

# Farm Plan Invoice Chargeback

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When a customer puts a bill on the Farm Plan account, the merchant pays the Invoice with a Farm Plan type payment which moves the A/R off the merchant's books and onto John Deere's. Depending on the merchant's contract with John Deere, if the customer goes into default on the Farm Plan account, John Deere may turn the overdue Invoices back over to the merchant. The merchant must pay John Deere the amount of the original settlement on those Invoices plus some fees. The merchant will then need to put the money back on A/R either to collect payment from the customer or to turn the account over to a collection agency.

1. Either add an A/P Bill to John Deere or write a Quick Check for the amount the merchant owes, expensing a miscellaneous GL account like clearing, Farm Plan pending, or miscellaneous expense.
2. Enter an A/R Invoice to the customer for a miscellaneous product whose sales account is set to post to the same expense account used on the A/P Bill or Quick Check. The amount of the new Invoice should match the amount the merchant paid back to John Deere, including any fees or extra charges.
3. At this point, if the Invoice is turned over to a collection agency, the merchant can take a payment on the Invoice for the amount the collection agency paid and discount the remainder to a bad debt expense account.