How to enter Small Business Exemption vouchers into SortMyBooks so that they show up correctly on your Balance Sheet for Wages Control and on the Profit and Loss Report

The Small Business Exemption is the rule that allows us to give our employees a gift voucher tax free. See here for more details on the rules around it. It's important that you enter the details correctly into SortMyBooks.

This document does not show you how to enter these details into your payroll software correctly. You need to look at the help documents for your payroll software for that.

What changed in 2024 is that we must report any vouchers we give employees under the Small Business Exemption through our payroll. This changes how we need to enter the details on SortMyBooks so our Wages Control account is accurate and so that we're not showing the cost of the vouchers twice on our Profit and Loss report, once through the invoice from the supplier and secondly through increased wages cost.

The documents that you'll need are:

1. Invoice from your supplier for the vouchers.
2. Payroll report for the period covering the vouchers.

NB: If you're using Cloudpay software and posting your journals direct into SortMyBooks from Cloudpay skip to the section titled Cloudpay.

Firstly, you need to make sure you have the appropriate nominals in SortMyBooks to handle this. We need to add a Profit and Loss Nominal and a Balance Sheet Nominal. You might already have a Profit and Loss Nominal that you've been using to record vouchers for staff. If you don't:

Click on Tools and Nominals and scroll down to Expenses and Other (69000), click on Other and click on New on the right hand side and add in a Nominal called Small Business Exemption or Employee Gift Vouchers. That's the Profit and Loss Nominal taken care of.

Next scroll down to Current Liabilities, click on Payroll (22000) and click on Add to add a new sub-nominal called **Small Business Exemption Control** and click on Save.

Add your supplier invoice into Purchases and Invoices. If you've already put it in, then you will need to change the Nominal.

Change the Nominal to **Small Business Exemption Control** (eg the Balance Sheet Nominal). If this Nominal isn't showing in your dropdown even though you've added it, then click on Home Tab, Settings, Sharing and click on your name and check the permission **All Nominals** is ticked.

If the invoice from your supplier has additional charges, eg. there might be x amount for vouchers and then a charge, you need to add the charge as a separate line with nominal finance charge. Only the face value of the vouchers should be allocated to **Small Business Exemption Control**.

Add the journal for your payroll covering that period. The small business exemption may show up as "Expenses" on your payroll report. You should be able to figure it out by the amount.

You need to add an additional line for your payroll journal:

Debit: Small Business Exemption (P&L), Credit: Small Business Exemption Control (BS) with the amount of the vouchers.

To check your work once you've finished:

Click on Reports, Ledger Reports and Balance Sheet. On the top left hand side under details choose Include Sub-nominals. Check the date range covers the period you want to check, and click on Apply.

Scroll down to the section Current Liabilities, scroll past the list of Creditors until you see the heading Payroll. Check the figure under Wages Control. That will always return to 0 when you've entered everything correctly.

The only reason that won't be 0 is if there's an error. Check when it first started and go back and see what's causing it. An error occurs when there's a difference between what your payroll journal said your net wages should be and the amount you've paid to employees and tagged in SortMyBooks as net wages is different.

Or if your salaries/wages are paid weekly but you only do a monthly payroll journal. This isn't an error, but you can check it again when you've paid the last wages of the month and you've entered your payroll journal for the month.

Cloudpay users

If you're using Cloudpay, you've integrated it with SortMyBooks and you post the Journals direct from Cloudpay once a month then read on for instructions.

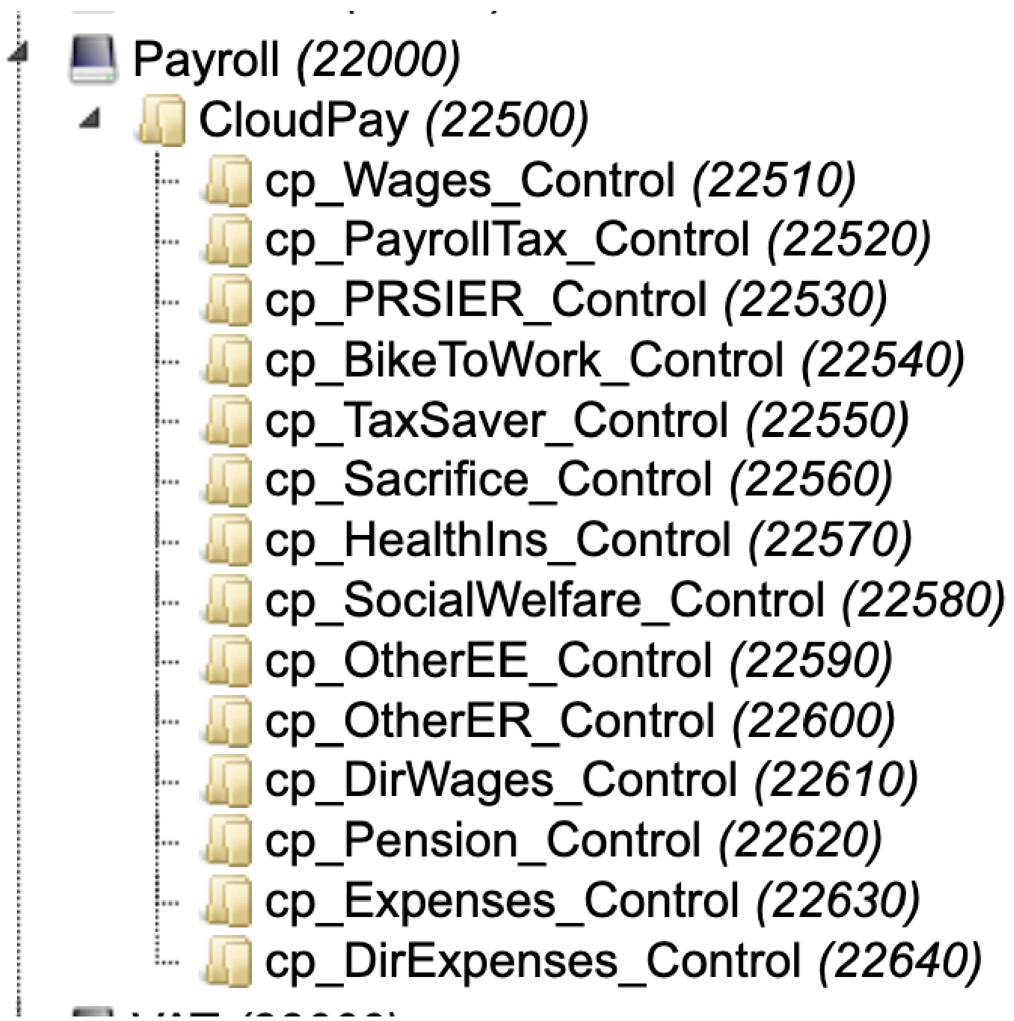
Cloudpay has already created Nominals on the Balance Sheet and Profit and Loss. Cloudpay uses the following Nominals

Profit and Loss:

Other
- CloudPay
- - cp_DirPayroll
- - cp_EmpPayroll
- - cp_Expenses
- - cp_PRSIER

Cloudpay puts the Small Benefit Exemption amounts into cp_Expenses

On the Balance Sheet Cloudpay uses these Nominals:



It breaks the Small Business Benefit into directors and non-director employees so it'll show the Small Business Benefit in:
cp_Expenses_Control
cp_DirExpenses_Control

Add your supplier invoice into Purchases and Invoices. If you've already put it in, then you will need to change the Nominal.

Change the Nominal to **cp_Expenses_Control** (eg the Balance Sheet Nominal). If this Nominal isn't showing in your dropdown even though you've added it, then click on Home Tab, Settings, Sharing and click on your name and check the permission **All Nominals** is ticked.

If the directors have also got vouchers you'll need to add a separate line in your purchase invoice for the amount they received with the nominal **cp_DirExpenses_Control**.

If the invoice from your supplier has additional charges, eg. there might be x amount for vouchers and then a charge, you need to add the charge as a separate line with nominal finance charge. Only the face value of the vouchers should be allocated to **cp_DirExpenses_Control** and **cp_Expenses_Control**.

Cloudpay includes the small business exemption vouchers as Expenses on the Profit and Loss side using the nominal **cp_Expenses**. I prefer to have a separate nominal for Small Business Benefit which I've added under 'Other 69000' on the P&L.

If you're happy with Cloudpay's version then you don't need to make any changes to the journal but if you want to make a Small Business Benefit nominal and use that, then first add it to Nominals - Tools and Nominals.

Change the journal Cloudpay has posted. Click on Accounts and Journals and find the journal with the small business benefit amounts. Click on it and find the line with the small business benefit amounts and change it as follows:

Debit	Credit	Description	Asset Name	Asset Class	Job	Debit Amount	Credit Amount	I
Small Business Exemption Vouchers	cp_DirExpenses_Control	Dir Expenses				2,000.00	2,000.00	
Small Business Exemption Vouchers	cp_Expenses_Control	Expenses				1,350.00	1,350.00	

Change the Debit Nominal for the **cp_DirExpenses** and the **cp_Expenses** to **Small Business Exemption Vouchers (P&L)**

To check your work once you've finished:

Click on Reports, Ledger Reports and Balance Sheet. On the top left hand side under details choose Include Sub-nominals. Check the date range covers the period you want to check, and click on Apply.

Scroll down to the section Current Liabilities, scroll past the list of Creditors until you see the heading Payroll and Cloudpay. Check the figure under cp_DirWages_ Control and cp_Wages_Control. That will always return to 0 when you've entered everything correctly.

The only reason that won’t be 0 is if there’s an error. Check when it first started and go back and see what’s causing it.

An error occurs when there’s a difference between what your payroll journal said your net wages should be and the amount you’ve tagged in SortMyBooks as net wages is different.

Or if your salaries/wages are paid weekly but you only do a monthly payroll journal. This isn’t an error, but you can check it again when you’ve paid the last wages of the month and you’ve posted your payroll journal for the month from Cloudpay.