

Bookkeeping Tips

How you record credit card sales depends on when you receive payment

Recently an AIPB member called our free member AnswerLine (where an AIPB staff member answers members' everyday bookkeeping and payroll questions) with the following inquiry:

Member's question: *Our company accepts credit cards. On Monday, we made a \$1,048 sale. The credit card company charges 4%. What is the correct journal entry? If we have to wait for payment from the credit card company, what entry do I record then?*

AIPB AnswerLine solution: If your firm deposits sales invoices directly to a special bank account, make the following entry:

Cash	1,006.08	
Credit Card Discount Expense	41.92	
Sales		1,048.00

If, after submitting sales invoices to the credit card company, you must wait to collect, then two entries are required:

1. The entry on the date of sale.

A/R	1,048	
Sales		1,048

2. The entry on the date that your company receives the cash.

Cash	1,006.08	
Credit Card Expense	41.92	
A/R		1,048

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The American Institute of Professional Bookkeepers (AIPB), is the national association for bookkeepers, currently with 30,000 active members

AIPB was founded in 1987 for the following purposes:

- To recognize bookkeepers as accounting professionals
- To make sure that each member has the latest bookkeeping, accounting and tax information
- To answer members' everyday bookkeeping and accounting questions on the telephone at no charge.
- To provide bookkeepers with low-cost continuing professional education.
- To return the membership fees of any bookkeeper who is dissatisfied with the benefits of membership