A **rectification invoice** (or correction invoice) is used to correct errors i[redacted]n *original, unpaid invoice*, replacing it with a new one that has the correct information, while a **credit note** is issued to reduce the amount a customer owes for a *paid invoice* due to overpayment, returns, or discounts. A **refund** is the act of returning money to the customer, often documented by a credit note.

Feature	Rectification Invoice	Credit Note
Purpose	To correct errors on an original invoice before it is paid.	To reduce the amount a customer owes on an invoice that has already been issued (and often paid).
Reason	Incorrect details, like the wrong price, date, or customer information.	Overpayment, returns, discounts, or rebates.
Action	Replaces the original invoice entirely with a new, correct one.	A separate document that cancels out or reduces the debt from the original invoice.
Common Use	Replacing a bill with a significant error before the customer has paid it.	A customer returning goods or receiving a discount after the invoice has been paid.
Refund	Does not typically involve a refund; it's a correction of the original bill.	Often accompanies a refund, which is the physical act of returning money to the customer.

When to use each

- **Use a rectification invoice** if you realize there's a major mistake on an invoice that has not yet been paid. The original invoice is voided, and a new, correct invoice is issued in its place.
- **Use a credit note** when a customer has already paid an invoice but needs to be credited for an overpayment, returned goods, or a discount applied after the fact.
- **A refund** is the physical act of returning money to the customer, which is often processed and documented with a credit note