

VAT Codes

The most common problems we deal with relate to the use of VAT codes on invoices when they have been input onto PROACTIS.

This is a list of the most used VAT codes:

- PSR - invoices where VAT is at standard rate of 17.5%
- PLR - invoices where VAT is at a reduced rate of 5%
- PZR - VAT is recorded as zero rate
- PXT- invoices that are exempt of VAT
- POS - invoices that fall outside the scope of VAT e.g. companies that are not VAT registered

The following are always **ZERO** rate - "**PZR**"

1. Food, coffee, tea etc (however confectionery and alcohol is **PSR**)
2. Travel (American Express, Delta Trave etc).
3. Coach Travel (Taxis always "**PSR**", some do not have VAT numbers "**POS**").
4. Books, publications and subscriptions for books or publications.
5. Water and Sewerage.
6. some adverts for staff and / or courses.
7. Medical departments purchasing goods or chemicals, substances etc. However, many people call this VAT exemption in error and use code "**PXT**". This is incorrect and should be changed to "**PZR**".

The following are always exempt - "**PXT**"

1. Invoices from Hospital Trusts for medical care, use of staff etc. However, if they charge VAT, then use "**PSR**".
2. Invoices from other Universities, Charities or Health Trusts etc for Education courses, research consumables use "**PXT**".

VAT Codes on Purchase Invoices

There are 4 sorts of invoices

1. Invoices from VAT registered suppliers in the UK. These can have any of the VAT codes
2. Invoices from the suppliers who are not VAT registered. These are **always "POS"**.
3. Invoices that are not real VAT invoices; subscription renewals, conference applications etc, which could be paid with a Payment Voucher (FIN 105). These are **always "POS"**.
4. Invoices from abroad which may or may not have a foreign VAT number need to be sent to Maureen Sketchley or Pauline Gough. However, some EU invoices do have a UK VAT number beginning with a GB 123456789, and these should be treated as UK VAT invoices.

UK VAT Invoices

1. Invoices that are otherwise o.k. but do not have a UK VAT registration number (usually in error) must be coded **POS**.
2. Invoices that have VAT at 17.5% use code "**PSR**" or a code starting PSR1234.
3. Invoices with more than one rate of VAT must have multiple VAT codes with different VAT codes on each of the good lines.
4. Invoices for Gas, Electricity and Gas Oil may well have a VAT rate of 5%. Use the code **PLR**. Many Gas or Electric invoices come with no VAT number (this is not a VAT invoice), these must be coded **POS**.

5. Many invoices show 5 VAT, this can be **ZERO** rate or **EXEMPT**. Sometimes invoices will also state "**EXEMPT**" in error.
6. If an invoice states "This is not a VAT invoice" then use code **POS**.