Credit Note Template

A standard format for issuing credit notes — the fields every credit note needs, plus a checklist to keep issuance consistent and auditable.

1. CREDIT NOTE — FILLABLE FORM

Copy this layout for each credit note you issue.

CREDIT NOTE NUMBER _____ CREDIT NOTE DATE _____

ORIGINAL INVOICE NUMBER _____ ORIGINAL INVOICE DATE _____

CUSTOMER NAME & BILLING ADDRESS _____

TAX ID / GSTIN (IF APPLICABLE) _____ REASON FOR CREDIT _____

DESCRIPTION	QTY	UNIT PRICE	DISCOUNT	TAX RATE	TAX AMOUNT	LINE TOTAL

Subtotal

Tax

Total Credit Amount

REFUND DESIGNATION

☐ Cash refund ☐ Credit toward future invoice

Prepared by _____ Approved by _____ Date _____

2. SCENARIO-SPECIFIC ADD-ONS

Add these fields on top of the base form depending on why the credit note is being issued.

SCENARIO	ADDITIONAL FIELDS REQUIRED
Sales Return	RMA / return number; return reason checklist
Billing or Pricing Correction	Original amount vs. corrected amount comparison
GST / VAT Compliant Credit	Seller & buyer tax IDs; place of supply; CGST/SGST/IGST or VAT breakdown

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3. 8-STEP ISSUANCE CHECKLIST

Run every credit note through these steps before it's considered closed.

- [ ] Validate the original invoice — number, date, and amount
- [ ] Validate the reason — verified return, confirmed error, or approved adjustment
- [ ] Verify amount and tax treatment against the original invoice rate and jurisdiction
- [ ] Obtain approval from someone other than the preparer
- [ ] Issue the credit note to the customer with the original invoice referenced
- [ ] Post to the ERP — general ledger and customer subledger
- [ ] Link the credit to the specific invoice or account balance
- [ ] Reconcile and confirm in AR aging before period close

4. WHEN TO MOVE BEYOND A STATIC TEMPLATE

If more than one of these is true, manual credit note tracking is becoming a risk.

- [ ] Volume exceeds a handful per month (8+ credit notes monthly)
- [ ] Manual tracking across scenario variants has become unmanageable
- [ ] There is no enforced linkage back to original invoices
- [ ] Approval steps are missing an audit trail
- [ ] Tax recalculation across jurisdictions is done manually
- [ ] Unapplied credits lack visibility until period close

5. READINESS CHECK

Confirm these before you roll this template out to the team.

- [ ] The definition and purpose of a credit note is clearly understood
- [ ] Required fields are identified for every scenario we issue against
- [ ] The credit vs. refund distinction is clarified for the team
- [ ] Tax-specific requirements (GST / VAT) are addressed where applicable
- [ ] The credit note vs. debit note difference is confirmed with AR

Reviewed by _____ Date _____ Next review _____

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