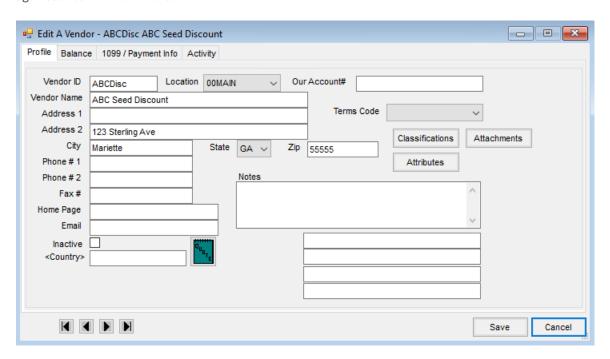
## Seed Discount Management (Early Pay Discount – Prepay)

Last Modified on 11/21/2025 7:35 am CST

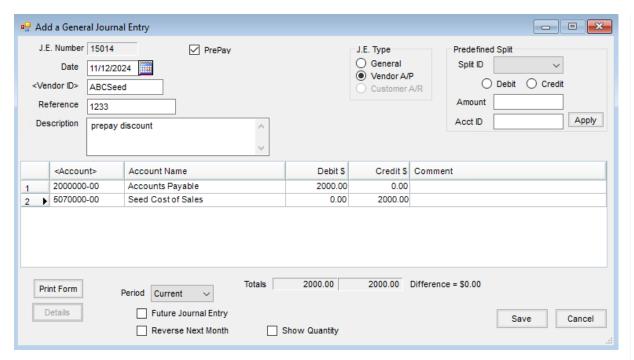
Seed purchasing, because of the discounts and rebates given by seed vendors, creates a challenge to maintain an accurate cost on seed until the discounts are issued. This article is designed to establish a standard practice for the handling of seed to enable managing the cost of seed more accurately throughout the fiscal year. The following steps set a more accurate cost on seed. An accurate cost on seed Products enables accurate management of profit margins, markups, and financial reports.

In addition to each seed vendor, best practice is to set up a corresponding Vendor (for each seed vendor) for the seed discount management. To create the Vendor for discount management it is recommended use the regular seed vendor's name with *Discount* at the end. This prevents accidentally taking the estimated discount/rebate against a real Vendor Invoice.

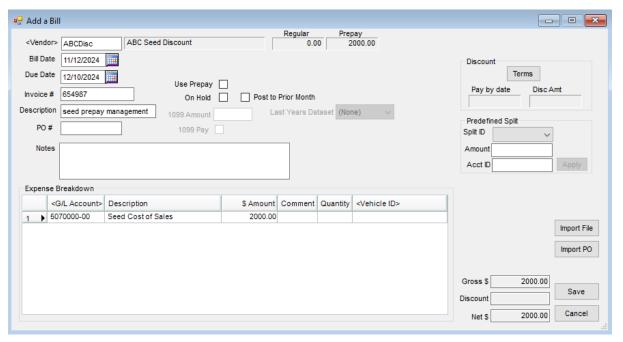


## Accounting for Seed Rebates / Discounts

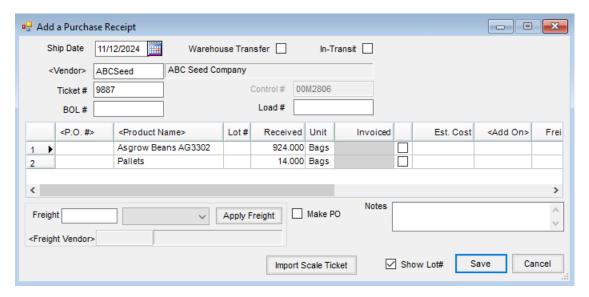
To record the early pay discount to the regular Vendor's Prepay account, add a Journal Entry. Set the J.E. Type
to Vendor A/P and check the Prepay option. Debit Accounts Payable and credit the COGS (purchase) account
for seed.



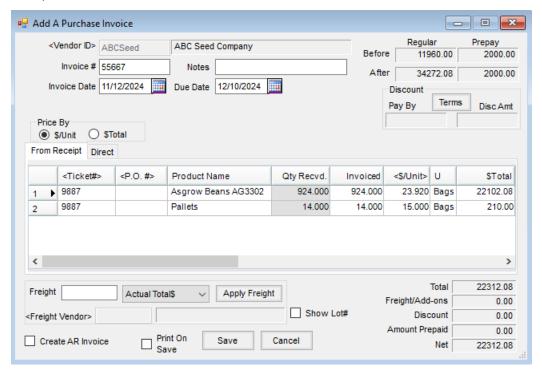
2. After adding the Journal Entry, add a Bill for the Seed Discount Vendor using the COGS (purchase) account for seed as the expense account.



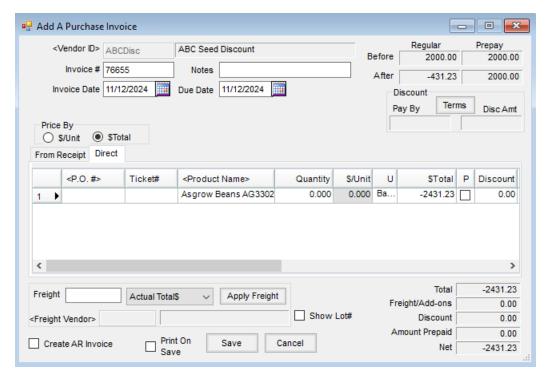
3. As seed is received in, enter Purchase Receipts for bags of seed, pallets, etc. to the regular Seed Vendor account.



4. As invoices arrive, enter Purchase Invoices to the regular Seed Vendor account. Pull in the Purchase Receipt on the *From Receipt* tab. On the *Direct* tab, record any credits/price adjustments not included on the Purchase Receipt.



5. Immediately following the entry of the Purchase Invoices on the regular Seed Vendor, enter Purchase Invoices to the Seed Discount Vendor for the same seed Product with a zero quantity, accruing the amount of the early pay discount on the seed.



6. At the end of the season, issue a Memo Check for the Seed Discount Vendor to reconcile the accrued early pay discount with the actual discount issued. Change the Checking Account to the COGS (purchase) account for seed.

