Training Manual:
Custom Module
How to Post a VAT only Invoice
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your requirements.
How to Capture a VAT only Invoice

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1. **Summary**

When importing Goods from a Foreign Supplier, there may be several Creditors involved in making sure the stock arrives at your doorstep. Each one of the creditors will be issuing you with an invoice for their services. One of them will invariably be your Forwarding and Clearing agents. It is their job to clear the goods through customs and make sure that it arrives in the country legally and safely.

One of the reasons we import from another country is because we can get goods cheaper. However, it is government’s job to ensure that local manufacturers and suppliers are not disadvantaged and more importantly, that the country secures an income from the import. This is done by levying TAX. The tax is known as Duties and VAT. It is important to note that the VAT charged on Imports differs from normal VAT on local transactions. Your Clearing House will stipulate this Tax on their invoice.

A good example on why this tax is levied as well as how this works is in the event of importing, let’s say, a Porsche 911 Carrera. In the UK, this Car Costs around UKP 58,945.43 excl. VAT (at the time of this article). The exchange rate was 13.43 to the Local Currency. The local price of the 911 was R 989,000.00. To import the Porsche from the UK on paper, will only cost R 791,643.02 (13.43 times UKP 58945.43). In theory the import will save you almost R 200,000.00. However, you may pay as high as 50% (not 14% as with normal VAT) Tax and Import Duties, making the local Porsche far more attractive than the import. (Because you are the end user of the car, you will not be able to claim the TAX back on the car).

When looking at it from a business perspective though, Import Duties and Tax may not be as high as on a luxury car, and because you are not the end user of the imported products, you will be able to claim the Tax portion back (via the normal VAT system).

2. **Import Split on GRN’s**

As the Duties, Tax and Import fees (such as transport), form part of the cost of the products you are importing; we need to also include them in the costing process. The price you are quoted by the factory you are importing from is generally referred to as the *Quoted or Supplier Cost*. Once the product is delivered to our doorstep, with all the additional fees added to the product, it is referred to as the *Landed or Actual cost*. In order for these additional costs to be added to the product, Revelation has in Import Split, built into the GRN process. This Import Split then creates up to 3 additional GRN’s for each additional Creditor what was involved with the shipment, simultaneously whilst the main GRN is produced, in order to calculate each item on the GRN’s landed cost. Please refer to the New Look Manual Chapter 09 – Point 3.2.5 for more information on this process.

This process will then also post the VAT that was paid to any of the additional Suppliers, in order for this to be claimed back via the normal VAT process in Revelation.

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3. **Posting a VAT only GRN in Revelation**

If you however do not want to include your additional Creditors in the GRN process (due to manual costing) and you would like to GRN a “VAT only” Invoice against a Creditor, you may use the following steps to do so. From the Daily Options Menu, click on [Postings to Accounts] and the select [Creditors ledger] or, from the dropdown Menu, Select [Postings] Creditors postings.

![Daily Options Menu](image)

Now select [Postings] and then [Invoices (NO Stock)].

![Creditor Postings](image)

Use your normal search criteria to call up the Creditors account that you would like to update the VAT against.

![Find A/C Screen](image)

**Tip:** Use the Pattern Search Engine to call up accounts that you do not have full details off. This engine looks for ANY matching field in the various selectable tabs to locate your creditor.
Once located, you will be presented with a Journal type screen. The following process is very similar to a GRN, but does not update stock. You may now insert the suppliers invoice number under Reference code, as well as the Document date and INCLUSIVE amount.

⚠️ **Tip:** If the invoice is for a period older than the current period, you may backdate the Doc.Date. Revelation will then age the Creditor correctly, but insert the transaction against the current period. This is done because the Vat period may already be closed off.

Now Select the General Ledger Account that is linked (or Norally accosiated) to this transaction. Remember to click on the down Arrow under the NomAcc field and then select the correct account. If you simply enter here Revelation will use General Purchases. Now enter through the fields untill you reach the Tax code field (TX). You may now change the Tax Code to the desired code.

⚠️ **Tip:** Open a sepeate Tax Code for imports under the General System Parameters >> VAT.

Now enter through to the amount Field and then press Enter Again. Revelation will insert the same amount that was stipulated in the origional Amount field when you started the trasaction. Note: This is the VAT Inclusive amount. In the case of a VAT only invoice, the entire amount is VAT. You will notice that Revelatin calculated the Tax postion of the Transaction based on the normal VAT Rate linked to the selected VAT code and inserted it in the “Tax Portion” field. Normally this would be correct, but in the case of a VAT only
invoice or were the VAT is NOT equal to one of the standard Vat rates, but in this case it is not. Usually you should press the red [Save] button now – DON’T.

Instead, Click on the ‘TAX PORTION” again. You will now be able to override the Tax Postion Amount. In the event of a “VAT Only” Invoice, the entire amount must be inserted here. It is thus quite in order for the Amount (Incl.) and the Tax Portion to be equal.

Once done, press the [Enter] button. Revelation will now realise that the system parameters are not normal and will warn you. You may now override the warning by clicking the [Yes] button.

Your GRN Journal should now look something like the example below.
Tip: Click on the [Narration] button in order to type either a Unique or System standard Message.

You may now audit the transaction by clicking on the Creditor that you make the VAT only Journal to. You will notice that you now owe them the Invoice Amount as per their Invoice

Now Click on the [Transactions] button to display the transaction list. Highlight the transaction and then double click or click on the [Details] Button.
Revelation will now display the full transaction details, displaying both the Debit and Credit legs. Note: The full Invoice portion went to the Input or VAT Paid Account. This is an Asset account, meaning that Vat Paid is an asset to your books as you will be able to claim the full amount back from the Receiver on the next VAT Claim.

⚠️ Tip: To view the Tax details for this transaction Click on the [Tax Details] button. You will notice an Asterisk after the amount (*). This is to indicate that this transactions VAT amount does not calculate back to the percentage standard VAT.

When printing the VAT Transaction list, one of the options is to print a list of these types of transactions.