

Write Offs

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Write Offs

What is a Write Off?

A write off is a request sent in to remove an item from your Accounts Receivable (AR) list that you are not going to be paid for. Common reasons for requesting a write off are:

- Not accepting all supplements before generating a customer invoice.
- Allowing a customer to leave with their vehicle without paying.
- Improperly posting items into Repair Center.
- Tax generation issues.

Some of these issues are caused by a failure to follow procedures in the office, and some of these issues are caused by technical errors in the system.


How Do Write Offs Effect Your Shop?

When a write off is processed it reduces the final dollar amount of sales you closed for that month. For example; if your month end showed \$120,000 for sales, but you needed \$5,000 in write offs completed, then your month end was only \$115,000.

Write offs can be the deciding factor on whether you hit your monthly budget or not.

How to Submit a Write Off

The Write Off Request Form must be completed for all write offs.

 **CARSTAR**
Collision & Glass Service

ACCOUNTS RECEIVABLE WRITE OFF REQUEST

Store: _____ Date: _____
RO: _____ Closed: _____
Write Off: _____ MPI Customer Other

Customer Name: _____

Labour
Body: _____
Paint: _____
Mech: _____
Frame: _____
Glass: _____

Parts
OEM: _____
A/M: _____
Used: _____
Glass: _____

Material
Body: _____
Paint: _____
Waste: _____

Other
Deductible: _____
PST: _____
GST: _____
Sublet: _____
Betterment: _____

Subtotal: _____
PST: _____
GST: _____
Total: _____

Reason:

Store Sign Off: _____ **Approval:** _____

Write Offs

Investigating Outstanding Balances:

When you receive your monthly AR list from the Accounting Department you need to investigate any balances outstanding. In order to determine if the dollar amount is non-collectable you need to investigate.

- This RO shows an outstanding balance of \$170.25 still owed by MPI.

	Source	Type	Date	Due Date	Total Due	Total Current	Total Overdue	1 to 30 Overdue	31 to 60 Overdue	61+ Overdue
MPI	147671	Invoice	4/28/2023	4/28/2023	170.25	0	170.25	0	0	170.25
Total outstanding:					170.25	0.00	170.25	0.00	0.00	170.25

- Open the claim in both Repair Center and Mitchell Connect.
- Confirm that the final balance of the claim matches.

Repair Lines

Estimate:	4957.66
Non-Estimate:	0.00
Total:	\$4,957.66

Appraisal Assignment | Completed

Supplement 2 Repairs Completed

\$4,787.41 →

✓ Compliance Passed

System: Mitchell Estimating | Estimator: JIM WEGER

Status: Approved
05/03/2023 2:44 PM

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- In this case they do not match and $\$4957.66 - \$4787.41 = \$170.25$.
- We now know that the reason for the short payment was due to a final supplement not being accepted.
- Determine if this was a shop error or due to MPI making changes after the claim was submitted for payment.

Dates

Loss: 11/22/2022

Due In: 4/20/2023

Arrived: 4/20/2023

Started: 4/20/2023

Completed: 4/28/2023

Delivered: 4/28/2023

Internal Out: 4/28/2023

Due Out: 4/28/2023

Closed: 4/28/2023

Appraisal Assignment | Completed

Supplement 2 Repairs Completed

\$4,787.41 →

✓ Compliance Passed

System: Mitchell Estimating | Estimator: JIM WEGER

Status: Approved
05/03/2023 2:44 PM

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- Initially we can see that the job was closed in RC before the final supplement was approved by MPI in MC. So this example shows that this was a shop error as closing processes were not followed.
- We now know why we have an outstanding balance and that this balance cannot be collected from MPI, so a write off request can be sent.

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Filling Out the Write Off Request:



ACCOUNTS RECEIVABLE WRITE OFF REQUEST

Store: _____ Date: _____

RO: _____ Closed: _____

Write Off: _____ MPI Customer Other

Customer Name: _____

- Store = your shop name.
- Date = date you are submitting the request for approval.
- RO = RO number that you need the write off for.
- Closed = date the RO was originally closed in RC.
- Write Off = total dollar amount that is being written off.
- MPI / Customer / Other = what name does the balance show up under on your AR list.
- Customer Name = customer's name as shown in RC (even if you have checked off MPI or Other).

Labour

Body: _____

Paint: _____

Mech: _____

Frame: _____

Glass: _____

Parts

OEM: _____

A/M: _____

Used: _____

Glass: _____

Material

Body: _____

Paint: _____

Waste: _____

Other

Deductible: _____

PST: _____

GST: _____

Sublet: _____

Betterment: _____

- Investigate exactly where the dollar discrepancies are and fill out the correct dollars per category (before tax).
- The easiest way to do this is to compare the difference between the supplements in MC.

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Example: Supplement 1:

Estimate Totals

Labor	Units	Rate	Sublet Add'l Amount	Totals
Body Labor	8.2	\$78.50		\$643.70
Refinish Labor	6.3	\$78.50		\$494.55
Total Labor	14.5			\$1,138.25
			Taxable	\$1,138.25
			GST 5.0000%	\$56.91
			PST 7.0000%	\$79.68
			Non-Taxable	\$0.00
			Labor Total	\$1,274.84
Parts				
		Amount		
Taxable Parts		\$2,899.75		\$2,899.75
			Parts Adjustments	\$0.00
			GST 5.0000%	\$144.99
			PST 7.0000%	\$202.98
			Non-Taxable	\$0.00
			Parts Total	\$3,247.72
Costs				
		Amount		
Other Additional Costs		\$62.78		\$62.78
Paint Materials		\$325.71		\$325.71
			Taxable	\$388.49
			GST 5.0000%	\$19.42
			PST 7.0000%	\$27.19
			Non-Taxable	\$0.00
			Costs Total	\$435.10
			Paint Materials Rate: \$51.70	
			Rate Max: 99.9 units	
			Additional Rate: \$0.00	
Gross Totals				
		Amount		
Gross Total		\$4,957.66		\$4,957.66

Example: Supplement 2:

Estimate Totals

Labor	Units	Rate	Sublet Add'l Amount	Totals
Body Labor	8.2	\$78.50		\$643.70
Refinish Labor	6.3	\$78.50		\$494.55
Total Labor	14.5			\$1,138.25
			Taxable	\$1,138.25
			GST 5.0000%	\$56.91
			PST 7.0000%	\$79.68
			Non-Taxable	\$0.00
			Labor Total	\$1,274.84
Parts				
		Amount		
Taxable Parts		\$2,747.74		\$2,747.74
			Parts Adjustments	\$0.00
			GST 5.0000%	\$137.39
			PST 7.0000%	\$192.34
			Non-Taxable	\$0.00
			Parts Total	\$3,077.47
Costs				
		Amount		
Other Additional Costs		\$62.78		\$62.78
Paint Materials		\$325.71		\$325.71
			Taxable	\$388.49
			GST 5.0000%	\$19.42
			PST 7.0000%	\$27.19
			Non-Taxable	\$0.00
			Costs Total	\$435.10
			Paint Materials Rate: \$51.70	
			Rate Max: 99.9 units	
			Additional Rate: \$0.00	
Gross Totals				
		Amount		
Gross Total		\$4,787.41		\$4,787.41
			Taxable	\$4,274.48
			GST	\$213.72
			PST	\$299.21
			Non-Taxable	\$0.00
			Gross Total	\$4,787.41

- In this case we can see that the difference is between the parts category.

Write Offs

Completing The Form:

- Looking at the notes/line changes on the estimate, we can see that MPI denied/deleted an item.

Line Item	Labor Type	Operation	Line Item Description	Part Type/Num	Dollar Amount	Labor Units	CEG Unit
Deleted Entries							
10	Body	REMOVE/REPLACE	Frt Lwr Bumper Moulding	Aftermarket New FDE3-000M-0	152.01	INC	0.30T

- So, the write off form should be filled out as follows:

Labour

Body: _____
 Paint: _____
 Mech: _____
 Frame: _____
 Glass: _____

Parts

CEG: _____
 A/M: \$152.01 _____
 Used: _____
 Glass: _____

Material

Body: _____
 Paint: _____
 Waste: _____

Other

Deductible: _____
 PST: _____
 GST: _____
 Sublet: _____
 Betterment: _____

NOTE: The totals here should always be pre tax!

- Calculate the total and GST/PST totals as required.

Subtotal: \$152.01
PST: \$10.64
GST: \$7.60

Total: \$170.25

NOTE: GST is calculated by taking the total and multiplying it by 5%. (Ex: 152.01 x 0.05 = 7.60)

NOTE: PST is calculated by taking the total and multiplying it by 7% (Ex: 152.01 x 0.07 = 10.64)

- Always ensure that the Total matches the dollar amount shown on your AR list.
- Sometimes you will not be able to balance the exact dollar amounts to be written off. If this is the case, then make a note that further investigation is requested from the Accounting Department.
- Now you must complete the reason for the write off request.

Reason:

Shop closed file in RC before final supplement was accepted by MPI.

Write Offs

- If the amount is owed and no clear reason for the short payment is identified, then you must also note your attempts to contact the customer/insurance for collection. **Write Offs will not be approved if you have not made clear efforts to contact the customer and collect!**
- The shop manager needs to sign off on the request before it is submitted for final approval.

Store Sign Off: _____ **Approval:** _____

- The signed write off request must be sent to Skye, and the correct Accounting Department rep must be cc'd on the email.
- All write off requests need to be sent to Skye for final approval. If she does not sign off on the write off, then it will not be removed from your AR list.

What Happens if the Dollar Amount is Not Cleared Even Though I Submitted It?

- If the line is not removed from your AR list, it has not yet been approved by Skye.
- If you did not receive a denial notice from Skye, resubmit it to her.
- If you have received a denial, you will need to complete any requests, clarify the request reason, or attempt to collect again before you can request a write off again.
- Keep clear notes on your AR list as to your write off requests so we can track them.