

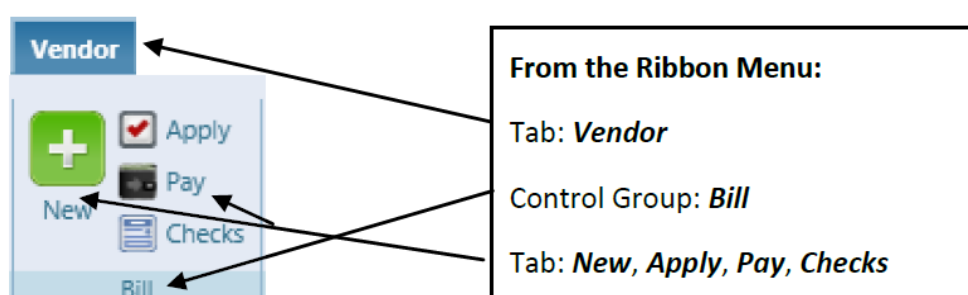
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## How Can You Record and Pay an Advance Payment to a Vendor?

Tammy Mason - 2022-07-18 - in Vendors

### How Can You Record and Pay an Advance Payment to a Vendor?



**Explanation:** An advance is a payment to the vendor/salesperson before an invoice is received. They can be entered for a vendor or salesperson through Bill-New option by selecting 'Advance' under the classification field and entering the amount of the advance as a positive number.

This will show as a payable to the vendor or salesperson. After the advance is recorded through Bill-Pay and paid through Bill-Checks, the system will then automatically show this payment as an advance (represented by a negative payable). After the actual invoice is received and recorded, the advance can then be used to reduce the check amount when the invoice is paid.

To fully process a vendor's advance there are four steps (New, Apply, Pay, Checks).

**New:** "New" is always the first required step. Create a new bill for the appropriate vendor and denote this is an advance payment by selecting 'Advance' under classification. Once completed, these funds flow into accounts payable and unpaid advances .

**Bill - New Abercrom..\***

Process Import Cancel Close

Type Vendor 1200 Abercrombie Printing Edit Posting Date 11/29/2018

Classification **Advance** Order (Select) Edit

Invoice Date 11/29/2018 Reference Record advance Amount \$200.00

**Pay:** Record the advance bill using cash (handwritten check), check, or credit card. Select the appropriate vendor to pay from the list.

Select the advance, which will be listed among any other invoice for the selected vendor and Select Process. The advance amount will now come out of unpaid advances and go into your advance on purchases.

Type	Reference	Date	Terms	Discount Date	Discount	Due Date	Amount	Discount Taken	Payment	Balance
Unpaid Advance	Record advance	11/29/2018					\$200.00	0.00	0.00	\$200.00
<b>Bank Account Ending Balance</b>				(\$31,973.36)	<b>Total Amount</b>		\$200.00	0.00	\$0.00	\$200.00

**Checks:** (Please Note: this step is not necessary if this were a handwritten check). First Select the proper Bank Ledger account. Verify the Starting Check number and select Process.

Process Cancel Close

General Ledger 100 Cash in Bank Starting Check \* 950604

Date	Name	Pay To Name	Check Amount	Detail
11/29/2018	Abercrombie Printing	Abercrombie Printing	\$200.00	<input checked="" type="checkbox"/>

**NOTE:** These funds will remain in the Advance on Purchases account until the advance is used to lower a payment made to the vendor.

When the actual invoice is received, follow the instructions **“Apply an advance to a vendor’s bill”** on the following pages. This actual vendor bill will need to be entered as a **Bill- New** and applied in **Bill-Apply** to the correct order/ ledger account. The advance transaction and the actual vendor bill can then both be picked up in **Bill-Pay** to apply them together.