

# Applying Finance Charges

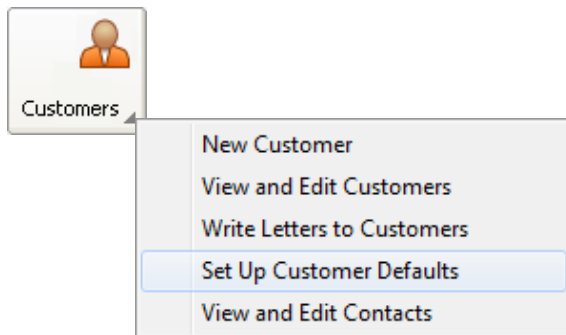
Available in all versions of Sage 50 Accounting

Sage Advisor

## Quick Reference Guide

### Where do I set up finance charges?

You can set up calculations for finance charges (also known as late fees or service charges) in the Customer Defaults window. Click the **Customers & Sales Navigation Center** and on the Customers & Sales tab, select Customers. Select Set Up Customer Defaults and then click the Finance Charges tab. Finance Charges are applied to customer invoices that are past due. These charges will appear on your customer statements.



When you set up finance charges, you can specify information such as **annual interest rate**, **minimum finance charge**, and if you want to **charge interest** on finance charges.

A screenshot of the 'Customer Defaults' window in Sage 50 Accounting, specifically the 'Finance Charges' tab. The window has a title bar with a link 'Why should I set up these defaults?' and the title 'Customer Defaults'. Below the title bar are several tabs: 'Terms and Credit', 'Account Aging', 'Custom Fields', 'Finance Charges' (selected), and 'Pay Methods'. The 'Finance Charges' section contains several fields and checkboxes. A red box highlights the 'Charge finance charges' checkbox, which is checked. A callout box points to this checkbox with the text: 'Select Charge finance charges to calculate charges for your customers.' Other fields include: 'On invoices: 15 days overdue, up to: \$ 10,000.00', 'Annual interest rate: 18.00 %', 'On balances above that: 21.00 %', 'Minimum finance charge: \$ 0.50000', 'Charge interest on finance charges' (unchecked), 'Finance Charge GL Account: 45400-00', 'Appears on invoices and statements as: Late Charge' (dropdown), and 'Print finance charge warning message as: Overdue invoices are subject to late charges.' (checkbox).

How do I apply finance charges to overdue invoices?  
 In the **Customer & Sales Navigation Center**, click Finance Charges.



**Apply Finance Charges**

OK  
 Cancel  
 Help

If you select No to Apply Finance Charges, you can still print or display a report that lists the calculated finance charges without applying the charges to the customers' balance. If you select Yes, the program will apply the finance charges to the customers balance, with or without a list of the finance charges.

Apply Finance Charges:  Yes  No

Report Destination:  Printer  Screen  Do not print report

Print Calculation Sheet:  Yes  No

Select Yes to apply the charges or No if you just want to view them.

The Finance Charges report displays the overdue invoices and the finance charge amount for each customer. After the charges are applied you will be unable to preview the same report again. Make sure to **print a copy for your records**.

Bellwether Garden Supply  
 Finance charges  
 February 28, 2012

Finance charge amounts appear on the Aged Receivables report with a reference number that starts with the letter 'F.'

Customer	Name	Ref #	Overdue Amount	Finance Charge
ALDRED	Aldred Builders, Inc.	FC2Sa00001	5,620.40	953.35
	Invoice#	Due Date	Balance Due	
	10129	3/17/11	5,426.94	
	10332	4/3/11	129.97	
	INV1005	2/3/12	63.49	

**Did you know?**

- Some **state regulations do not allow** businesses to use the term "Finance Charge" on customer statements when billing for past due balances. Only banks are allowed to use this term in these states. By default, finance charges appear as "Late Fees" on invoices and statements.
- If you do not want to set up finance charges for all of your customers, you can open a customer's record, select the Payment & Credit tab, and uncheck Charge finance charges.

