## How to record expenses incurred by director on civil service rates

If the Directors are incurring mileage and subsistence expenses as per the Revenue's rates – see full information here for rules and rates <u>http://www.revenue.ie/en/tax/it/employee-expenses.html</u>

- then continue reading for a method of tracking that within SortMyBooks.

If you have not already done so then the first thing you should do is create a Director Loan account for each Director. If you've already set up Director Loan accounts then you can use that.

To set up Director Loan Account click on Accounts and Bank and Add.

	Make sure the typ	e is Loan		
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ach Director	: Type in the name of the Bank Ac	count and select the T	ype it is eg. Bank Account, Loan A	ccount, Credit Card, Till Account,
each Director	: Type in the name of the Bank Ac - This is a Tax Asset Accord teg	count and select the T a. Professional Service	ype it is eg. Bank Account, Loan A s Withholding Tax or TCL - Tax Lie	account, Credit Card, Till Account, ability Account where you owe Re
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In Bank Name type in 'Director' plus the Director's name.

In Type make sure you select 'Loan'

Click on Ok to Save the Account.

Click on Purchases tab and click on Suppliers.

Name:*	County:	Adding Suppliers
Director Anne Payee:*	Post Code:	This section can be used to add Suppliers, Sub- Contractors, Employees or any Other people that your company deals with.
Supplier		
Credit Terms:	Country:*	
30	Ireland	Just use the Payee section to differentiate between each type.
Address Line1:	Default Item:	
	Service +	
Address Line2:	National Currency:*	
	Euro	
Address Line3:		
	- VAT Exempt	
City/Town:	I - VAT Registered	

You are going to add the Director as a Supplier – type in 'Director' plus the Director's Name.

Now we are going to attach an item called 'Expenses' to the Director's Supplier record to make data entry faster. Click on the Plus symbol where you see Default Item.

Name:*	County:	Adding Suppliers
Director Anne		This section can be used to add Suppliers. Sub-
Payee:*	Post Code:	Contractors, Employees or any Other people that
Supplier		
Credit Terms:	Country:*	Lusting the Percenticute differentiate between
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Select the Service from the dropdown and type in Name 'Expenses', select Zero% for the Purchases VAT Rate and select 'Travel and Subsistence' from the Purchase Nominal drop down list.

	Which: 1	Cost/Unit:	
Name:*	Service 🔹		Services
Director Anne	Service:*		Use this section to add the
ayee:*	Expenses 2	Selling VAT Rate:	various Products or Services
Supplier	Experioed		your company buys and sells.
Credit Terms:	Selling Description:	Purchase VAT Rate:	
30 😫		Zero	If you are buying in goods for
Address Line1:	Purchase Description:	Internal Reference:	resale then you can specify both purchase and sales prices here on the same item
Address Line2:	Price/Unit:	Sales Nominal:	to give you accurate Profit Margins.
Address Line3:		Purchase Nominal:	You can also specify which
		Travel and Subsistence	apply to, aswell as the
City/Town:		Supplier:	Supplier - if it is the same everytime.
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Click on OK to complete the set-up.

You've completed the set-up so what you need to do now is every month or whenever you are recording the Directors' Expenses you should enter them in as a Purchase Invoice as follows:

Click on Purchases and Invoices and Add.

Select the Director's name from the Dropdown list, type in the month as the Invoice Number and select the Date for the Expenses and click on OK.

Type into Gross the amount that is owed to the Director.

Tick the 'Add Full Payment' box and select type 'Cash' and make sure you select the 'Director ' Account from the Account dropdown list.

The Expenses will show in the Travel and Subsistence section of your Profit and Loss report. The expenses will remain as a liability on the accounts until such time as it is paid back via an Account Transfer from the business account back to the Director's Loan.

When you are reimbursing the Director for the Expenses you need to do this as an Account Transfer. Click on Accounts and Bank and click on the Account that you are paying the Director back from eg. the Current Account.

Click on Transfer tab and type in the amount and select the Director account from the Account drop down list and click on OK.

The liability (or the amount showing as owing) to the Director will decrease.