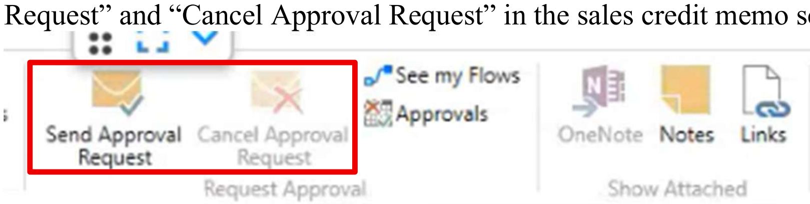
Sales Credit Memo Process – Microsoft Dynamics NAV

An enhancement has been added to reduce manual calculations when creating credit memos and configure which users will need to go through the approval process

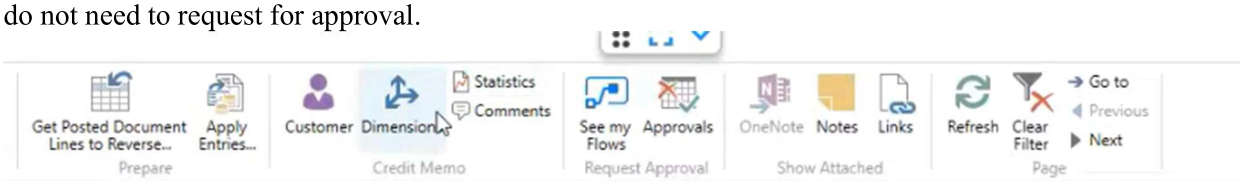
1. Configure users the require approval on the Sales Credit Memo
2. Sales Credit Memo Process can be done either:
    a. **Without Exploding the Kit** → crediting the parent item as a whole.
    b. **With Exploding the Kit** → crediting each child/individual item inside the kit.

SECTION 1: Add users to be part of Approval Process

- Users with the "Use Approval" setting enabled (Checked) will have the buttons "Send Approval Request" and "Cancel Approval Request" in the sales credit memo screen.



- Users with the "Use Approval" setting disabled (Unchecked) will not have the buttons "Send Approval Request" and "Cancel Approval Request" in the sales credit memo screen. These users do not need to request for approval.

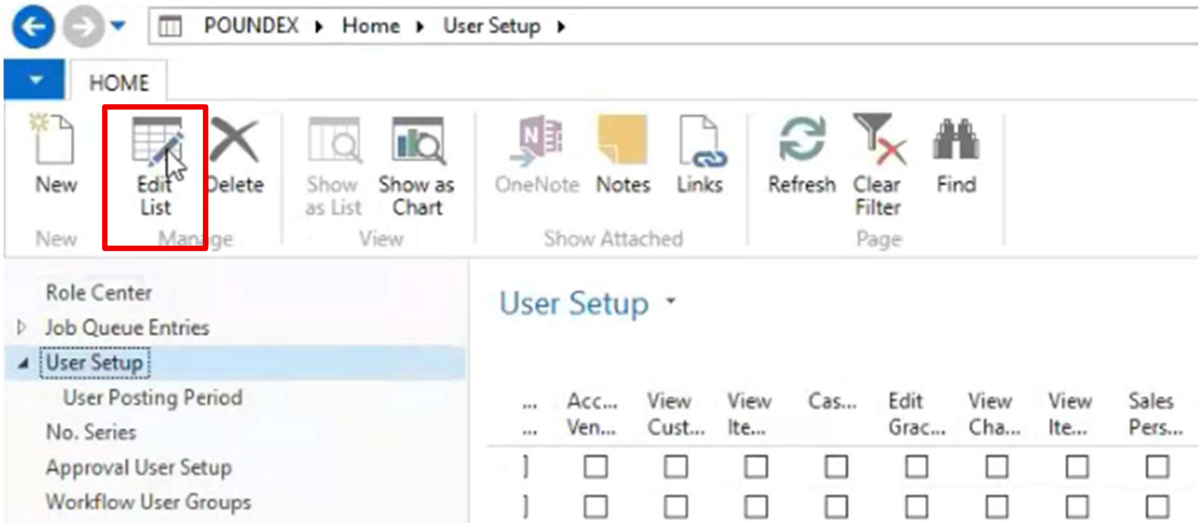


- Below steps should be taken to enable a user to go through the approval process.

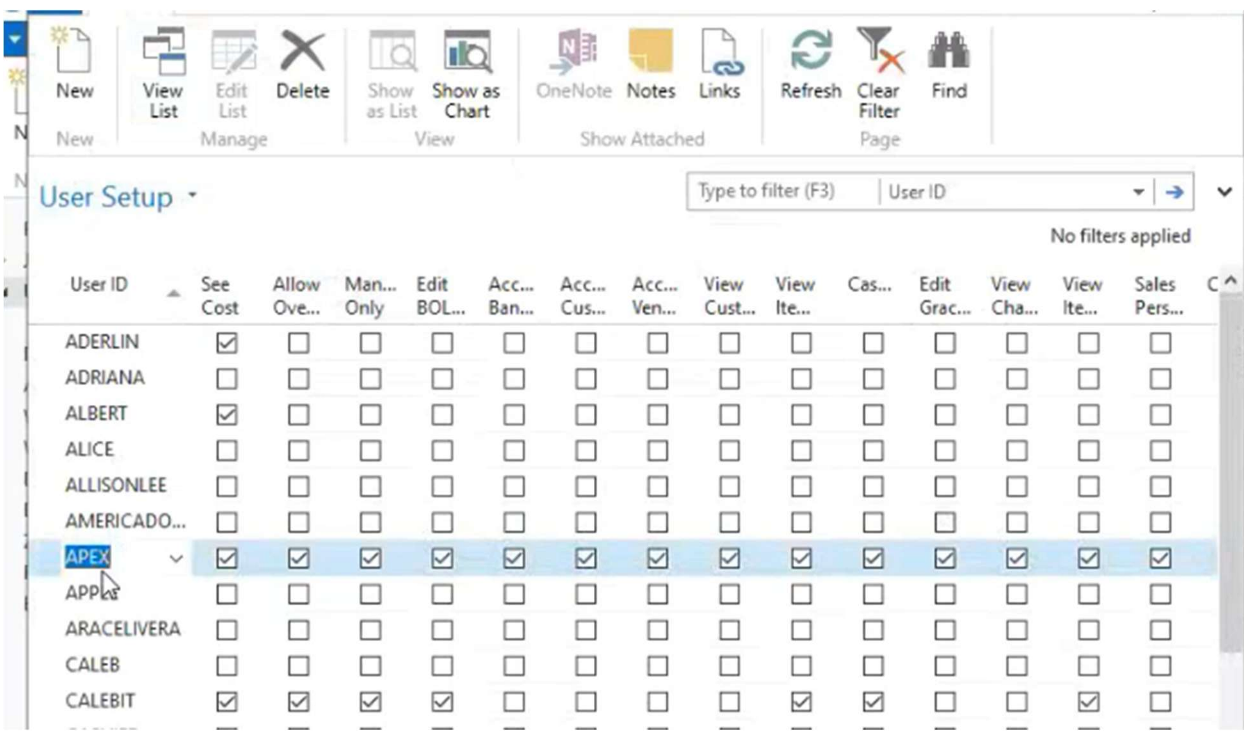
Steps:

1. Navigate to User Setup to view the users list and the configurations

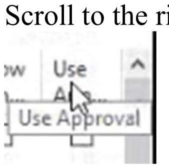
2. Click Edit List icon



3. Select the user who needs to be part of the approval process



4. Scroll to the right end to view the column “Use Approval”



5. Enable the checkbox for the selected user.
6. Click Close Button.

SECTION 2: CSR Actions

After logging in NAV, you can create a Sales Credit Memo in one of the following two ways:

- **Method A: From the Customer Page (Quick Access – Auto-filled Customer Info)**

- **Method B: From the Sales Credit Memo Page**

1. Creating a Sales Credit Memo (Without Exploding the Kit)

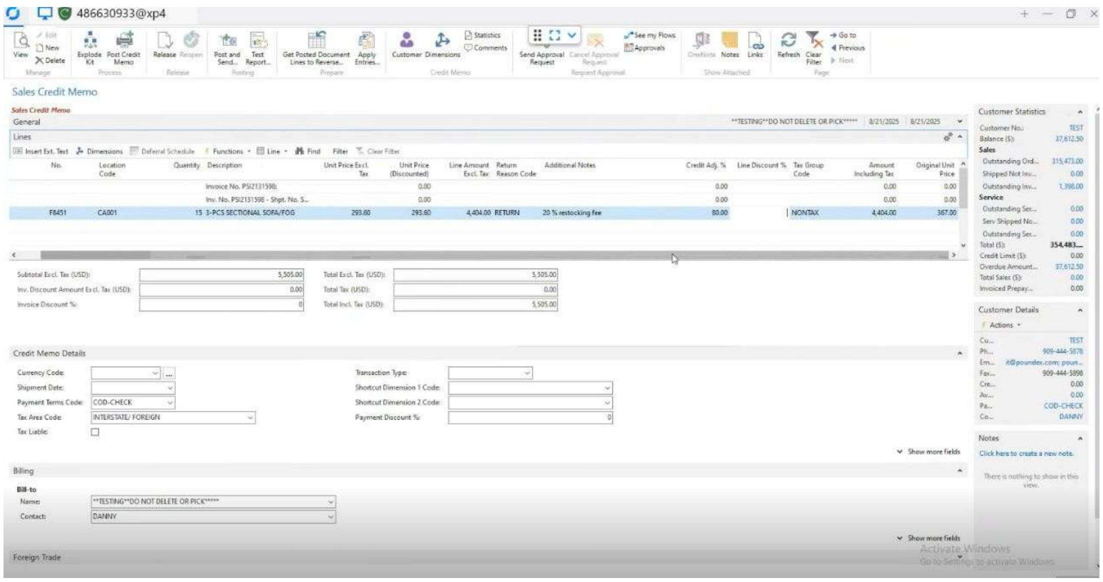
1. In the **Search Bar** at the top of NAV, type **“Customers”**.
2. Click on **Customers** from the dropdown.
    - This will open the complete list of customers.
3. Find and select the customer you need to create the credit memo for.
4. At the top of the page, click the **Sales Credit Memo** button.
    - A new blank credit memo will open.
5. In the Sales Credit Memo page, click **Get Posted Document Lines to Reverse**.
    - Select the invoice that needs to be credited.
    - The invoice details will automatically appear on the credit memo.
    - At this stage, you will only see the parent item (the kit), not the child items inside it.
6. Fill in the required details:
    - **Return Reason** → choose why the customer is returning the item.

      Note: Return Reason Code
      Options: **RETURN** or **SCRAP**.
      If **Return** is chosen → item goes to location **CA001**.
      If **Scrap** is chosen → item goes to the default **Damage Location**

    - **Additional Notes** → Free-text field to add comments/details for that line item.
    - **Credit Adjustment Amount / %**

      Note: Enter the percentage of credit you want to give (e.g., 10%).
      The system automatically calculates the adjustment based on the **Original Amount** (unit price). Example: If the original price = $399 and Credit Adjustment % = 10%, the Unit Price will automatically update to $39.90.

This adjusted price will also reflect in the **Amount Including Tax** field. A tooltip is available to explain this field on hover.

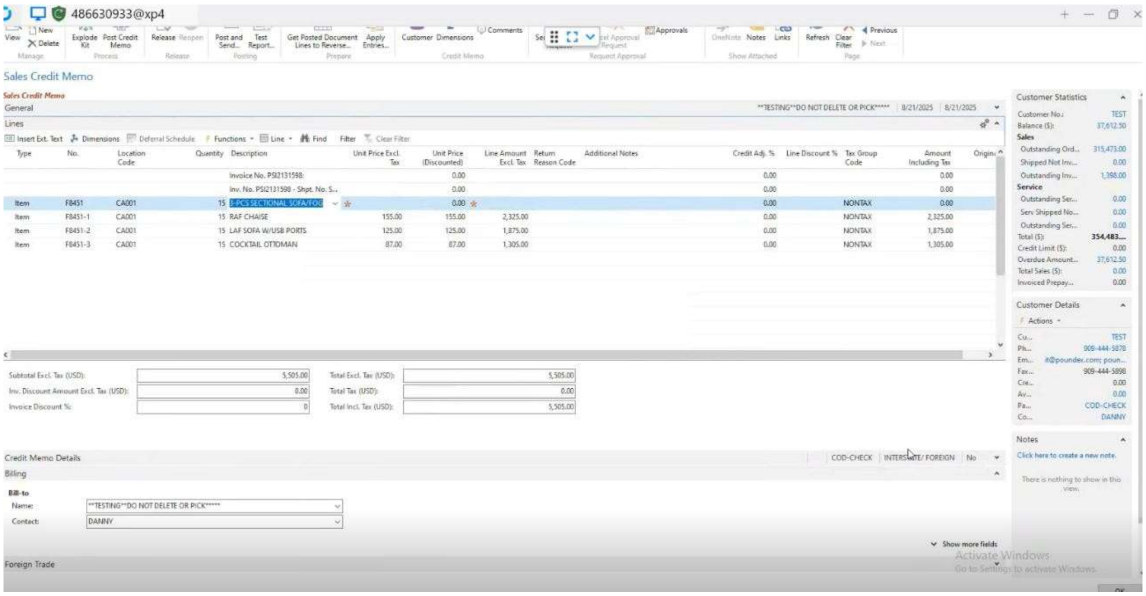


7. Once all information is filled in,
    - Click **Post Credit Memo** if the current user does not have **Use Approval** enabled in the user setup.
    - Click **Send Approval Request** for approval if the current user has **Use Approval** enabled in the user setup. The system will confirm that your request has been sent for approval.

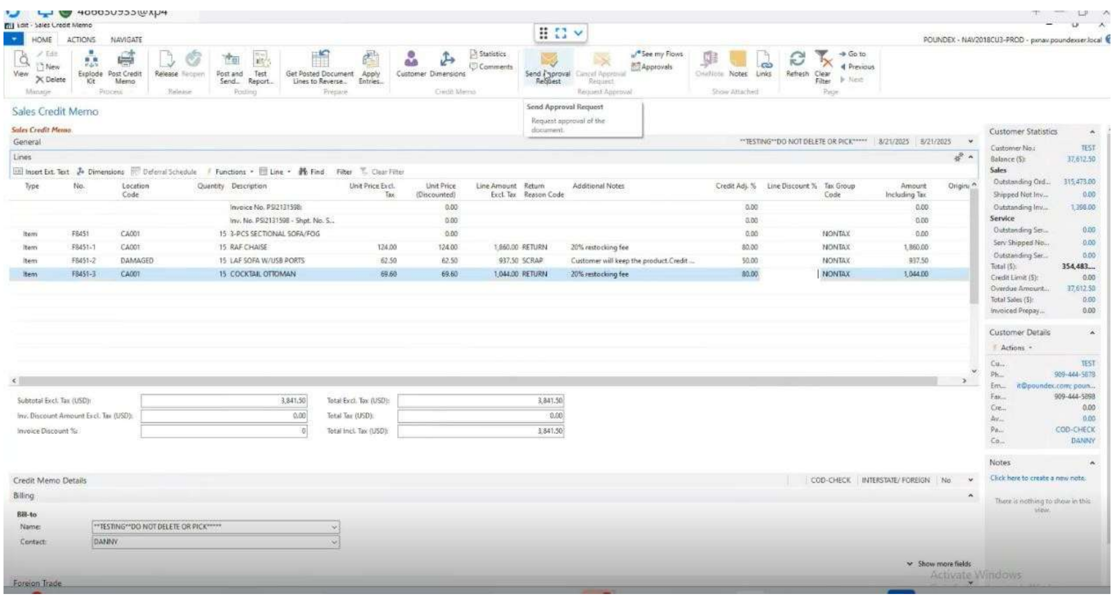
2. Creating a Sales Credit Memo (With Exploding the Kit)

If you need to credit **specific items within a kit** instead of the whole kit, use the Explode Kit function.

1. Search for and open the **Customer**.
2. Click **Sales Credit Memo**.
3. A new credit memo form opens.
4. Click **Get Posted Document Lines to Reverse**.
    - Select the invoice.
    - Only the parent item will appear.
5. Click the **Explode Kit** button.
    - All child items inside the kit will now display.
    - The parent item amount will change to **zero**.
    - Each child item will show its own **price, quantity, and details**.



6. For each child item, update:
    - **Return Reason Code** (Return → CA001, Scrap → Damage Location).
    - **Additional Notes**
    - **Credit Adjustment %**
    - Review the **Original Amount**



7. Once details are updated,
    - Click **Post Credit Memo** if the current user does not have **Use Approval** enabled in the user setup.
    - Click **Send Approval Request** for approval if the current user has **Use Approval** enabled in the user setup. The system will confirm that your request has been sent for approval.

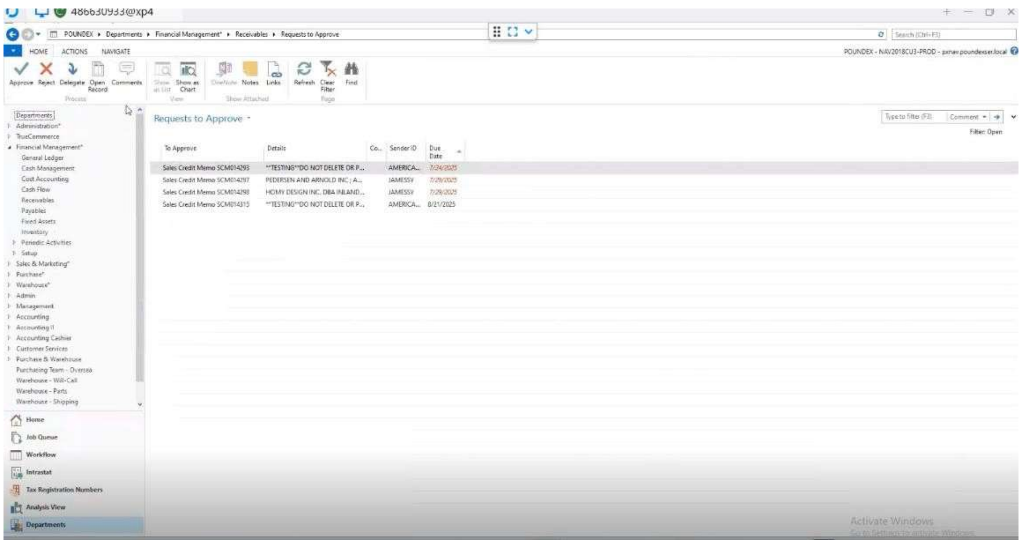
SECTION 3: Cashier Actions (Approver Role)

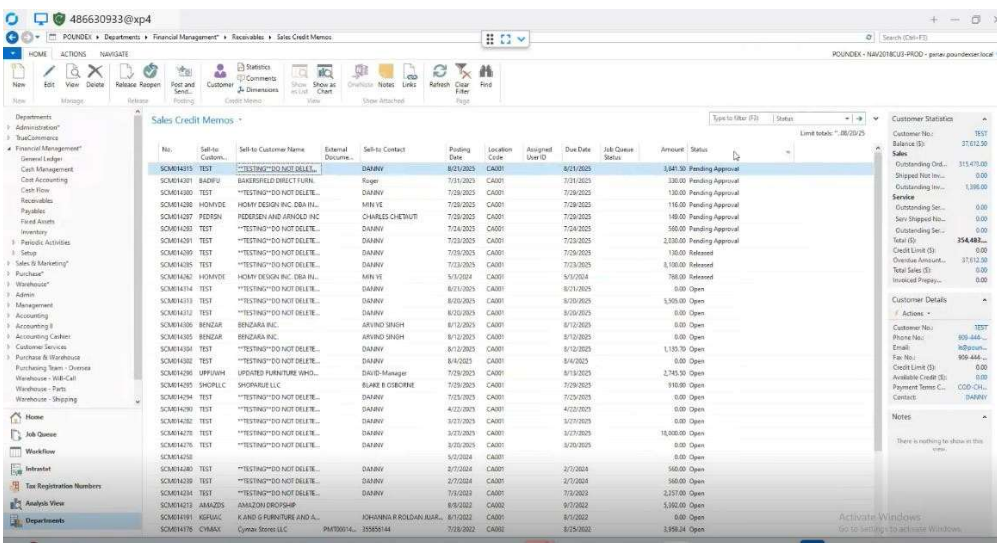
Check for Approval Request

- Once the CSR submits the approval request, the assigned cashier(s) (e.g., *Linda*) will receive an **email notification**.
- The email will contain:
    - Who created the credit memo
    - A link to directly open the credit memo in NAV

NAV Options:

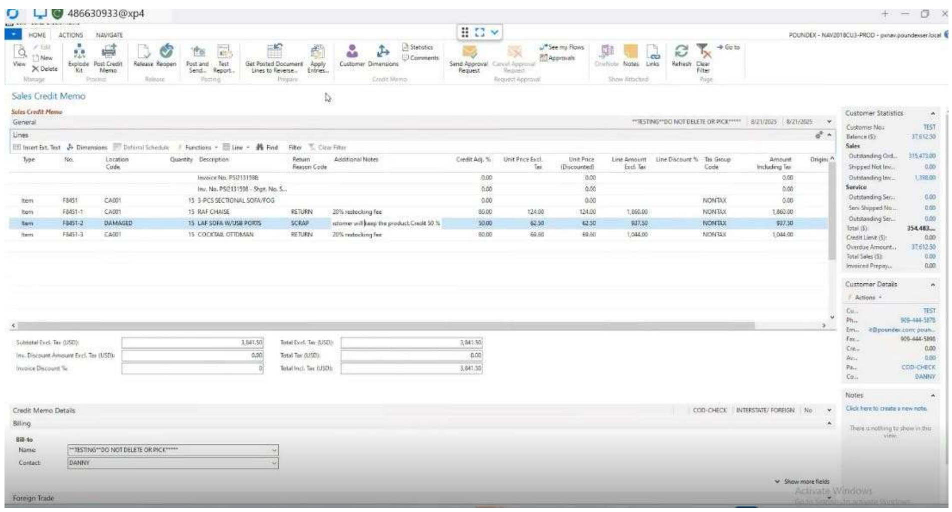
- Go to **Requests to Approve** → view all pending memos.
- Or open **Sales Credit Memo list** → filter by **Status = Pending Approval**.





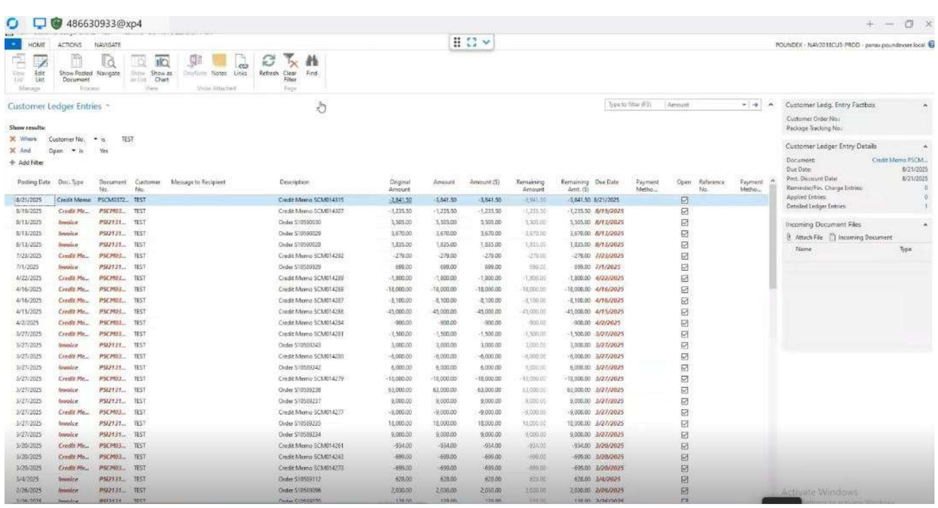
Steps to Approve

1. Open the memo.
2. Review details, including return reason, notes, and auto-calculated credit adjustments.
3. Click **Approve** on top Menu.
4. Click **Post Credit Memo** to finalize.



Post-Credit Memo Checks

1. Go to the **Customer Screen** → click **Balance** → review **Customer Ledger Entries**.
   - The posted credit memo will appear here, showing its impact on customer balance.



2. Go to the **Items list** → review **Customer Ledger Entries**, check how the return or scrapped items affect inventory

   Location → shows where the stock was moved, based on the **Return Reason Code**:

   - If **RETURN** was selected → the quantity is updated in **Location CA001**.
   - If **SCRAP** was selected → the quantity is updated in the **Damage Location**.
   - This gives a clear view of how the return or scrap impacted both **item quantity** and **stock location**.