How to enter a Purchase Invoice from an EU Supplier

If you import items from another EU country for your business then you should follow these steps to make sure that you input the purchase invoices correctly. We'll do it on a case by case basis because there are a few variables to this. What makes it complicated is the VAT. So read on and if you do not see your particular case mentioned then please create a support ticket and outline your scenario and we'll add it to the Cases.

Case 1: Your business is not VAT registered

This is easy, it is the handling of the VAT that makes this complicated. All you need to do is enter in your purchase invoice as usual with 0% VAT. If you were invoiced in a different currency to Euro then you should input the Euro amount that you paid as the Invoice amount.

Case 2: You are VAT registered and your Supplier is VAT registered and is in an EU country

When you and your supplier are based in different EU countries but are both VAT registered then you should not pay them any VAT. You need to give them your VAT number so that they can invoice you at 0% VAT.

How you input this into SortMyBooks is as follows:

First you have to enter your supplier information so click on Purchases and Suppliers.

Then click the add button.

Enter your supplier details – you have to choose their Country from the drop down list and make sure that the VAT registered box is ticked.

When you enter your purchase invoice in the invoice section, select your item from the list or if you haven't set up any items then choose Product and select the VAT rate that you would have paid if you had bought the goods in Ireland. I know that sounds crazy it is a Revenue rule though – eg. You

imported wine from France choose 21% as the VAT rate and in Gross enter in the amount that you paid to your Supplier.

Notice that even though the VAT rate is 21% the amount of VAT is still 0.

When you run your VAT 3 report for the period you will see that your VAT amount is displaying in both the T1 and the T2 boxes. In other words the amounts cancel each other out but you are obliged to report it to Revenue in this way.

VAT3 - T1 breakdown

Geraldine O'Connor

Period: Jul-Aug 2011
VAT3 Calculation Type: cash

Invoices

Paydate	Invoice date	Inv No	Customer	VAT Rate	Net	Paid	Gross	VAT	EU/RCV	Total VAT
-	20/07/2011	555	French Company	21%	200.00	0.00	200.00	0.00	42.00	42.00
06/07/2011	06/07/2011	159	Till Sale	21%	5,000.00	6,050.00	6,050.00	1,050.00	0.00	1,050.00
06/07/2011	06/07/2011	159	Till Sale	21%	0.00	0.00	0.00	0.00	0.00	0.00
-	-	-	-	-	5,200.00	6,050.00	6,250.00	1,050.00	42.00	1,092.00

VAT3 - T2 breakdown

Geraldine O'Connor

Period: Jul-Aug 2011
VAT3 Calculation Type: cash

Invoices

Invoice date	Seq.	Inv No	Supplier	VAT Rate	Net	VAT	EU/RCV	Total VAT	Gross
20/07/2011	70	555	French Company	21%	200.00	0.00	42.00	42.00	200.00
-	-	-	-	-	200.00	0.00	42.00	42.00	200.00

When you run your VAT 3 form for the period you will see you have your EU purchase figure showing in your E2 box. If you have imported a service it will not display here. The Revenue is only interested in the reporting of physical goods between EU countries in the E2 box. So if you have imported a physical product make sure you have set it up as a Product.

VAT3 - E2 breakdown

Geraldine O'Connor

Period: Jul-Aug 2011
VAT3 Calculation Type: cash

Invoices

Invoice date	Inv No	Supplier	VAT Rate	Net	VAT	Gross	Country
20/07/2011	555	French Company	21%	200.00	42.00	200.00	France
-	-	-	-	200.00	42.00	200.00	-

Case 3: You are VAT registered and your Supplier in the EU is not VAT registered

This is an easy one, set up your Supplier again making sure you choose the correct country for them and untick the VAT Registered box. Enter in the purchase invoice with 0% as your VAT rate.