

FMS6 Procedure Note 43

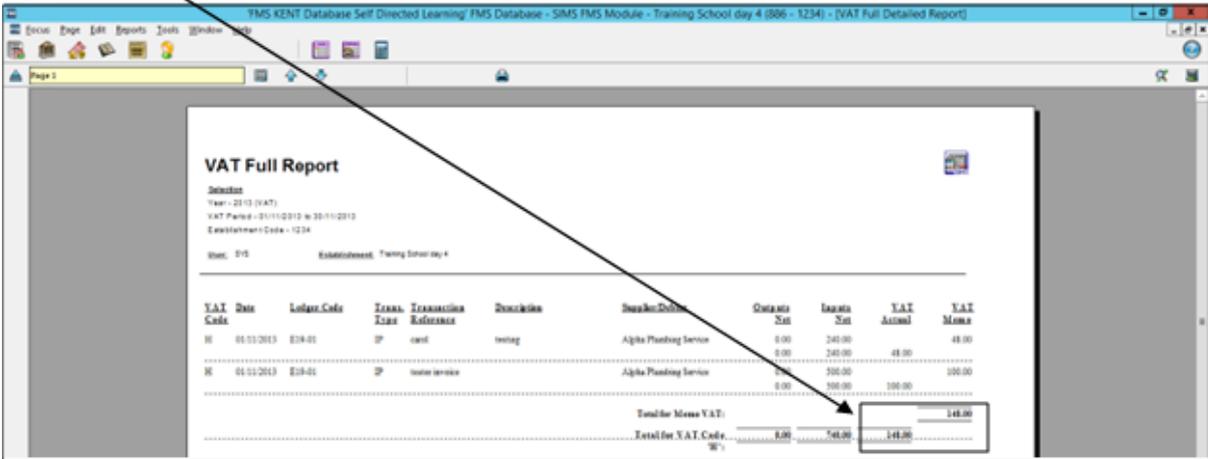
VAT Returns – VAT Tolerances Correction Before The VAT Submittal Report Has Been Printed

Last updated: September 2024

It is essential to check the VAT Actual and VAT Memo Amounts on the VAT Full Report, as referred to in FMS6 Procedure Note 42, Stage 2, before the VAT Submittal Report has been submitted. Errors identified at this stage can be corrected within the current VAT period which ensures that the VAT reimbursement can be advanced without delay.

For VAT codes where VAT has been paid, i.e., codes G and H, (or VAT has been collected, i.e, VAT codes 2 and 8) two types of VAT amount will be given for each transaction:

VAT Actual – the total amount paid (or collected) that has been posted to FMS6



VAT Full Report

Section
Year – 2013 (VAT)
VAT Period – 01/11/2012 to 30/11/2013
Establishment Code – 1234
Site – 015 Establishment – Training School day 4

VAT Code	Date	Ledger Code	Term	Transaction Type	Description	Supplier/Debtor	Output Tax	Input Tax	VAT Actual	VAT Memo
H	01/11/2013	E04-01	3P	rent	renting	Alpha Plumbing Service	0.00	240.00	48.00	48.00
H	01/11/2013	E04-01	3P	water service		Alpha Plumbing Service	0.00	500.00	100.00	100.00
Total for Memo VAT:									148.00	148.00
Total for VAT Code:							0.00	740.00	148.00	

VAT Memo – the VAT amount that has been calculated by FMS6 for each transaction

You must check the subtotals for these VAT codes to ensure that both the VAT Actual & VAT Memo amounts agree (a difference of 20p or less is acceptable as this allows for penny variances on individual invoices).

Please note – Where there is a large volume of transactions, it is possible that the 20p difference will be exceeded on the VAT code totals, but will not be due to an individual entry, it will be due to penny variances on a number of invoices. If this is the case, then please upload your VAT Full Report (MTD) to the portal as normal.

If the difference is not due to penny variances, the individual entries on the VAT code will need to be checked to identify each invoice where the VAT Actual and VAT Memo amounts differ by more than 20p. You will then need to check the original documentation to determine why there is a difference; it is likely that the correct amount of VAT has been claimed and that the net amount has not been split between the correct VAT codes.

Please refer to the [Schools VAT Manual](#) for information on the correct VAT categories. This can be found on Kelsi (School Finance – Returns and Monitoring – VAT and income tax).

To correct an invoice that has been entered onto FMS6 incorrectly, you will need to raise a credit note and enter the net amounts **exactly** as they were processed originally, i.e., create a mirror image, (note: you will need to override the VAT amount to match the original error). A non-order invoice is then required ensuring that the net amounts are charged to the correct VAT codes. Finally, process a cheque run for the credit note and the invoice; this will produce a zero payment report.

Corrections **must not** be made using the cash book journal route as the entries will be posted to the following VAT period.

Once the correcting entries have been posted, reprint the VAT Full Report and recheck that the VAT Actual & VAT Memo totals are now correct. Return to Procedure Note 42 'VAT Returns – VAT Automation for FMS6 Schools' Stage 3.

Please note that if the error relates to a cash book journal, then please refer to Procedure Note 43a Section 2. As journals are dated the day that they are input on to FMS6, corrections cannot be posted back to the original VAT return. For example, if a correcting Cash Book Journal was posted in July, it could still be input to FMS6 period 3 (if still open), but it would automatically post to VAT period 4 because it is dated October. Therefore, the correction would appear in July's VAT return.

Please note that if the error relates to a petty cash transaction, then please refer to Procedure Note 43a Section 3.

For any further assistance please contact the helpdesk on **03301 651 001** or email schoolsfinancialservices@theeducationpeople.org