

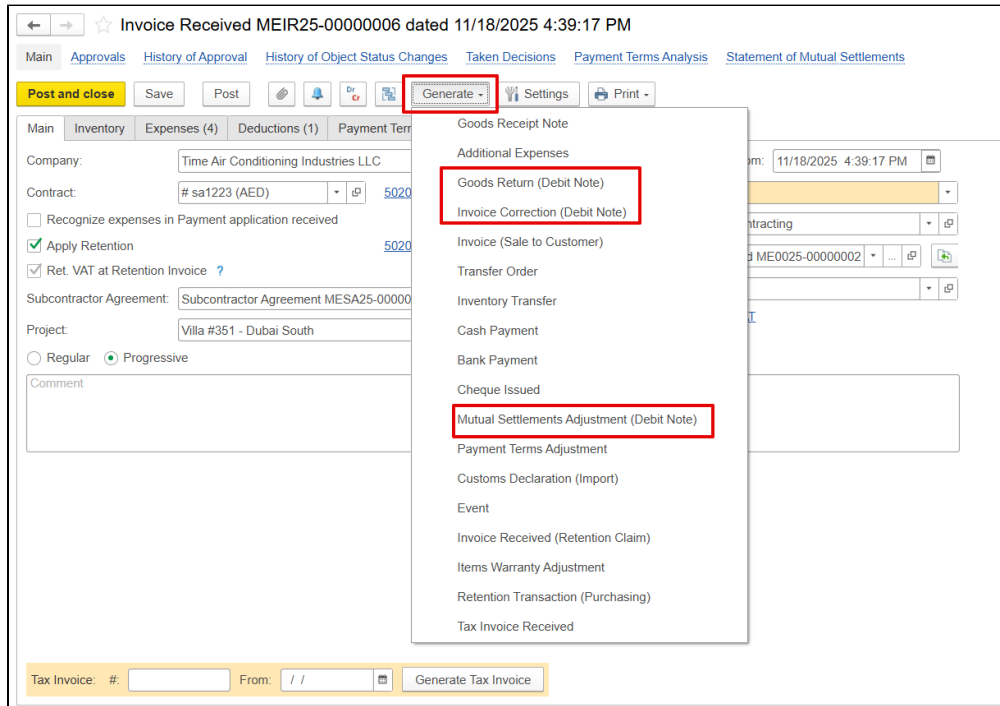
5.1.4. Debit Note

The **Debit Note** is a document issued by a supplier or subcontractor to revise or correct previously issued invoices. It allows correction of overcharges, service deductions, retention adjustments, or settlement entries related to supplier or subcontractor invoices.

This document ensures that supplier liabilities reflect the correct payable amount after any post-invoice corrections.

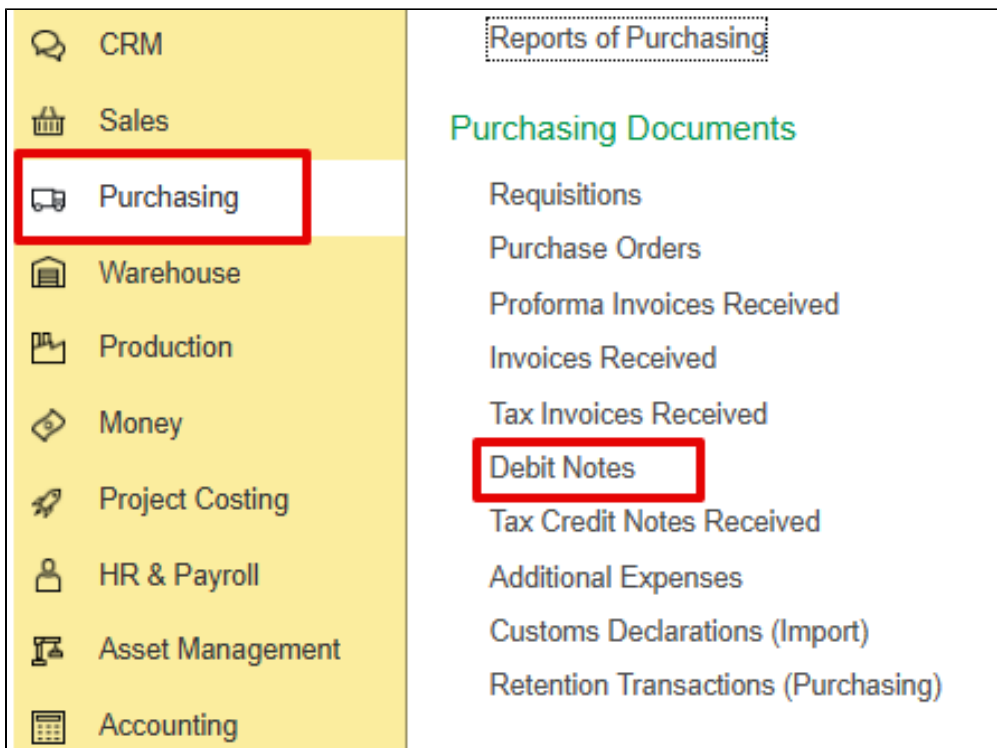
How to create

The debit note can be created using the Generate option from the related Invoice Received document, with all required details automatically populated.



Alternatively, it can be created from the Purchasing module

Purchasing Purchasing Documents Debit Notes.



Main Tab

The Main Tab captures the essential details that identify and control how the Debit note is processed.

- **Company Name** - Client or company for whom the debit note is created.
- **Contract** - Contract linked to the transaction.
- **Recognize Expenses in Payment Application Received** - If already enabled in Invoice received, it will be automatically enabled in debit note.
- **Subcontractor Agreement** - Links the debit note to a subcontractor agreement. The original invoice received is being reversed or adjusted.
- **Transaction Type** - Purpose of the debit note
 - **Goods Return** - when materials, equipment, or supplies provided by a subcontractor are physically returned
 - **Invoice Correction** - This is used to correct errors in the subcontractor's invoice without returning physical goods.
 - **Mutual Settlement adjustment**- Used to adjust Accounts Payable balances based on mutual agreement between contractor and subcontractor.
- **Project** - Project associated with the transaction.
- **Apply Retention / Ret. VAT at Retention Invoice** - Apply retention and retention VAT rules as per the contract.
- **Basis** - The original invoice received is being reversed or adjusted.
- **Date of Original Supply** - Date when the original goods/services were supplied.
- **Entity Name** - Legal entity issuing the debit note.
- **Warehouse** - Inventory location involved (if applicable).
- **Comment** - Internal notes or remarks.

Debit Note MEDN25-0000001 dated 10/29/2025 2:22:22 AM

Main Approvals History of Approval History of Object Status Changes Taken Decisions Statement of Mutual Settlements

Post and close Save Post Generate - Settings

Main Inventory Expenses (1) Deductions Settlements (1) Additional Information

Company: RR Building Contracting Number: MEDN25-0000001 From: 10/29/2025 2:22:22 AM

Contract: # 456 (AED) 5020100_20401... Transaction Type: Goods Return

Recognize expenses in Payment application received Entity: MRB Engineering and Contracting

Subcontractor Agreement: Subcontractor Agreement ME0025-0000003 date Basis: Invoice Received MEIR25-0000015 dated 9/2/2025

Project: Building construction #12314 Date of Original Supply: 9/2/2025

Apply Retention Retention Accounts: 5020900_2030708 Warehouse: Main Warehouse

Ret. VAT at Retention Invoice ? [AED • VAT Applied • Prices Do Not Include VAT](#)

Regular Progressive

Comment

Expense Tab

- **Item** - Specific work or service line
- **Content** -Describes the work or service performed, often linked to WBS.
- **Quantity (UOM)**-Number of units involved, with unit of measure.
- **Price** - Unit price for the item or service.
- **Discount %** - Percentage discount applied to the item, if any.
- **Discount** - Amount of discount applied.
- **Amount** - Total value before VAT and retention; calculated as Quantity × Price minus Discount.
- **VAT%** - Applicable VAT rate for the item.
- **Total (before Retention)** - Total amount including VAT, before applying retention.
- **Retention** - Percentage of the amount withheld as retention, based on contract terms.
- **Retention VAT** - VAT component of the retention withheld.
- **VAT Amount** - Monetary value of VAT for the item.
- **Total** - Net payable amount after applying VAT and retention.
- **Project Task** - Specific task or activity within the project that this item relates to.
- **Project WBS** - Work Breakdown Structure code linking the item to a project task or subtask.

Debit Note MEDN25-0000001 dated 10/29/2025 2:22:22 AM

Main Approvals History of Approval History of Object Status Changes Taken Decisions Statement of Mutual Settlements

Post and close Save Post Generate - Settings More actions - ?

Main Inventory Expenses (1) Deductions Settlements (1) Additional Information

#	Item	Content	Quantity	UOM	Price	Discount, %	Discount	Amount	VAT, %	Total (before Retention)	Retention	Retention VAT	VAT Amount	Total	Project Task	Project WBS
1	Gr.25/20 to foundation footings	Supplying and placing of concrete Gr.25/20...	20.000	m3	42.00			840.00	5%	882.00	42.00	2.10	39.90	837.90	In Situ Concrete	Building construction #12314, 3.1.1

- **Subcontract WBS** - Code that links the expense to the subcontractor’s part of the project for tracking costs.
- **Department** - The internal department responsible for the expense, usually shown with code and name.
- **Expense Item** - The type of cost or GL account used to classify the expense.
- **Business Activity** - The area of work the expense relates to, such as subcontracting, procurement, or internal services.
- **Customer Order** - Links the expense to the client’s order or deliverable that it supports.
- **Cost Object** - Optional field to connect the expense to a cost center, asset, or internal tracking unit.
- **Comments** - Notes or references for internal use, documentation, or audits.

Debit Note MEDN25-0000001 dated 10/29/2025 2:22:22 AM

Main Approvals History of Approval History of Object Status Changes Taken Decisions Statement of Mutual Settlements

Post and close Save Post Generate - Settings More actions - ?

Main Inventory Expenses (1) Deductions Settlements (1) Additional Information

#	Item	Subcontractor WBS	Department	Expense Item	Business Activity	Customer Order	Cost Object	GL Accounts	Comment
1	Gr.25/20 to foundation footings	# 456 (AED), 1	Main Department	Sub Contract	Main Activity		Not Applicable	7030500_2030702	

Deduction tab

A debit note is issued to revise or adjust the deduction amounts applied to an invoice received from subcontractor.

- **Item** - Name of the item.
- **Content** - Brief description of the item name.
- **Quantity** - Number of units being debited or deducted.
- **UOM (Unit of Measure)** - The unit used to measure the quantity.
- **Price** - Price per unit of the item.
- **VAT %** - VAT rate applied to this item.
- **VAT Amount** - VAT calculated based on the price and quantity.
- **Deduction Amount** - Total value of the deduction before VAT (Quantity × Price).

#	Item	Content	Quantity	UOM	Price	VAT %	VAT Amount	Amount	Total	Subcontractor WBS	GL Account	Department	Business Activity	Income Item	Comment
1	Fuel	Fuel	1.000	Litre	50.00	5%	2.50	50.00	52.50	# 456 (AED), 1	Other Operating Income	Main Department	Main Activity	Other Operating Income	

Settlements

This tab shows how the debit note amount is automatically applied or settled against related payments and documents:

- **Advance** - Indicates if the debit note adjusts a previously made advance payment.
- **Is Deductions** - Shows amounts from earlier deductions (like penalties or withholding) included in this debit note.
- **Document** - The original invoice or document linked to this debit note.
- **Purchase Order** - Reference to the purchase order tied to the original invoice or transaction.
- **Amount** - The debited amount related to the original document.
- **Accounts Payable GL Accounts** - General ledger accounts affected by the debited amount.

#	Advance	Is Deductions	Document	Purchase Order	Amount	Accounts Payable GL Account
1	<input type="checkbox"/>	<input type="checkbox"/>	Invoice Received MEIR25-00000015 dated 9/2/2025 3:41:43 PM		882.00	Current Trade Payables

Additional Information tab

- **In. Doc#** - Unique reference number for the debit note.
- **From Date** - Date when the debit note is issued.
- **Department** - Internal division issuing the debit note.
- **Responsible** - Employee responsible for the transaction.
- **Reason** - Explains the reason or justification for issuing the debit note.

In. Doc. #: 545 From: 10/27/2025 Responsible: Yusuf Department: Main Department

Reason: