Remittance advises

Table of contents

- Table of contents
- Objective and Scope
- Definitions
- Remittance Advice

Objective and Scope

This OP explains how AR team should handle the Remittance Advices received from Third party customers so that they can be used for increase of automatic payment allocation as well as for the manual payment allocation when the information stated on the bank statement is not sufficient.

This operating procedure (OP) applies to the receivables of third-party customers.

Definitions

A **Remittance Advice** is a letter sent by third party customers stating which invoices are being paid. It usually brings the information on the customer number or name, invoices/credit notes references in our system, the discounts assigned to each invoice (if customer has discount) as well as the total amount of the payment and payment value date.

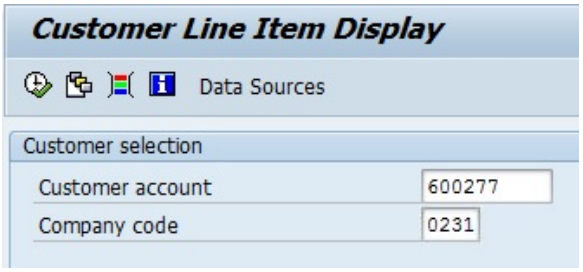
Remittance Advice

Having received the email with the remittance advice in AR Remittance advice mailbox, if the payment is above 100.000,00 EUR and/or have five or more invoices and/or have discount or any type of difference, the information regarding the payment should be inserted in SAP customer's account so that the payment can be automatically matched by SAP program. If not, due to missing information on customer bank statement, this information will help on manual allocation.

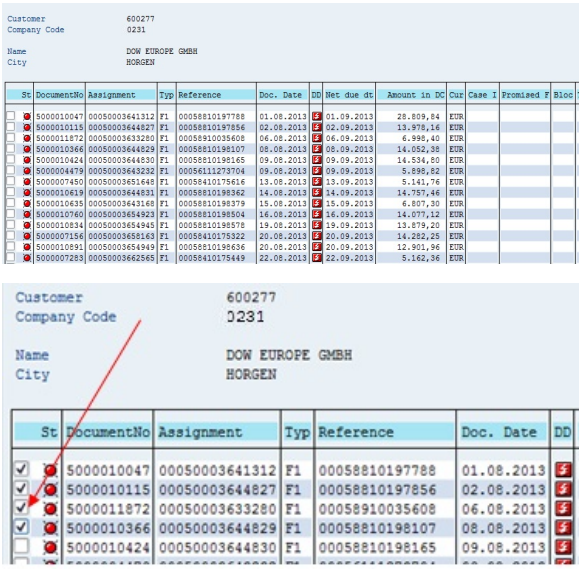
Enter in **FBL5N** transaction and insert the customer account number.

See example

Then press button.



Once the customer account is open, select all the invoices mentioned in the Remittance Advice using column "Cleared/Open items symbol", click on "Mass change" button and fill in the information



<u>The fields should be filled in as follows:</u>

Dunning block: F

Scope

APAC EMEA LAM NAM

ERP

PF1 WP1

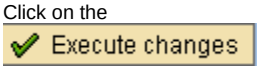
References

Attachments

Text: PAY.ADVICE/TOTAL AMOUNT OF THE PAYMENT,/CURRENCY /PAYMENT DATE

Example: PMT ADVICE/ 5.200,00€ DD /MM/AA

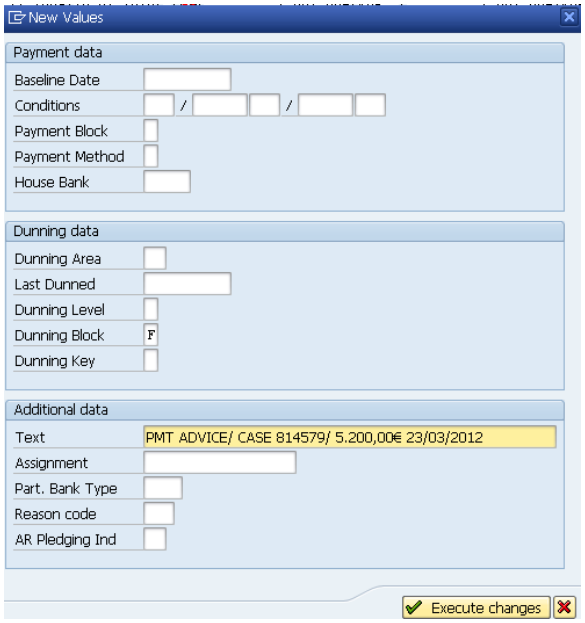
Click on the



button

If we have more then one remittance for the same customer, use **dunning block B** for the other remittance advice.

This way, the system will be able to identify which invoices are related with each dunning block.



Warning

AR team should check three different factors in the customer Remittance advises:

- If the difference between the issued (date when the remittance was sent to us) and value dates (payment's date) of the Remittance exceed 5 days, we should check the due date of the invoices related on customer account. Then, if we check that there is a discrepancy of more than 5 working days (delay) between the invoice(s) due date and the value date of the Remittance, the case should be transferred back to Collections explaining the situation so that they contact the customer and ask the reason of the delay (no dunning block or text should be inserted).
- In case the difference is less than 5 days but higher than 50.000 EUR and will mean that we will receive the payment on next month period, a dispute to Collections with status "Call by collector" should be created in order to contact the customer and try to get the payment on the correct due date
- AR team should handle this task as soon as possible blocking the invoices with code F, the text with total amount (even if it is only one invoice) and case number in order to avoid reminders sent to customer.