

How to input purchase invoices from suppliers that are outside of the EU A.k.a “Point Of Entry VAT”

Point Of Entry VAT is only applied on purchases from suppliers that are outside the EU. To handle this on SortMyBooks Online follow the following steps.

1. You buy in goods from a non-EU supplier and the supplier sends you an invoice (Invoice1). You will also receive an invoice from the delivery company (Invoice 2). First thing you need to do is setup the Supplier and the delivery company under “*Purchases – Suppliers*”.

Note: Make sure the supplier is setup with the correct country selected and that the “*VAT Registered*” box is **unticked**.

2. Now you need to make sure the Invoices are entered correctly. First off the Suppliers invoice: Invoice 1.

This is from your supplier in their currency – Input this into Purchases at zero% VAT, with the Euro amount that you paid for it – you may have to wait until this clears your bank account to get the correct Euro amount paid. That’s all you have to do with that invoice.

Secondly you need to enter the invoice from the delivery company: Invoice 2. The invoice the delivery company sends you is generally just for VAT (that you are allowed to reclaim), but may also have additional charges from them for delivery or handling etc. See example:

VAT amount is 935
Delivery and handling charge of 65.
Total invoice amount is 1000

First of all you need to figure out the Net amount. Do this by dividing the VAT by 21 and multiplying by 100.

$$935 / 21 * 100 = 4452.38$$

Once you’ve figured out the Net then input a purchase invoice as follows:

Select the delivery company from the Supplier list and enter the invoice number and date, then click OK. Enter in the details and nominal, selecting 21% as the VAT rate and type in 4452.38 as the Net. This should give you a VAT amount of 935. Click “OK” to save this line.

Click on “*Add New Line*”.

Enter the same details and nominal as above, but this time select Zero% as the VAT rate and type in -452.38 into the Gross Amount. Now click “*Save*”.

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Click on “*Add New Line*” again.

Type in the remaining amount for delivery and handling eg. 65. Click “*Save*” again.

3. Final step to make sure that it is correct!

On the screen it should display the 3 invoice lines and the totals in the bottom right.

Subtotal: 65

VAT Total: 935

Total: 1000

Amount Due: 1000

Now click “OK” to save the invoice. This should take you back to the Purchase Invoice master screen with all the invoices listed.