Vendor Payment Terms

2017- Fall Edition

User Guide - Table of Contents

Overview

The **Office System** allows users to create an unlimited amount of **Payment Terms** depending on their needs. Payment Terms are assigned to a Vendor, and specify the time period in which a Vendor's invoice must be paid, and if applicable a discount that applies if paid within a certain period of time. In this guide, we will discuss how to **access** and **create** new Payment Terms, as well as other aspects of the Office System in which Payment Terms have a direct impact.
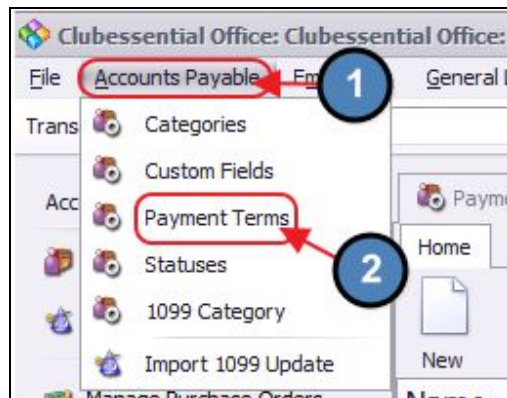
Use Case(s)

- A Club notices they have not set up a Vendor's Terms properly, and would like to start taking advantage of the discount terms offered by the Vendor.
- In an effort to predict future outgoing cash flows, the Club reviews the Payment terms associated with their vendors to ensure their cash is optimized.
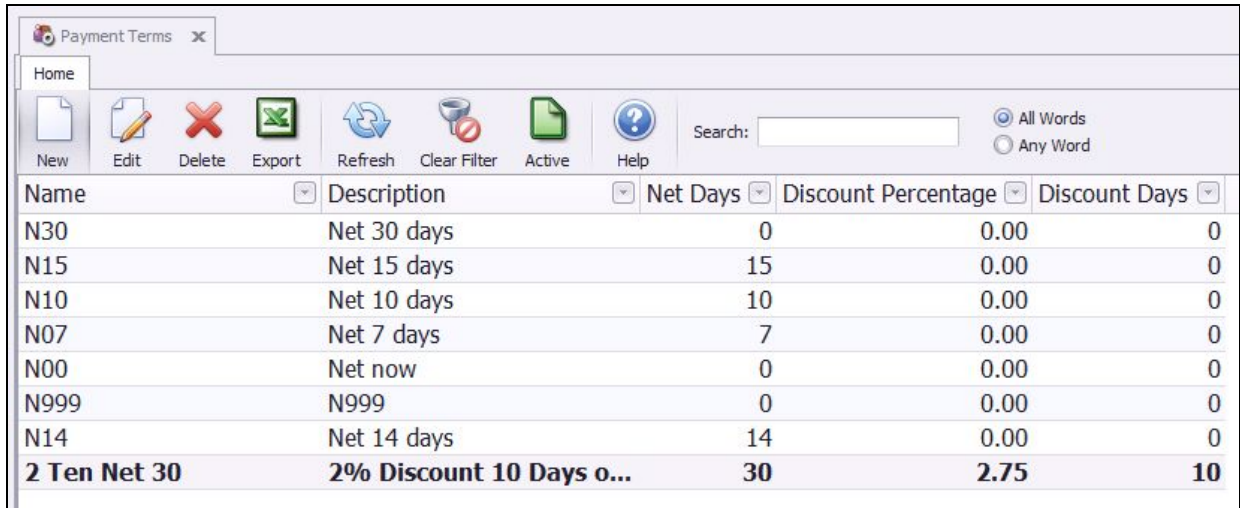
Accessing the Tool

To access **Vendor Payment Terms**:

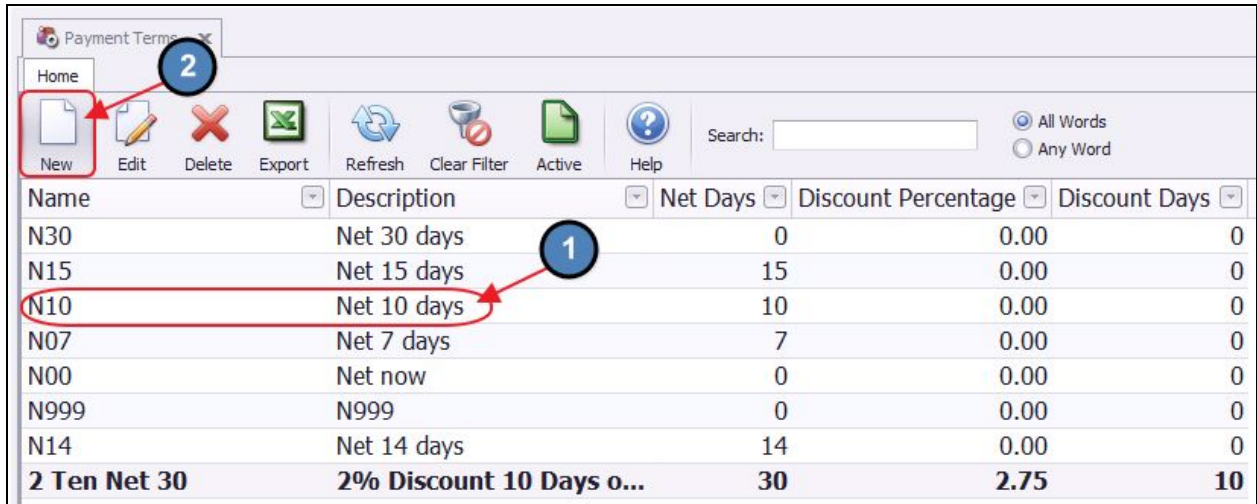1) Select **Accounts Payable** across the top toolbar and select **Payment Terms**.

2) The **Vendor Payment Terms Grid** will launch.

3) The primary functions associated with managing **Vendor Payment Terms** are embedded in the Payment Terms setup screen, which can be accessed by double-clicking on an existing Term, or clicking the **New** button.

Creating a New Payment Term

To create a new **Payment Term**:

1) Navigate to the **Vendor Payment Terms Grid** and perform either of the following to launch the Payment Term setup screen:
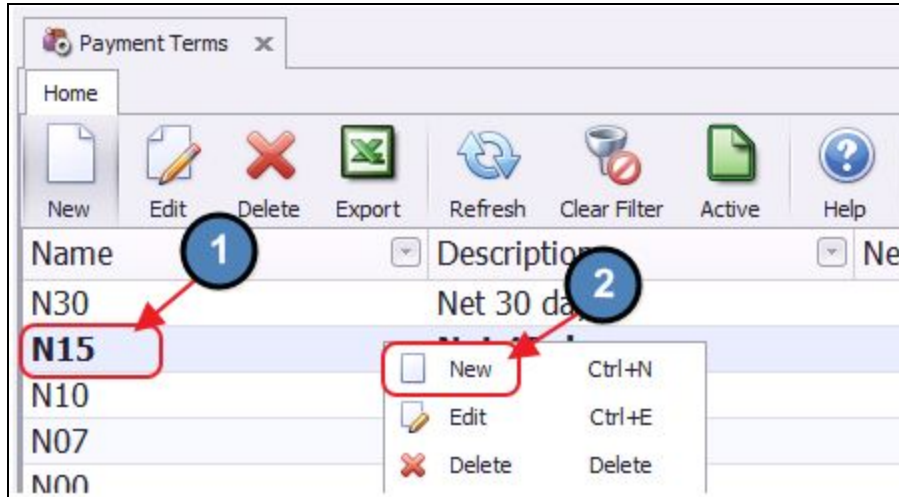
Option 1
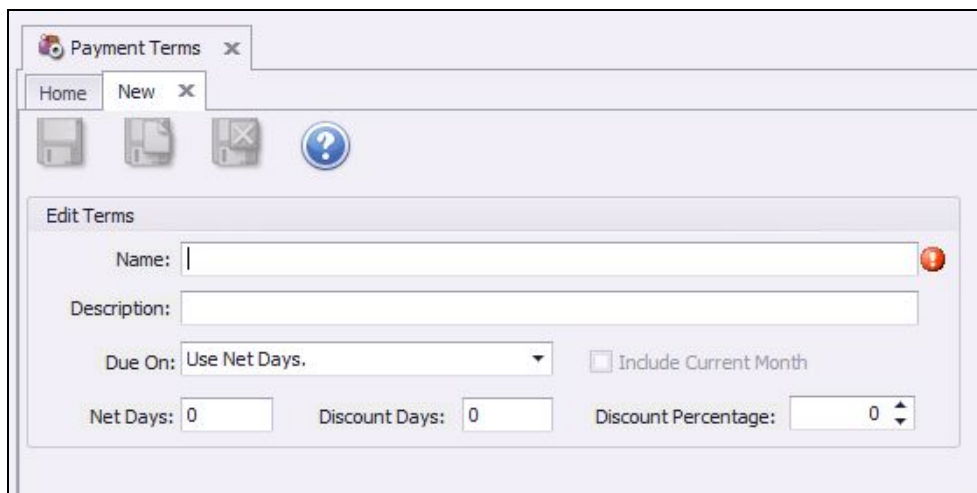
Click the **New** icon on the toolbar.
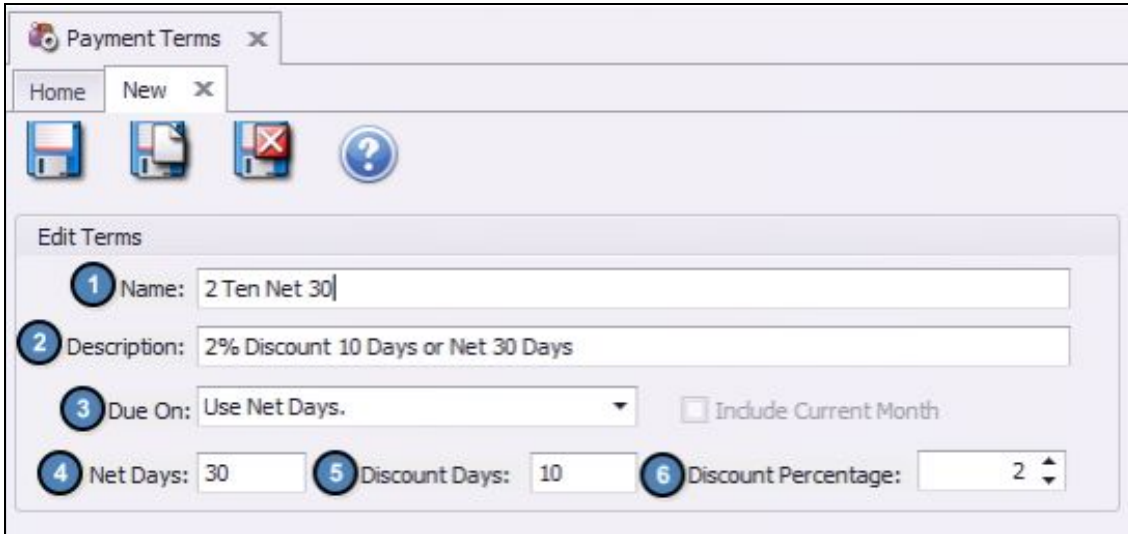

Option 2

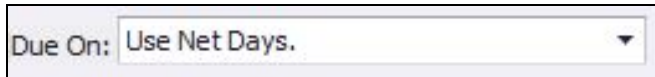Right-click anywhere on the Vendor Payment Terms Grid and select **New**.

2) The **Vendor Payment Terms setup** screen will launch.

3) Please follow instructions for each item below:

(1) **Name** - Enter a Name that describes the Term.

(2) **Description** - Enter a Description that provides more information about this set of Terms.

(3) **Due On** - The selection here tells the system what to use when setting the **Due Date** of an invoice using this Term. Most commonly, this is set to either **Use Net Days**, or **Use Discount Days.** For invoices due on a specific day of the month, please see note below.

(4) **Net Days -** The number of days after the invoice date that the invoice is due.

(5) **Discount Days -** Enter the number of days after the invoice date that the invoice can be paid and receive the discount.

(6) **Discount Percentage -** Enter the percentage discount that will be deducted from the invoice, if paid on or before the discount date.

Please Note: The Office System has the capability to account for invoices that will always be due on a certain day of the month. When a **day of the month** option is selected, the user has the option to include invoices for the current month by selecting the **Include Current Month** check box. If **Include Current Month** is unchecked, invoices will be due on the specified day (1st, 2nd, 3rd etc.) of the **following** month from when the invoice was entered.
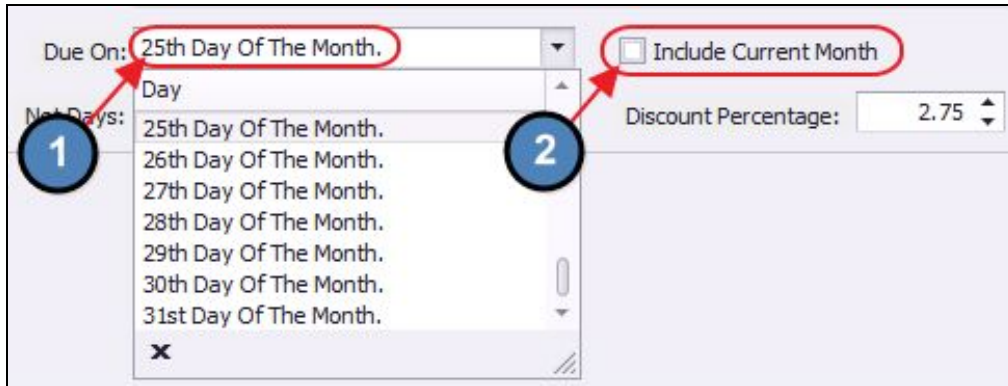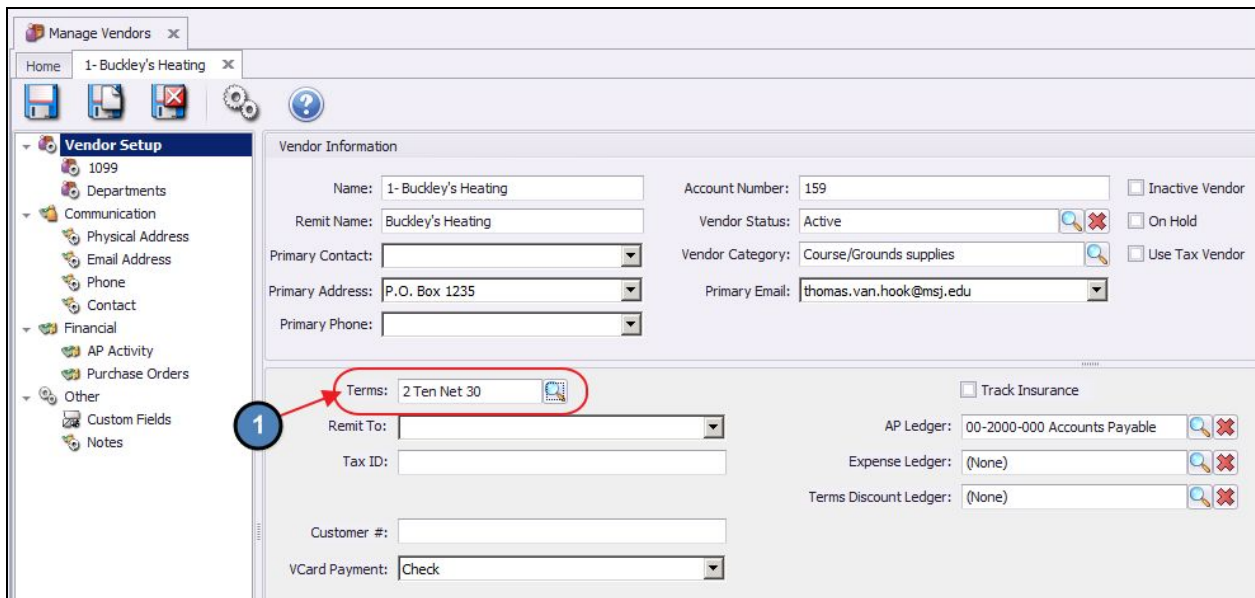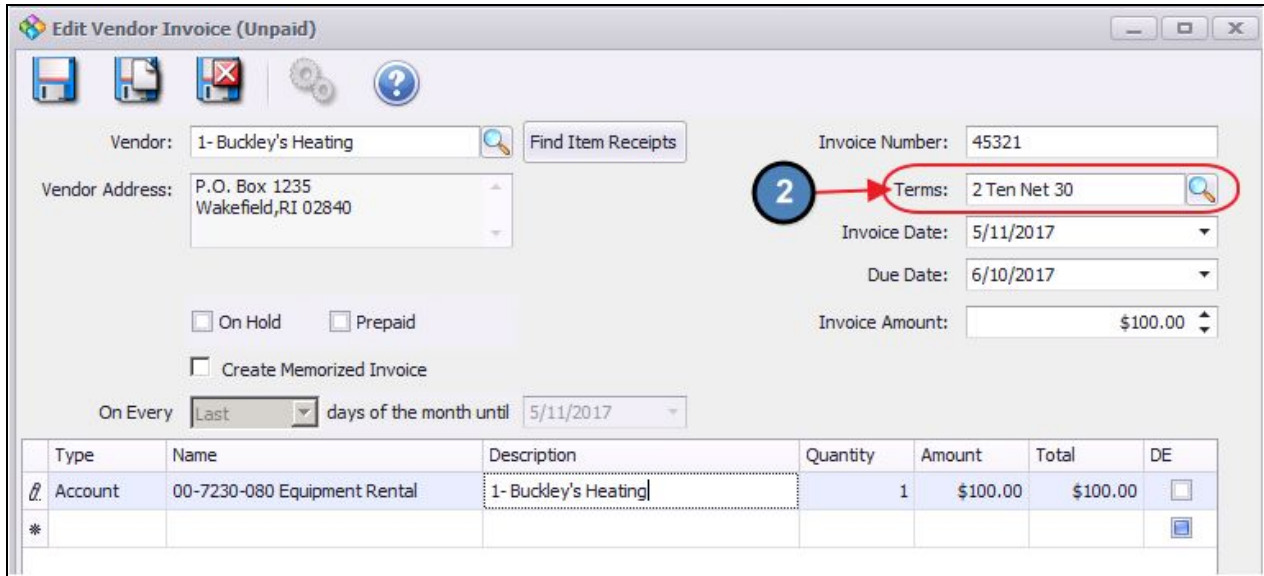
Payment Terms - Other Accounts Payable Implications

Payment terms interact with other functions of the **Accounts Payable** module.   In this section we will discuss the related implications.

Manage Vendors/Enter Vendor Invoices

Payment Terms are a required field when creating a new Vendor. This helps quicken the **Invoice Entry Process** as the Terms selected on the Vendor will automatically populate when an invoice for this Vendor is entered.
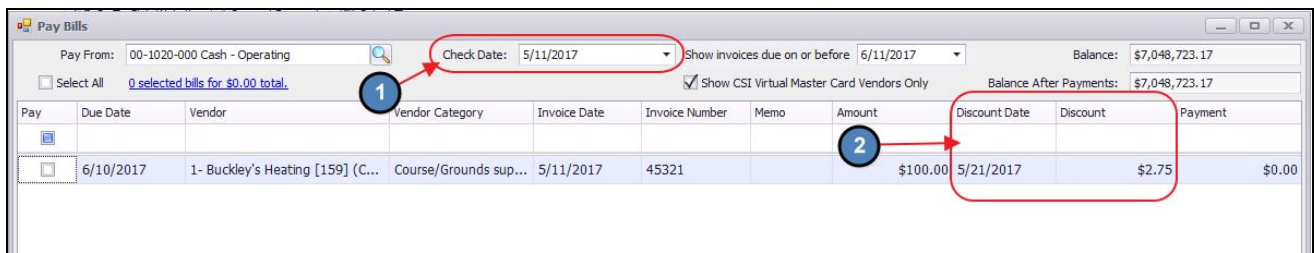
Please Note: *For more information on Managing Vendors, please see our Manage Vendors Manual. For more information on Entering Invoices, please see our Managing and Entering Vendor Invoices Manual.*

Pay Bills

When Paying Bills, **discounts** are calculated automatically by the system based on the **Payment Terms** of the invoice. The **Discount** column will automatically populate if the check date meets the criteria of the discount terms.

Please Note: *For more information on Paying Bills, please see our Pay Bill and Print Checks Manual.*

Best Practices

1. Periodically review established Payment Terms to ensure list is comprised of unique terms, rather than duplicates (worded slightly differently).

2. Use consistent naming convention when establishing payment terms to improve usability within the Accounts Payable module (ie - **N**30, **N**15, **N**10 vs. **Net** 30, **N15**, **Net**10 etc).

3. For more information on Paying Bills, please see our [Pay Bill and Print Checks Manual](#).

4. For more information on Entering Invoices, please see our [Managing and Entering Vendor Invoices Manual.](#)

5. For more information on Managing Vendors, please see our [Manage Vendors Manual](#).

FAQs

Q: How do I set up a payment term to always pay on the 25th of the same month in which I am entering an invoice (rather than the following month)?

A: When a **day of the month** option is selected, select the option to include invoices for the current month by selecting the **Include Current Month** check box.

Q: What are the most commonly used Payment Terms?

A: The following are commonly used Payment Terms:

- COD - Cash on delivery
- Net 7 - Payment seven days after invoice date
- Net 10 - Payment ten days after invoice date
- Net 30 - Payment 30 days after invoice date
- 1% 10 Net 30 - 1% discount if payment received within ten days otherwise payment 30 days after invoice date
- 2% 10 Net 30 - 1% discount if payment received within ten days otherwise payment 30 days after invoice date
- 21 MFI - 21st of the month following invoice date