

## Rebate Program

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### Rebate Program

The following procedure will handle programs where the merchandise is customer owned. When the merchandise is sent out of the warehouse the recipient pays for the merchandise and the 2nd payment is rebated back to the corporate customer less any handling or freight charges.

#### Program Master

Two program masters must be set up, one to bill the corporate customer, the second to bill the recipient of the merchandise when shipping inventory out. If there will be two or more groups of recipients, you may wish to set up program masters for each group.

#### Set Up for Corporate Customers

This is the program master that you will use to order inventory and bill the corporate client (Fulfillment Prebill Order Entry).

- Set up the program master with OWNED BY as C (customer owned)
- Set up the salesperson and commission % for this program as the salesperson that will be receiving commission. When orders are prebilled, this is the commission that will be generated.
- Special sales, cost, and variance general ledger accounts do NOT need to be set up unless you request different sale and cost of sales general ledger accounts to be used for this program when purchasing the inventory. As usual, however, please put the general ledger account for inventory in the program master so that all vouching for this program will be done to this account.

#### Set Up for the Recipient(s) of the Merchandise

This is the program master you will use when shipping the merchandise to the recipient. (Fulfillment Order Entry).

- Set up the program master with OWNED BY as H (house owned).
- Set up a separate salesperson specifically for this program with zero % commission. Sales and cost information will be updated to the salesperson. Commission is generally paid to the salesperson with the initial billing of the customer owned merchandise to the corporate customer.
- This program master should have some different general ledger accounts set up for it. This is necessary to control the sales and cost general ledger postings so these figures are not overstated. The SALES general ledger account should be a liability balance sheet account for the accumulation of funds for rebate purposes.
- The COST, INV and VAR general ledger accounts should be set up as some type of "clearing" general ledger account. This is necessary so the cost of the inventory will "wash". The accounts

receivable general ledger account should be 0. This general ledger will default from Company Information.

- You may set up an invoice instruction code stating that this billing is a service provided by (distributor's name) and input this code in the program master.
- You may wish to consider using another Bill To customer master to accumulate the sales and cost figures from this second billing in this separate master.

### **Item Master**

- Set up as OWNED BY "C" (customer owned).
- The PRICE should be the price you wish to print on an Inventory Valuation Report by Price 1. Set up a customer price record for each of the program masters for each item. This is necessary to provide reporting for inventory purchases separate from providing reporting for shipments. This will also allow different pricing structures by program.
- All other information should be entered in the normal manner.
- If you are charging the recipient a handling charge on each shipment, set up this item master as an "MC" item type. The handling charge will be owned by "H" (house). By including this item number in the program master under Handling Charge, the system will automatically add this as a line item to each and every order entered for the program (not including the prebilling order to purchase the original merchandise). If this handling charge WILL NOT be accumulated into the restocking fund, then G/L accounts will need to be put into the item master for the handling charge. If the billed cost is to remain at \$0.00, the only account needed will be SALES.

### **Purchase Merchandise in the Normal Manner for Customer Owned Inventory**

#### **Reporting and Reimbursing the Customer**

- Print the Invoiced orders report for this program and a range of ship dates. The Grand Total Sub Total should be the total you will be reimbursing your customer monthly (less any additional charges).
- This report can be given to your customer as back up.
- Set up the corporate customer as a vendor. Vouch the amount you will be paying your customer to the liability general ledger account that is being affected when you sell the merchandise to the recipient. (This is the general ledger account you input in the SALES field of the program master). This will reduce the liability general ledger account and set up the accounts payable. Write the check through the regular check writing option to rebate back to your customer.