

Accounting Aids for RCT & VAT on BrightBooks

Step by step guide on accounting for RCT and VAT in BrightBooks

1. Set up the supplier on BrightBooks
2. Enter the invoice on BrightBooks
3. Record the VAT journal on BrightBooks
4. Record the supplier payment on BrightBooks
5. Record VAT payment to Revenue
6. Record RCT payment to Revenue
7. Review the RCT control account on BrightBooks
8. Review the VAT control account on BrightBooks

Example for demo:

McBreen Environmental

Ex-VAT €2600

VAT 13.5% €351

RCT 20% €520

PRODUCT	COMMENT	QUANTITY	UNIT PRICE	SUB-TOTAL	TAX AMOUNT	TOTAL
	Mainline	1.00	€ 450.00	€ 450.00	€ 0.00	€ 450.00
	Mainline	1.00	€ 575.00	€ 575.00	€ 0.00	€ 575.00
	Per Tonne	2.00	€ 55.00	€ 110.00	€ 0.00	€ 110.00
	Mainline	1.00	€ 850.00	€ 850.00	€ 0.00	€ 850.00
	Branch Lines	1.00	€ 865.00	€ 865.00	€ 0.00	€ 865.00
	Discount	1.00	(€250.00)	(€250.00)	€ 0.00	(€250.00)
					Sub-Total	€ 2,600.00
					Sales Tax	€ 0.00
					Total	€ 2,600.00
					Amount Paid	(€ 0.00)
					Credit Amount	(€ 0.00)
					Amount Due	€ 2,600.00

McBreen Environmental		McBreen Environmental Drain Services Ltd	
		Lismagratty	
		Coochill Road	
		Cavan, Co Cavan	
		IE	

BILL TO:	Billing Type	Invoice
XXXXXXXXXXXXXXXXXXXX	Billing Number	90058457
XXXXXXXXXXXX	Billing Date	16/10/2023
XXXXXXXXXXXX	Billing Due Date	16/10/2023
XXXXXXXXXXXX	Job Name	CCTV survey & report Drainage Works - Scoil
XXXXXXXXXXXX	Job Reference	XXXXXXXXXXXX 2
Amount Due		€ 2,600.00

"VAT will be accounted for by the Principal Contractor."

Step 1: Set up a new supplier in the purchases module

Go to 'Purchases' > select 'Suppliers' > 'select' new to open the supplier account details

On general Info Enter supplier name, contact etc

On Invoice Settings tab

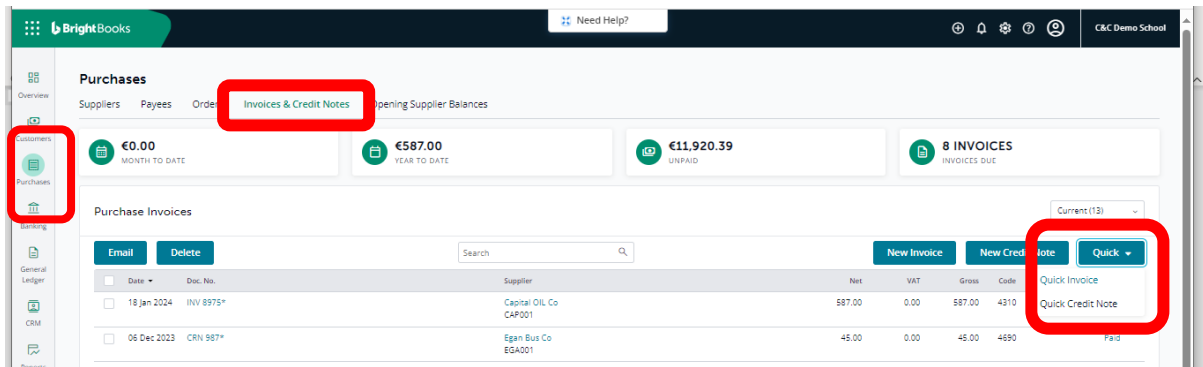
- Tick the box for RCT subcontractor
- Choose the default nominal code (i.e 5310 for our example)
- Check the default VAT code is now RCT 0.00%
- Choose the default department (i.e NPG)

The screenshot shows the 'Edit Supplier' interface for 'McBreen Environmental'. The 'Invoice Settings' tab is active. The form includes the following fields and settings:

- ACCOUNT INFORMATION:**
 - CREDIT TERMS: C.O.D.(0)
 - VAT NO.:
 - RCT Subcontractor
- DEFAULT INFORMATION:**
 - View A/c History
 - DEFAULT NOMINAL CODE: 5310
 - DEFAULT VAT CODE: RCT 0.00% (RCT VAT CODE)
 - BIC:
 - IBAN:
 - DEPARTMENT: NPG - Non pay grant
- INTRASTAT:**
 - DEFAULT ARRIVAL TERMS OF DELIVERY:
 - DEFAULT ARRIVAL MODE OF TRANSPORT:
 - DEFAULT NATURE OF TRANSACTION:

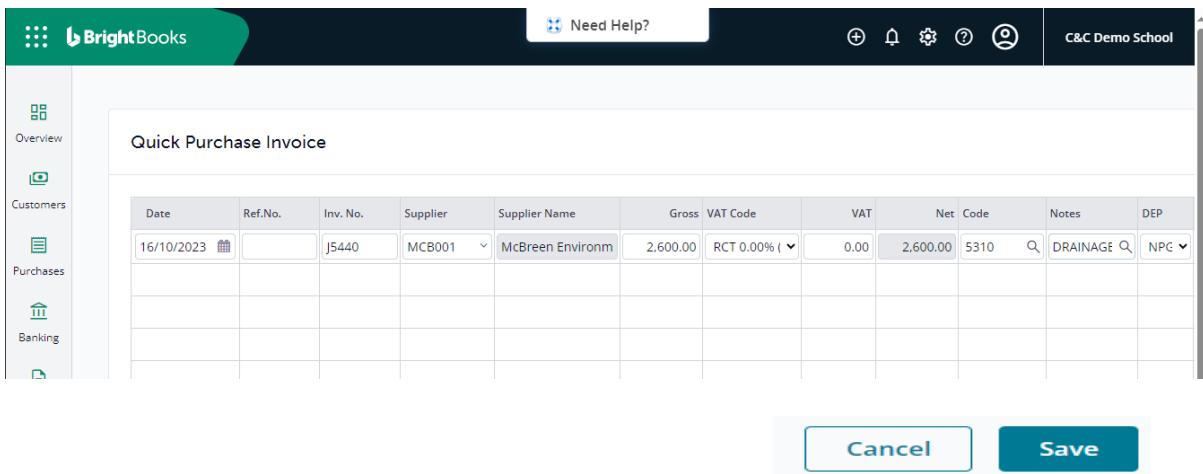
Red arrows in the image highlight the 'RCT Subcontractor' checkbox, the '5310' value in the 'DEFAULT NOMINAL CODE' field, the 'RCT 0.00% (RCT VAT CODE)' value in the 'DEFAULT VAT CODE' dropdown, and the 'NPG - Non pay grant' value in the 'DEPARTMENT' dropdown.

Step 2: Enter the invoice on BrightBooks



Choose Quick Invoice

- Enter invoice details
- The VAT code should automatically default to RCT 0.00% after ticking the box in step 1 (setting up the supplier) & Nominal code & Department will prefill as these were input on supplier set-up



Save Invoice

Step 3: Record the VAT journal

- Go to General Ledger, select 'Journals'

General Ledger

Chart of Accounts **Journals** VAT Returns VIES INTRASTAT

Chart of Accounts **Print** **New** **View** **Budget** This Year Suppress Zero Search

Code	Description	2023		2022	
		Debit	Credit	Debit	Credit
Income and Expenditure Account					
Income					
Department of Education					

- Select 'New'

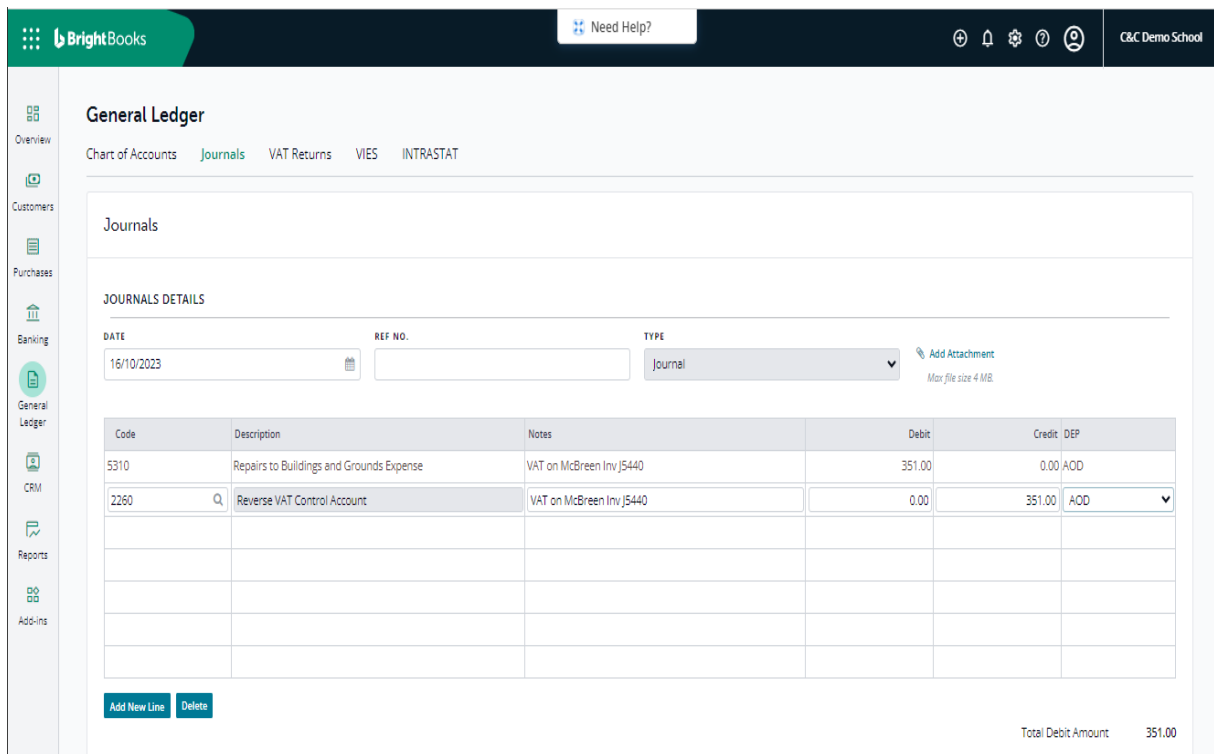
General Ledger

Chart of Accounts **Journals** VAT Returns VIES INTRASTAT

Journal **New** **View** **Delete** All (4) Current (4) Search

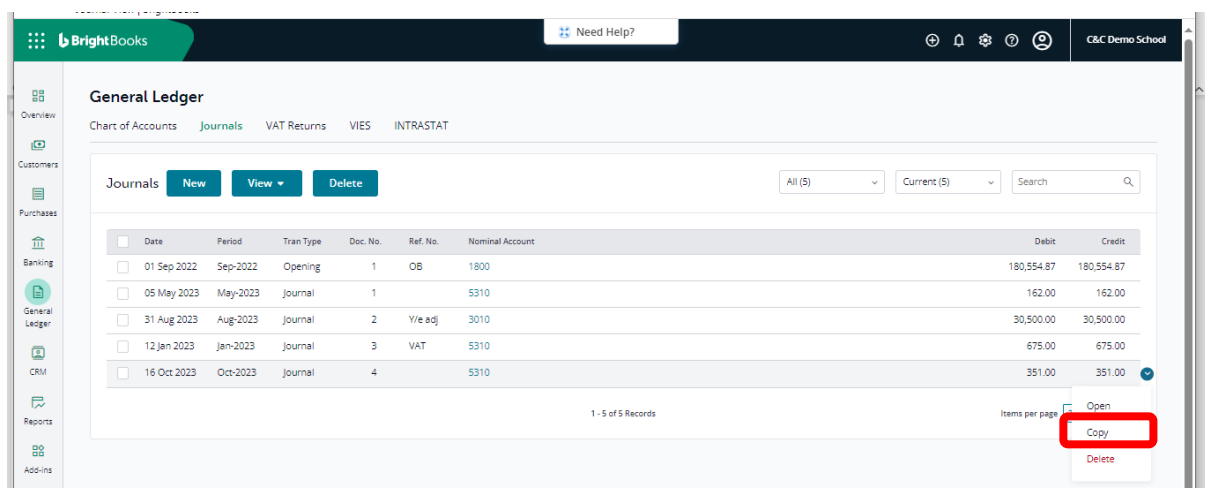
Enter Journal details

- Enter date, a reference no. and select a journal type
- Enter nominal code to which the VAT relates to (example is 5310 Repairs-Buildings/Grounds)
- Enter description in 'Notes' (Vat on McBreen Inv J5440)
- Enter VAT amount on debit side - €351
- Hit the 'Return' key to move onto the next line
- Enter nominal code of VAT control account '2260'
- Enter description in 'Notes' (Vat on McBreen Inv J5440)
- Enter VAT amount on credit side – €351



Copy journal function feature

- From 'General Ledger' > select 'Journals'.
- Hover over the journal you want to copy.
- The 'More' icon will appear on the right-hand side. Click on the arrow and select copy.



- Update the journal with the current details.
- Click save.

Step 4: Record the supplier payment on BrightBooks

Today's example - ROS payment notification, RCT deduction rate of 20%;

RCT @ 20%	€2600 x 20% = €520
Invoice J5440	€2600
Less RCT (20%)	<u>€520</u>
Payment to McBreen	€2080

Banking

Bank Accounts Receipts **Payments** Bank Reconciliation Bank Feeds

€0.00 MONTH TO DATE €1,052.00 YEAR TO DATE €5,920.39 UNALLOCATED

Payments Filter Payment ▾

Email Delete Search New **Quick Payment** Create SEPA File

- Under 'Banking'
- Select 'Quick Payments'
- Select bank account from dropdown menu
- Enter payment date
- Payment type i.e EFT
- Enter applicable dept i.e NPG
- Select supplier from dropdown menu – McBreen
- Enter invoice amount in amount box i.e €2080
- Click the 'allocation' button at bottom left of screen You now have the option of selecting what rate the RCT was deducted at;
- Select 20% RCT rate from dropdown (For example)

Quick Payment

BANK ACCOUNT

1800 Current Account 1 ▾

Date	Payment Type	DEP	Ref. No.	Supplier	Notes/Payee	Amount
26/10/2023	EFT	NPG		MCB001	McBreen Environment	2080.00
						2,080.00

Add Split **Allocation** Notes Attachments

On the allocation screen select the RCT rate 20% from dropdown for our example

Allocations

RCT RCT20 20.00

Date	Type	Doc No.	Notes	Amount	Paid to-date	Unpaid	Discount	Paid	RCT	✓
16/10/2023	Invoice	J5440	DRAINAGE SURVEY & REPAIRS	2,600.00	0.00	2,600.00	0.00	0.00	0.00	<input type="checkbox"/>
Totals				2,600.00	0.00	2,600.00	0.00	0.00	0.00	

Auto Reverse

Amount Left to Allocate 2,600.00

Cancel Save

Tick the RCT box on Right hand side

Allocations

RCT RCT20 20.00

Date	Type	Doc No.	Notes	Amount	Paid to-date	Unpaid	Discount	Paid	RCT	✓
16/10/2023	Invoice	J5440	DRAINAGE S	2600.00	0.00	0.00	0.00	2,080.00	520	<input checked="" type="checkbox"/>
Totals				2,600.00	0.00	2,600.00	0.00	0.00	0.00	

Auto Reverse

Amount Left to Allocate 0.00

Cancel Save

You can allocate the payment and RCT deduction against the invoice, & save x2

Note: The RCT will automatically be posted to 2270 (RCT Control Account)

Step 5: Record the VAT payment to Revenue

- To record the payment made to Revenue for VAT
- Go to 'Banking' > 'Payments' > 'Quick Payment' > select bank a/c

Banking

Bank Accounts Receipts **Payments** Bank Reconciliation Bank Feeds

€0.00 MONTH TO DATE €1,052.00 YEAR TO DATE €5,920.39 UNALLOCATED

Payments Filter Payment ▾

Email Delete Search **New** **Quick Payment** Create SEPA File

- Enter the payment details and post to nominal code 2260 (VAT control a/c) – select Save to finish

Quick Payment

BANK ACCOUNT
1800 Current Account 1 ▾

Date	Payment Type	DEP	Ref. No.	Supplier	Notes/Payee	Amount	VAT Code	VAT	Nom. Code	
23/11/2023	EFT ▾	AOD ▾			Revenue VAT Sept	351	Z 0.00% (Zero) ▾	0.00	2260	<input type="text"/>

Cancel Save

Step 6: Record the RCT payment to Revenue

- To record the payment made to Revenue for RCT
- Go to 'Banking' > 'Payments' > 'Quick Payment' > select bank a/c

Banking

Bank Accounts Receipts **Payments** Bank Reconciliation Bank Feeds

€0.00 MONTH TO DATE €1,052.00 YEAR TO DATE €5,920.39 UNALLOCATED

Payments Filter Payment ▾

Email Delete Search **New** **Quick Payment** Create SEPA File

- Enter the payment details and post to nominal code 2270 (RCT control a/c) – select save to exit

Quick Payment

BANK ACCOUNT
1800 Current Account 1 ▾

Date	Payment Type	DEP	Ref. No.	Supplier	Notes/Payee	Amount	VAT Code	VAT	Nom. Code	
23/11/2023	EFT ▾	AOD ▾	October RCT		Revenue	520	Z 0.00% (Zero) ▾	0.00	2270	<input type="text"/>

Cancel Save

Step 7: Review the RCT control account monthly Nominal '2270'

- To check, go to;
- 'General Ledger' > 'Chart of Accounts'
- Scroll down to nominal '2270'
- Balance should be zero (After payment is made to Revenue) or current Revenue liability if there have been further transactions

General Ledger Card
2270 - RCT Control Account
Select Code

Print Back Run Period Custom Sep-2022 Nov-2022

Date	Period	Description	Notes	Product	Debit	Credit	Balance
24 Oct 2022	Oct-2022	Payment 15 Dunne Electrical Ltd	Dunne Electrical Ltd		-	520.00	-520.00
25 Oct 2022	Oct-2022	Payment 14 McBreen Environmental 789	McBreen Environmental		-	520.00	-1,040.00
23 Nov 2022	Nov-2022	Payment 19 Revenue October RCT	Revenue		1,040.00	-	0.00
Total					1,040.00	1,040.00	0.00
							0.00 BALANCE

Step 8: Review the VAT control account monthly Nominal '2260'

- To check, go to;
- 'General Ledger' > 'Chart of Accounts'
- Scroll down to nominal '2260'
- Balance should be zero (After payment VAT bill is paid) or current Revenue liability if there have been additional transactions

General Ledger Card
2260 - Reverse VAT Control
Account
Select Code

Print Back Run Period Custom Sep-2023 Aug-2024

Date	Period	Description	Notes	Product	Debit	Credit	Balance
16 Oct 2023	Oct-2023	Nominal Journal 4 VAT on McBreen Inv J5440	VAT on McBreen Inv J5440		-	351.00	-351.00
23 Nov 2023	Nov-2023	Payment 18 Revenue VAT Sept/Oct	Revenue VAT Sept/Oct		351.00	-	0.00
Total					351.00	351.00	0.00
							0.00 BALANCE