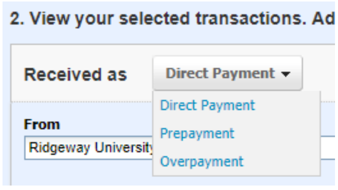
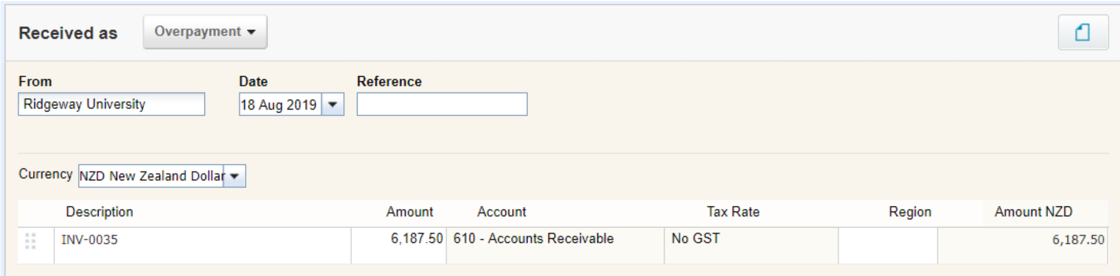
Overpayments

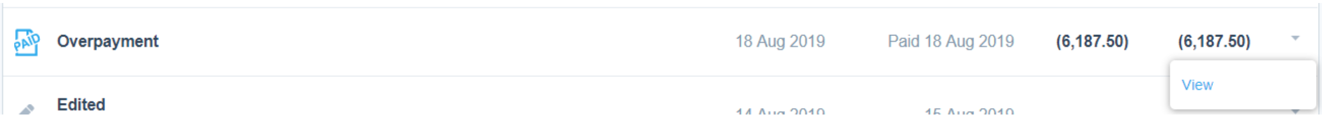
1. Find the payment that has been received in the bank reconciliation.
2. Choose ‘Find and Match’
3. New Transaction – Receive Money
4. Change it from a Direct Payment to a Overpayment



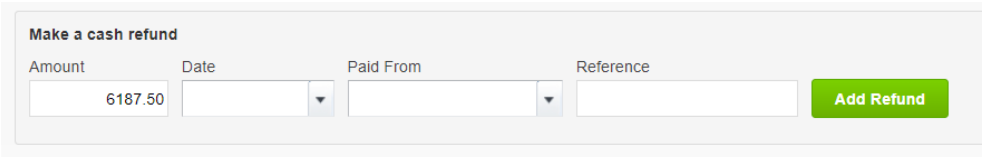
5. Enter the name of the contact. Ensure this will match **EXACTLY** with who you are invoicing.
6. Choose the Prepayments account and ensure GST tax rate is set to GST on Income (for payments-based GST returns)
7. Save the transaction and press **OK** to reconcile.



8. Dealing with the Overpayment – you can either credit the customer’s next invoice or refund the overpayment
   a. When you next create an invoice for the customer and click ‘approve’, a dialogue box will appear stating that you have an overpayment and asking if you would like to allocate this to the invoice. Click OK.
   b. To refund the overpayment do the following:
      - Go to the contacts tab, select ‘all contacts’ and locate the customer using the search function.
      - Open the customer’s contact field which will reveal the activity for this customer. You will see the overpayment listed amongst the transactions.
      - Click on the dropdown arrow on the right-hand side and select ‘view’. This will open up the overpayment.



- Towards the bottom left of the overpayment you'll see the following details:



- Ensure the figure in amount is the amount you will be refunding, put in the date of the refund and the bank account this will be paid from. Add a reference if you wish and click 'add refund'. This will finalise the refund in Xero.
- Remember to refund the customer via your internet banking!
- When the transaction shows in the reconciliation screen of Xero it will be matched to the refund in Xero and show as green so you can just click 'OK' to reconcile.