



How to Record Sales Journal Entries for Cash and Credit



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Sales Journal Entries

Sales entries are accounting records used to document revenue generated from the sale of goods or services.

- **Cash Sales:** When the payment is received immediately.
- **Credit Sales:** When the payment is deferred to a later date.



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Recording Cash Sales Journal Entries

A business sells products worth \$1,000, and the customer pays in cash.

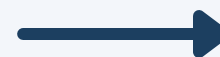
Journal Entry:

- Debit: Cash (Asset) \$1,000
- Credit: Sales Revenue (Income) \$1,000



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Recording Credit Sales Journal Entries

A business sells products worth \$2,000 on credit to a customer.

Journal Entry:

- Debit: Accounts Receivable (Asset) \$2,000
- Credit: Sales Revenue (Income) \$2,000



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Handling Discounts

If you offer a discount for early payment, record it when payment is received.

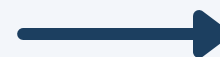
Example: A customer pays their \$2,000 invoice early and receives a \$200 discount.

- **Debit:** Cash \$1,800
- **Debit:** Sales Discount (Expense) \$200
- **Credit:** Accounts Receivable \$2,000



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Handling Returns

If a customer returns goods, reverse the sale.

Example: Goods worth \$500 are returned.

- **Debit:** Sales Returns and Allowances
(Contra-Revenue) \$500
- **Credit:** Accounts Receivable or Cash \$500



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