

# **MERCHANDISING CONCERN – REVENUE ACCOUNT NAMES & WHEN USED**

## **SALES**

Credit when you sell merchandise to a customer.  
Debit (or Credit) for errors on an invoice.

## **SALES RETURNS & ALLOWANCES**

### **RETURNS**

Debit for merchandise returned by the customer.  
NOTE: If the items returned are in good condition, Debit Inventory and Credit Cost of Goods Sold. If the items returned are NOT in good condition, no entry for Inventory and Cost of Goods Sold is required.

### **ALLOWANCES**

If a customer argues about the price after being invoiced and is given a reduced price, Debit Sales Returns & Allowances and Credit Accounts Receivable (or Cash).

## **SALES DISCOUNTS**

When a customer pays within the discount period (2/10, n/30), the cash received is less than the amount owed. The discount is a Debit to the Sales Discounts account.