Credit Control Bad Debt.

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Sage

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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

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

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

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)
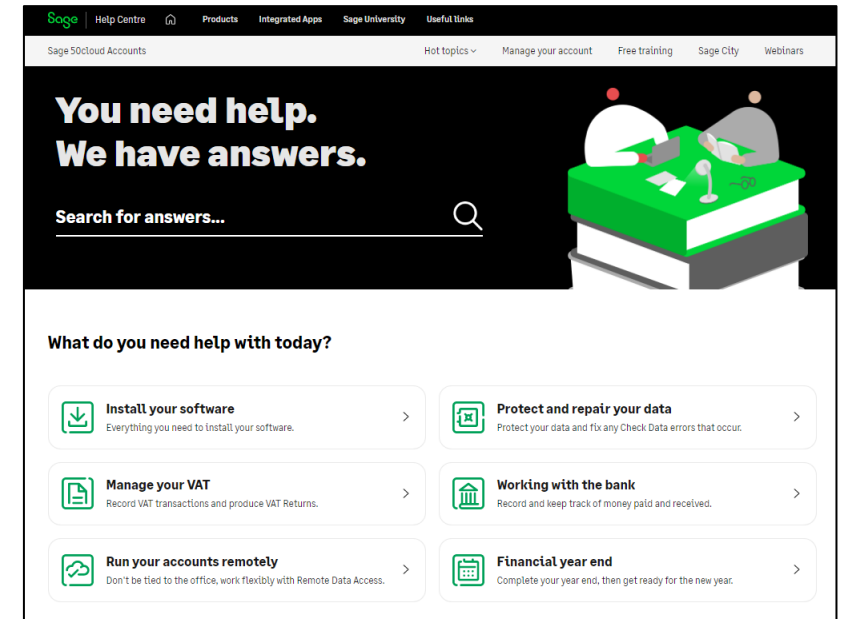
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