

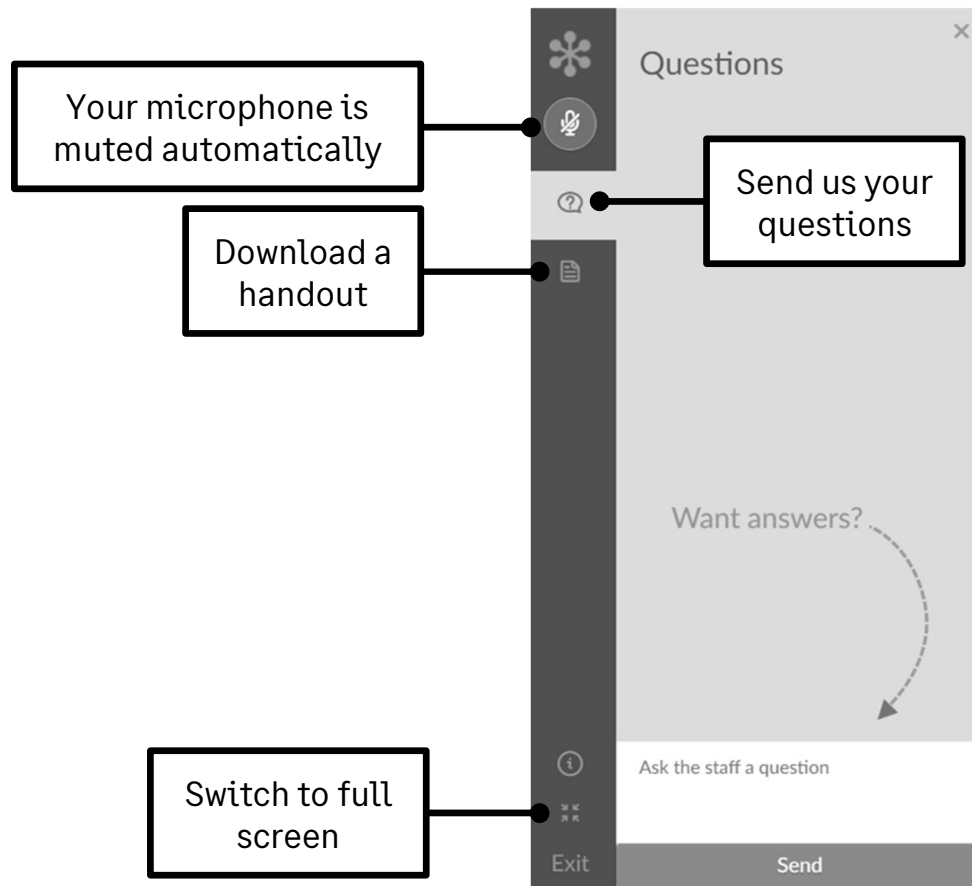
Credit Control Bad Debt.

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Sage



Housekeeping



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Bad Debt.

Introduction

- You must have already accounted for the VAT on the supplies and paid it to HMRC.
- You must have written off the debt in your day to day VAT Accounts and transferred it to a separate bad debt account.
- The debt must have remained unpaid for a period of six months...

***HMRC Notice 700/18 (February 2013)
Relief from VAT on bad debts***

Bad Debt.

Setting up your Nominal ledger

- Settings > Control Accounts > Bad Debts
 - Default nominal code is 8100



Control Account	N/C
Debtors Control	1100
Creditors Control	2100
Default Bank	1200
VAT on Sales	2200
VAT on Purchases	2201
Sales Discount	4009
Purchase Discount	5009
Retained Earnings	3200
Default Sales	4000
Accruals	2109
Prepayments	1103
Bad Debts	8100
Misp postings	9999
Suspense	9998
Credit Charges	4400
Exchange Rate Variance	7906
VAT Liability	2202
Manual Adjustments	2204

Bad Debt.

Writing off invoices – Manual method

- Customers > Batch credit
- VAT Schemes
 - Standard / Flat Rate – Invoice based
 - Cash Accounting / Flat Rate – Cash based
- VAT Return

Tip: Remember to allocate the transactions

Batch Customer Credit

Clear form Insert row (F7) Remove row (F8) Copy cell above (F6) Copy cell above +1 (Shift + F6) Calculate net (F9) Memorise Recall Print list Send to Excel

A/C

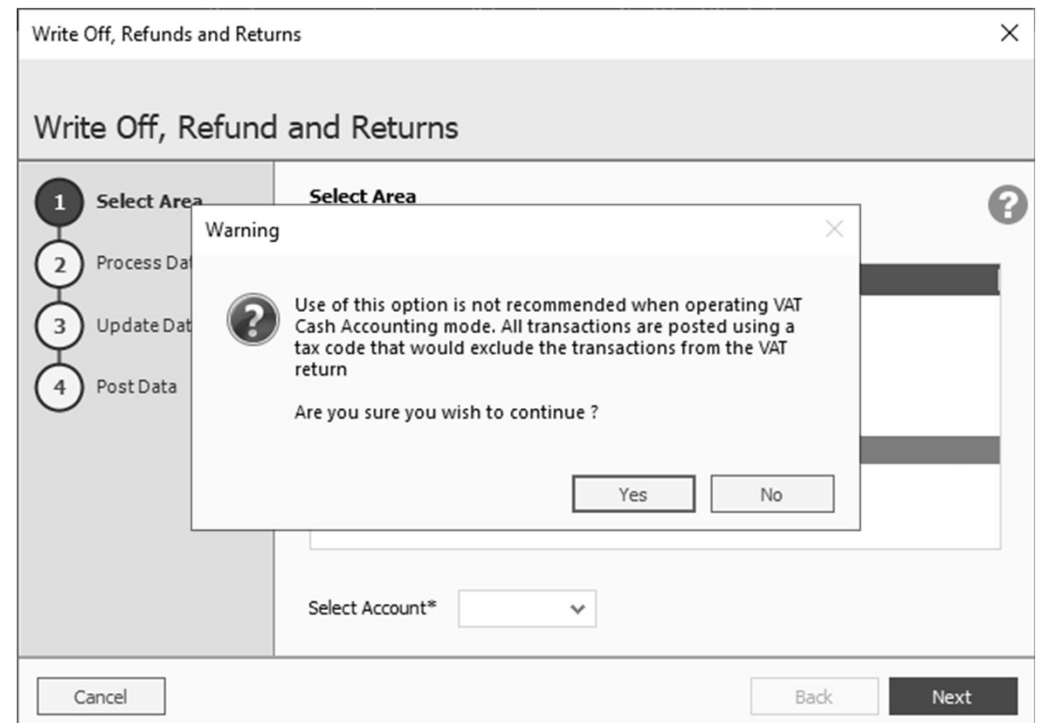
N/C

A/C*	Date*	Due On*	Credit No	Ex.Ref	N/C*	Department*	Project Re
	▼ //	//					

Bad Debt.

Writing off invoices – Wizard

- Customers > Write offs
- VAT Schemes
 - Standard / Flat Rate – Invoice based
 - Do not use for Cash Accounting / Flat Rate – Cash based
- VAT Return



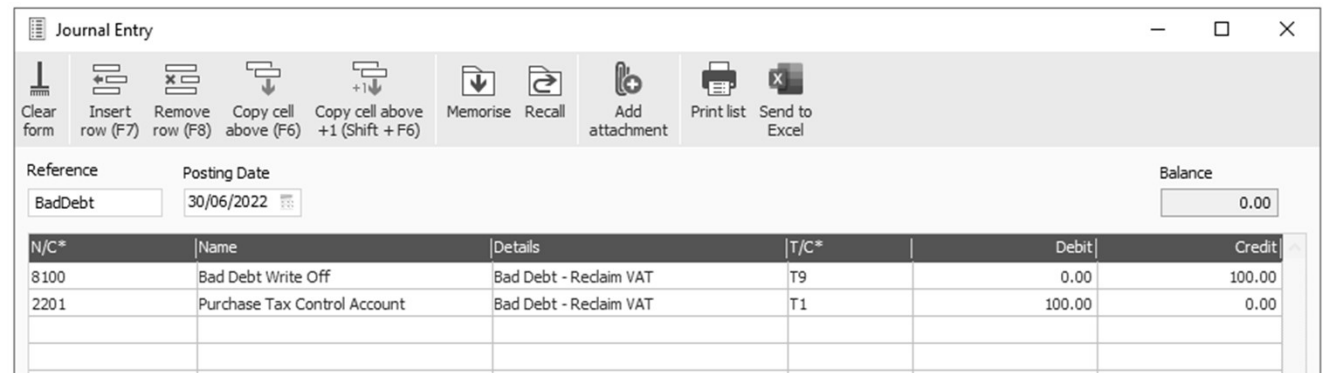
Bad Debt.

Reclaiming the VAT

‘To claim a refund you should include the amount of the VAT you’re claiming in box 4 of your VAT Return...’

HMRC Notice 700/18 (February 2013)

- Nominal codes > Journal entry

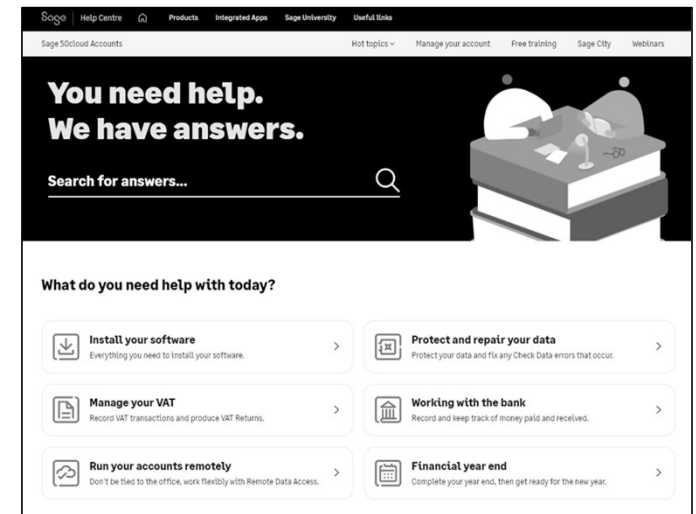


The screenshot shows a Sage Journal Entry window. The window title is "Journal Entry". The interface includes a toolbar with the following icons and labels: Clear form, Insert row (F7), Remove row (F8), Copy cell above (F6), Copy cell above +1 (Shift + F6), Memorise, Recall, Add attachment, Print list, and Send to Excel. Below the toolbar, there are input fields for Reference (BadDebt) and Posting Date (30/06/2022). A Balance field shows 0.00. The main area contains a table with the following data:

N/C*	Name	Details	T/C*	Debit	Credit
8100	Bad Debt Write Off	Bad Debt - Reclaim VAT	T9	0.00	100.00
2201	Purchase Tax Control Account	Bad Debt - Reclaim VAT	T1	100.00	0.00

Useful links

- www.sage.co.uk/help
 - How to manually write off customer invoices to bad debt
 - How to manually write off a customer account
 - How do I reclaim the VAT on bad debt write offs?
 - How do I use the Write off, Refunds and Returns wizard?
 - Set up and manage a provision for bad debt
- HMRC - [Relief from VAT on bad debts \(VAT Notice 700/18\)](#)



Thank you!

Please take a minute to complete the short exit survey as you leave.

You'll receive a follow-up email with links to register for future webinars
and watch recordings later today.

