How to record Relevant Contract transactions in Sage 50 including the recording of the related VAT & RCT

Using the Supplier Module in Sage 50

Overview of steps

    A. **Enter supplier Invoice for net amount**
    B. **Record supplier invoice for VAT amount**
    C. **Enter supplier credit note for VAT coding to 2260**
    D. **Match out credit notes against invoices**
    E. **Recording RCT USING Supplier module**
    F. **Match out RCT Credit note against supplier invoice**
    G. **Paying the supplier**

Payment of the VAT and RCT through ROS is recorded in Sage using Bank Payments and the total payments are coded to codes 2260 and 2270 as appropriate.

The balances on the control accounts should be monitored as they should clear out to nil or reflect the balance due to the Revenue at any point in time.

Each of the steps above are documented in the following pages using this example:

Smith Electrical, Electrical Repairs

Net Invoice = €5,000:

- *Subcontractor to account for VAT*
- *VAT at 13.5% = 675*
- *RCT = 20% = €1,000*

A. Enter supplier invoice for net amount

Suppliers > Batch Invoice

Enter the invoice for the net amount on line 1 and code to repairs

B. Record supplier invoice for VAT amount

On the second line enter the VAT amount in the net box and code to the same cost code as the invoice and Save

This provides traceability that VAT was accounted for on each invoice.

This VAT amount is not due to the supplier so immediately after this entry we must enter a credit note to transfer this amount to the VAT Control Account in the nominal ledger

C. Enter supplier credit note for VAT AND CODE TO 2260

Suppliers > Batch Credit

Select Batch Credit

Enter the VAT amount in the net box on line one and code to the VAT Control account code 2260

Save

If we look up an activity on the account the balance is now showing as 5,000

The invoice for VAT should now be matched out against the credit note for the same amount

D. Match out credit note against invoice

Supplier > Supplier Payment

Select the relevant supplier

For the Purchase Invoice relating to the VAT (Transaction no 29), click to the Payment box and type in the amount of 675

For the Purchase Credit (Transaction 30) click in the payment box and enter the same value of 675

Note that the payment amount on this screen will be zero

Save

E. Recording RCT using Supplier Module

In this example when the Revenue were advised of the payment, they instructed us to deduct RCT of 20% = €1,000

To record this in the Supplier account we raise a credit note in the relevant supplier account

Suppliers > Batch Credit

Select the supplier and code the RCT to nominal code 2270 for the amount of €1,000

Save

F. Match out RCT Credit note against supplier invoice

Supplier > Supplier Payment

Credit note can be matched as per section D.

Alternatively , **select wizard**

Select Allocate all credit notes to invoices

Select the relevant supplier > Next

Verify that allocations are correct > Save

G. Paying the Supplier

Supplier > Supplier Payment

Select the supplier

Enter the payment details for the €4,000

Click **Pay in Full** (F3)

Save