

RPM Tips & Tricks:

Purchase Deductions - When a Consignor is also a Buyer

Under normal conditions, a consignor is like any other buyer. When he purchases items, an invoice is generated and money is exchanged. When the consignor is paid for goods he sold during the auction, he receives his payment separately, equating to a two-transaction process.

Using "Purchase Deductions", a 'General Consignor Expense' is added for each consignor purchase. When the consignor is finally paid for his/her goods, any purchases are automatically deducted from the 'consignment fees due'. No money is exchanged for his purchase(s), equating to a one-step process.

Let's implement Purchase Deductions...

- 1) Create a "Purchase Deduction" Expense Type

Path: 'Tools – General tab – Master Data - Expense Types'

Add expense type "Purchase Deduction". Do not enter anything in the 'amount' fields. Then, 'Save' the Expense Type record.

- 2) Create a new "Purchase Deduction" Payment Type

Path: 'Tools – General tab – Master Data - Payment Types'

Add payment type "Purchase Deduction", using the default buyer premium code for your auction house. Click the "This Payment Type Is a Purchase Deduction" checkbox. Select the Expense Type named 'Purchase Deduction'.

Be sure that the "Default Payment" checkbox is checked. Then, 'Save' the Payment Type record.

- 3) Associate Buyer and Consignor records

Path: 'Tools – General tab – Master Data – Consignors'

After selecting the affected consignor, edit the record. Click on the 'Details' tab. Pick the "Associated Buyer" (the buyer who will be purchasing as well as consigning at the auction. Save the record.

- 4) When invoicing a consignor, use the "Purchase Deduction" payment type. Technically, this adds a "general consignor expense" for the amount of the purchase.

By use of this scenario, the consignor is issued a check for his sold items MINUS the total of his purchases.