Payment Statement Terms setup per customer and:
- If the terms % is greater than 0.00, the DUE DATE has not expired and the BALANCE LIMIT is 0.00 or greater than the customers applicable balance, the discount is auto-calculated.
 - If the terms % is greater than 0.00, the DUE DATE has not expired and the BALANCE LIMIT is less than the customers applicable balance, the discount is not calculated.
 - If the terms % is greater than zero, and the DUE DATE has expired, regardless of the BALANCE LIMIT, a discount is not calculated.
 - If Prompt Payment Statement Terms have not been selected for a customer, the system does not auto-calculate a discount.