

How to code a VAT only invoice

When the invoice is scanned in by Accounts Payable, the net amount should be 0 and the tax amount and the invoice amount should be the same figure.

If not reject the invoice back to AP for correction.

The school needs to enter 2 lines of coding one a credit and the other a debit – the credit line must be completed first (otherwise it will not work).

On the first line enter the GL code, the cost centre and in the DR/CR column select 'credit' from the drop down menu and the amount should be the amount that was originally paid and select tax code VN.

On the second line enter the same GL code, the cost centre and in the DR/CR column select 'debit' from the drop down menu and enter the same amount and the appropriate VAT code, e.g. V1 for 17.5% and VA for 20%.

The invoice will then go through to the Approver and once approved they will have a debit and a credit on their cost centre which will cancel each other out but still allows the VAT payment to go to the Vendor (supplier).