



## VAT only transactions

### VAT only credit memos

#### When are VAT only credit memos used?

Where VAT has previously been incorrectly charged to a customer on a sales invoice. The credit memo is applied back to the original invoice and so that it is the adjusted value that appears on the customer's statement.

Navigate: Transactions → Transactions

#### Step 1: Creating the header

A credit memo is a type of “transaction” in CUFS.

- Navigate : **Transactions** > **Transactions**
- Complete the fields below:

<b>Source</b>	Manual Invoice defaults in, <u>do not change</u>
<b>Class</b>	<b>Credit Memo</b>
<b>Type</b>	<b>XX Credit Memo</b>
<b>Date</b>	Date of transaction created (can adjust as has no impact on due date)
<b>GL Date</b>	The date the transaction will reflect in your departmental accounts
<b>Currency</b>	Ensure you use the currency as the original invoice normally GBP. <i>You can use Euro and USD however, all losses on exchange rates are the responsibility of the department.</i>

Transactions (Cambridge University : GBP)

<b>Transaction</b>			
Source	Manual Invoice	Date	31-JAN-2014
Number		GL Date	31-JAN-2014
Class	Credit Memo	Currency	GBP
Type	AG Credit Memo	Document Num	
Reference		Transaction	[ ]
Legal Entity	Cambridge University	<input type="checkbox"/> Complete	

*When you are crediting back a line from an invoice or an entire invoice it is important to ensure that the credit is coded back to the same account code that was used on the original invoice*



### Step 3: Main tab – enter customer details

Enter the **Bill To** information:

- Enter the customer details by placing the cursor into the first line of the **bill to** section.
- Click on the **list of values**, enter the customer name and click **find**. This will display the results that match your search criteria.
- **Select** the correct customer you wish to use and ensure it matches the original invoice.

*Alternatively, if you know the customer number: enter it in the second line of the bill to section and tab.*

### Step 3: More tab – add salesperson and optionally the purchase order number

- Salesperson** Search and select from pre-defined list of values (see *Setting up a salesperson*).
- Purchase order number** Enter in this free text field if customer has provided one.



**Step 4: Reference information tab – enter reason and sales invoice number**

- a) **Reason** Enter a valid reason for the credit from list of values.
- b) **Customer Reference** Enter the invoice number the credit relates to

**Step 5: Line Items**

VAT only credit notes must be entered onto the system exactly as shown; otherwise the VAT may not credit back directly to the VAT account.

1. Credit the entire invoice line in full using the original tax

Credit memo balance shown here

Notice entire balance appears in Tax field

Transaction	Lines	Tax	Freight
Total (20.00)	0.00	(20.00)	0.00

Num	Item	Description	UOM	Quantity	Unit Price	Amount	Tax Classifica	Trans
1		Credit for incorrect VAT		-1	100	(100.00)	20.0 - Standar	
2		Set of Books		1	100	100.00	EX - Exempt	

2. Re-bill the customer for the entire invoice line using the correct tax code

- a) Line 1 - reverse out the line from the original invoice
  - **Description** A free text field - enter the details of invoice you are crediting
  - **UOM** Unit of Measure – optional field, chose appropriately
  - **Quantity** Enter a **negative value** here
  - **Unit Price** Value of product or service you provided
  - **Amount** Calculates once quantity and unit price have been entered
  - **Tax classification** Use the same tax code as the original line that is being credited



- b) Line 2 - re-enter the item with the correct tax code
- **Description** A free text field - enter the details of invoice you are crediting
  - **UOM** Unit of Measure – optional field, chose appropriately
  - **Quantity** Enter a **positive value** here
  - **Unit Price** Value of product or service you provided
  - **Amount** Calculates once quantity and unit price have been entered
  - **Tax classification** Select the **correct VAT code** from the list of values, (e.g. exempt, zero-rated or outside the scope).
- c) Once your lines are complete, you must update the accounting information by clicking on the **Distributions** button.

## Step 6: Entering distribution codes

**Remember: only change the revenue line.**

- a) Click on the drop down arrow and select **Account for all lines** to view all lines as seen below.
- b) Update the **GL account codes** on the *Revenue* lines as **per the original invoice**.

Trans Line	Detail Line	Class	GL Account	GL Date	%	Distribution Amount
		Receivable	U.00.0000.0000.UBAA.0000	31-JAN-2014	100.0000	(20.00)
1		Revenue	U.AG.AGBA.GAAA.LKAA.0000	31-JAN-2014	100.0000	(100.00)
1	1	Tax	U.00.0000.0000.VCCA.0000	31-JAN-2014	100.0000	(20.00)
2		Revenue	U.AG.AGBA.GAAA.LKAA.0000	31-JAN-2014	100.0000	100.00
2	1	Tax	U.00.0000.0000.VCCA.0000	31-JAN-2014	100.0000	0.00

Transaction Line Amount: 100.00

GL Posted Date:

Accounting Rule:

Description:

Tax Account:

Description:

Comments:

- c) Navigate back up to the *Transaction* page by closing this page and its associated *Lines* page.
- d) **Complete** the credit note
- e) **Apply** the credit memo to the original invoice and send a copy of the credit memo to the customer (see *Matching Credit to Invoice* guidance).



## VAT only invoices

### When are VAT only invoices used?

Where the University has under-charged VAT to a customer on a previous sales invoice and needs to account retrospectively for this amount.

**Navigate: Transactions → Transactions**

### Step 1: Creating the Header

An invoice is a type of “transaction” in CUFS.

- c) Navigate : **Transactions** > **Transactions**
- d) Complete the fields below:

<b>Source</b>	Manual Invoice defaults in, <u>do not change</u>
<b>Class</b>	<b>Invoice</b>
<b>Type</b>	<b>XX Invoice</b>
<b>Date</b>	Date of transaction created (can adjust as has no impact on due date)
<b>GL Date</b>	The date the transaction will reflect in your departmental accounts
<b>Currency</b>	Ensure you use the currency as the original invoice e.g. GBP.

Transactions (Cambridge University : GBP)

**Transaction**

Source	Manual Invoice	Date	13-FEB-2020
Number		GL Date	13-FEB-2020
Class	Invoice	Currency	GBP
Type	AG Invoice	Document Num	
Reference		Transaction	[ ]
		<input type="checkbox"/> Complete	

*When raising a VAT invoice, it is important to ensure it is coded to the same account code used for the related, original invoice.*



## Step 2: Main tab – enter customer details

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Enter the **Bill To** information:

- Enter the customer details by placing the cursor into the first line of the **bill to** section.
- Click on the **list of values**, enter the customer name and click **find**. This will display the results that match your search criteria.
- **Select** the correct customer you wish to use.  
*Alternatively, if you know the customer number: enter it in the second line of the bill to section and tab.*

## Step 3: More tab

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The screenshot shows the 'More' tab of a software interface. It features several input fields and dropdown menus. The 'Salesperson' field is set to 'AG - ALBAN JAGGER'. The 'Purchase Order' section includes fields for 'Number', 'Revision', and 'Date'. The 'Remit To' section has an 'Address' field with a dropdown menu showing 'University of Cambridge' selected, and a list of address details below it. Red arrows point to the 'Salesperson' and 'Purchase Order' sections.

- c) **Salesperson** Search and select from pre-defined list of values (see *Setting up a salesperson*).
- d) **Purchase order number** Enter in this free text field if customer has provided one.



## Step 4: Line Items

VAT only invoices should be entered as two lines;

Line 1: For the original invoice amount, but charged to the correct VAT code e.g. SR20%

Line 2: A negative line for the same net amount using the original VAT Rate (ZR/OS/EX)

Transaction	Lines	Tax	Freight
80.00	0.00	80.00	0.00

  

Num	Item	Description	UOM	Quantity	Unit Price	Amount	Tax Classifica	Trar
1		VAT Amount for Invoice 963412		1	400	400.00	20.0 - Standar	
2		VAT Amount for Invoice 963412		1	-400	(400.00)	ZR - Zero Rate	

Line 2 reverses out the Line 1 gross amount, leaving only the VAT amount we wish to charge.

a) Line 1 - enter original invoice amount, with correct tax code

- **Description** A free text field – enter details of original invoice transaction relates to
- **UOM** Unit of Measure – optional field, chose appropriately
- **Quantity** Enter a **positive value** here
- **Unit Price** Value of product or service you provided
- **Amount** Calculates once quantity and unit price have been entered
- **Tax classification** Use SR20% tax code to account for VAT on original invoice

d) Line 2 - reverse out line from original, incorrect zero-rated invoice.

- **Description** A free text field – enter details of original invoice transaction relates to
- **UOM** Unit of Measure – optional field, chose appropriately
- **Quantity** Enter a **negative value** here
- **Unit Price** Value of product or service you provided
- **Amount** Calculates once quantity and unit price have been entered
- **Tax classification** Select the **correct original invoice VAT code** (e.g. zero-rated, exempt, out of scope)

e) Once your lines are complete, you must update the accounting information by clicking on the **Distributions** button.



## Step 5: Entering distribution codes

Once you have clicked on distributions, the following screen displays. This is where you enter the codes as to where the income is to go to. **You must only change the revenue line.** To view all lines as seen below, click on the drop down arrow and select Account for all lines.

Trans Line	Detail Line	Class	GL Account	GL Date	%	Distribution Amount
		Receivable	U.00.0000.0000.UBAA.0000	13-FEB-2020	100.0000	80.00
1		Revenue	U.AG.ZZZZ.GAAA.0000	13-FEB-2020	100.0000	400.00
1	1	Tax	U.00.0000.0000.VCCA.0000	13-FEB-2020	100.0000	80.00
2		Revenue	U.AG.ZZZZ.GAAA.0000	13-FEB-2020	100.0000	(400.00)
2	1	Tax	U.00.0000.0000.VCCA.0000	13-FEB-2020	100.0000	0.00

Transaction Line Amount:

GL Posted Date:  Accounting Rule:

Description: UC.Balance Sheet.Default.Balance Sheet.Default.Trade Debtors.Default

Tax Account:

Description:

Comments:

- The revenue GL account will automatically populate. The code must be changed using the list of values to choose:

Entity:  UC

Department:  Finance

Cost Centre:  Training

Source of Funds:  External Trading

Transaction:  Sales/Income - Miscellaneous

Spare:  Default

Buttons: OK, Cancel, Combinations, Clear, Help

a) The correct cost centre segment (area of activity) e.g. ??BA

b) The transaction segment (income code: L\_\_\_\_ or K\_\_\_\_).

However, if a standard memo line was used, the transaction segment of the account will default in automatically, but you will still need to amend the cost centre segment.

Repeat steps a) and b) for each line of the invoice and **Save**.