

'NJT Digital Records' User Guide

Version 1.3

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16 Jun 2024	1.1	Included software Licence types
13 Feb 2025	1.2	Included changes in 'MTD for Income Tax' design
22 Mar 2026	1.3	Added 'Barclays' and 'Natwest' bank import formats.

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1 Introduction

1.1 Background

HMRC has introduced new legally binding requirements relating to Accounts/bookkeeping and Tax returns for businesses and individuals trading as a business. This new system is called 'Making Tax Digital' (MTD).

1.1.1 VAT

From April 2022, all VAT Registered businesses were mandated to keep their business records digitally (This includes Excel) and submit their VAT returns using MTD compatible software. This can be either an integrated accounts system that includes the facility to submit VAT returns or Bridging software. Where Bridging software is used, all data must be transferred digitally from the Accounts/bookkeeping system. For further information see [HMRC VAT Notice 700/22: Making Tax Digital for VAT](#)

For example, Businesses may use Excel to record their digital records and use Bridging software, such as the 'NJT VAT Return Manager' to submit their VAT returns.

1.1.2 Income Tax (IT)

From April 2026, HMRC are extending the MTD system to include 'Income Tax' (IT). If you receive qualifying income from self-employment and/or property, you will be legally required to use MTD for Income Tax. This will include, keeping digital records and submitting 'Quarterly Updates'/'End of Year' Tax returns using 'Recognised' compatible software. The phased implementation timescales are as follows:

- From April 2026, if your qualifying income is over £50,000 in the 2024 to 2025 Tax Year.
- From April 2027, if your qualifying income is over £30,000 in the 2025 to 2025 Tax Year.
- From April 2028, if your qualifying income is over £20,000 in the 2026 to 2027 Tax Year. The government has set out plans to introduce legislation to lower the qualifying income threshold to this level)

As with VAT, individuals trading as a business will be required to keep their business records digitally.

1.1.3 'Basis Period' Reform

For further information see: ['Basis Period' Reform](#)

1.1.3.1 Extracts from the Policy paper on 'Basis period' reform, published 27 October 2021

OPERATIVE DATE

The reform will take effect for the 2024 to 2025 tax year with a transition year in the 2023 to 2024 tax year.

WHO IS LIKELY TO BE AFFECTED

The measure will affect self-employed traders, including individuals with a profession or vocation; partners in trading partnerships; other unincorporated entities with trading income, such as trading trusts and estates and non-resident companies with trading income charged to Income Tax. These groups are collectively referred to as 'businesses' in this document.

This measure will only affect businesses which draw up annual accounts to a date different to 31 March or 5 April (mainly seasonal businesses and large partnerships), and businesses that commence from 6 April 2024.

GENERAL DESCRIPTION OF THE MEASURE

This measure changes the way trading income is allocated to tax years. Generally, businesses draw up annual accounts to the same date each year, called their 'accounting date'. Currently, a business's profit or loss for a tax year is usually the profit or loss for the year up to the accounting date in the tax year, called the 'basis period'. Specific rules determine the basis period in certain cases, including during the early years of trading. These rules can create overlapping basis periods, which charge tax on profits twice and generate corresponding 'overlap relief' which is usually given on cessation of the business. Overall, this basis of taxation is called the 'current year basis'.

This measure changes this to a **'Tax Year Basis' with effect from the tax year 2024 to 2025**, so that a business's profit or loss for a tax year is the profit or loss arising in the tax year itself, regardless of its accounting date. This removes the basis period rules and prevents the creation of further overlap relief. On transition to the tax year basis in the tax year 2023 to 24, all businesses' basis periods will be aligned to the tax year and all outstanding overlap relief given.

1.2 Neilson James Technology (NJT) Software Solutions

As a result of the planned Income Tax implementation, Neilson James Technology (NJT) has developed both the 'NJT Digital Records' (this software) and the new combined Bridging software solution called the 'NJT Tax Return Manager', which caters for both IT & VAT. The new bridging software has been developed in Microsoft Access and provides full multi-user access with a separate database, which can be stored locally or on a central server.

The 'NJT Digital Records' (this software) allows you to record your Income & Expenses for a complete Tax Year(s) and is compliant with the legal requirements of the HMRC Making Tax Digital (MTD) system. This software caters for 'Income Tax' (IT) or VAT or both.

1.3 'NJT Digital Records' Software Overview

Firstly, this software has been designed to enable the more straightforward businesses to comply with the MTD legal requirements by providing the facility to record 'Digital Records' and prepare the 'Quarterly Profit & Loss Summary' information in readiness for transfer to the separate NJT Bridging software products for submission to HMRC.

MAIN FEATURES:

- Fully MTD compliant
- Caters for Self-Assessment – Sole Traders and UK property rental businesses.
- Caters for Self-Assessment Tax Year Periods ending 31st March or 5th April, which is compliant with the new 'Tax Year Basis' legislation, effective from the Tax Year 2024-25.
- Caters for VAT – Sole Traders and Limited Companies, including the Flat Rate scheme.
- Caters for Accrual & Cash Accounting. Also caters for the Basic & Cash method under the Flat Rate scheme.
- Caters for VAT related Imports, either 'Postponed VAT Accounting (PVA) or where VAT is paid at the border (PAB).
- Provides an optional 'Bank Feed' facility to import Bank Statements.
- Provides an optional 'Invoice Ledger' facility to record separate Invoice, Receipt & Payment Digital Records, allowing subsequent Allocation (Matching Off). **Note:** This software is designed to capture Digital Records, it does not generate actual Invoices.
- The software can be installed on a local computer or a central server.
- Facility to Export IT Quarterly 'Income & Expense' summaries for use with the NJT Bridging software.
- Facility to Export VAT Returns for use with the NJT Bridging software.
- Retains a full history of Digital Records & Bank Transactions.
- Facility to amend, delete and search for Digital Records & Bank Transactions.
- Facility to check for new software versions automatically, then download and transfer data.
- Facility to backup and restore all data.
- Facility to Export Digital Records & Bank Transactions to CSV files.

1.4 How this User Guide is structured

This software can be configured in variety of ways to suit the specific circumstances of your business. As such some sections cover all circumstances, whereas other sections focus specifically on individual circumstances.

Certain sections contain recommendations on use and Step by Step instructions on how to complete particular tasks.

1.5 Terminology, Abbreviations & Acronyms

IT	Short for 'Income Tax'
VAT	Short for 'Value Added Tax'
Form or Window	This term means a specific Window within the software, where information is displayed or allows you to enter information.
Digital Record 'Source' Type	'User' Where record is created directly by the User. 'Bank' Where the record is created via the 'Bank Feed.'
Profit & Loss (PL)	'Profit & Loss' Digital Records are included within Tax Returns.

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Balance Sheet (BS)	Within this software, the term 'Balance Sheet' is used to differentiate from 'Profit & Loss'. 'Balance Sheet' Digital Records are excluded from Tax Returns.
Ledgers	Within this software, the term 'Ledger' refers to both traditional Ledgers and other classifications of Digital Records. Ledgers are classified as either 'Profit & Loss' or 'Balance Sheet'. Only 'Profit & Loss' Digital Records are included within Tax Returns This classification is also dependent upon the 'Accounting Basis' in use.
PVA & MPIV	Short for 'Postponed VAT Accounting'. Relates to Imports, where the VAT is postponed, then 'Reverse Charged' in the next VAT Return. Confirmation is contained within the 'Monthly Postponed Import VAT' statement (MPIV).
PAB & C79	Short for 'Paid at Border'. Relates to Imports, where the VAT is paid at the border and then reclaimed in the next VAT Return, upon receipt of a C79 certificate (C79).

1.6 The 'Dashboard' Form

The Dashboard is the main controlling form (Window) and is displayed when the software is opened. Subsequent forms are displayed using the 'Pages/Tabs' or buttons on the Dashboard.

Buttons may be displayed or hidden depending on certain conditions, including your configuration. Additionally, certain background colours may vary.

Information relating to Digital Records & the Bank Feed (where in use) are displayed within Pages (Tabs) within the Dashboard.

1.7 'Digital Record' Source Types

There are 2 ways you can create a Digital Record and each method has a corresponding 'Source' Type:

User	Using the 'Add Record' button (from the 'Digital Records' Tab). The 'Record Source' is set to 'User' as it is created directly by the User.
Bank	Using the 'Create Digital Record' or 'Bulk Create Digital Record' buttons (from the 'Bank Feed' Tab). The 'Record Source' is set to 'Bank' as it is created via the Bank Feed.

1.8 'Bank Feed' Overview

The purpose of the 'Bank Feed' is to improve the speed and accuracy of creating 'Receipt and Payment' Digital Records. The term 'Bank Feed' is a collective phrase describing the process of importing Bank Transactions from the downloaded Bank Statement.

The 'Bank Feed' is optional and is set within the 'User Configuration. When the 'Bank Feed' option is in use, the Dashboard 'Bank Transactions' and '[Archived] Bank Transactions' Tabs are visible otherwise they are hidden from view.

The main 'Bank Feed' processes are located within the Dashboard 'Bank Transactions' Tab.

PROCESS SUMMARY

- Firstly, you download a Bank Statement and save within the subfolder 'New Statements'.
- Then you import the Bank Transactions via the 'Import Bank Statement' button.
- Optionally, you can create & apply 'User Maps' for common transactions to facilitate the 'Bulk Create'.
- Optionally, you can change a Bank Transaction Ledger using the 'Quick Ledger Change' option.
- Then you create the Digital Records individually via the 'Create Digital Record' button or collectively via the 'Bulk Create Digital Records' button. Alternatively, you can initially create some records individually and then 'Bulk Create' the remainder. This choice depends on your circumstances.

1.9 'Ledgers' Overview

Within this software, the term 'Ledger' refers to both traditional Ledgers and other classifications of Digital Records. Ledgers are categorised as either 'Profit & Loss' or 'Balance Sheet'. 'Profit & Loss' Digital Records are included within Tax Returns.

Within this software, the term 'Balance Sheet' is used to simply differentiate from 'Profit & Loss'. 'Balance Sheet' Digital Records are excluded from Tax Returns.

Always available:

Income (PL)	Always 'Profit & Loss'
Expenses (PL)	Always 'Profit & Loss'
Capital (BS)	Always 'Balance Sheet'
Non-Business	Always 'Balance Sheet'

Only available when the 'Invoice Ledgers' option is in use (Dependent on 'Accounting Basis'):

Sales Invoice	'Profit & Loss' (Accrual) & 'Balance Sheet' (Cash)
Sales Credit	'Profit & Loss' (Accrual) & 'Balance Sheet' (Cash)
Sales Write-Off	'Profit & Loss' (Accrual) & 'Balance Sheet' (Cash)
Purchase Invoice	'Profit & Loss' (Accrual) & 'Balance Sheet' (Cash)
Purchase Credit	'Profit & Loss' (Accrual) & 'Balance Sheet' (Cash)
Bank Receipt	'Balance Sheet' (Accrual) & 'Profit & Loss' (Cash)
Bank Payment	'Balance Sheet' (Accrual) & 'Profit & Loss' (Cash)

1.10 'Invoice Ledgers' Overview

The use of 'Invoice Ledgers' is optional and is set within the 'User Configuration'. When set to 'Yes', Five Invoice Ledgers are made available, namely, 'Sales Invoice', 'Sales Credit', 'Sales Write-Off', 'Purchase Invoice' & 'Purchase Credit'. These are used when you initially create 'User' Sales & Purchase Invoice Digital Records.

Two additional Ledgers are also made available, namely, 'Bank Receipt' & 'Bank Payment'. Where the 'Bank Feed' is in use, and after these 'Bank' Digital Records have been created, via the 'Bank Feed' process, they can be 'matched off' (Allocated) against the 'User' Invoice Digital Record(s).

Note: Where the 'Bank Feed' is not in use, 'Receipt' & 'Payment' records can be created manually and then allocated accordingly. Although it is recommended that 'Invoice Ledgers' are used with the 'Bank Feed'.

Note: For accounting purposes, 'Sales Invoice' & 'Purchase Credit' Ledgers have a negative value whereas 'Purchase Invoice', 'Sales Credit' & 'Sales Write-Off' Ledgers have a positive value. Also a 'Bank Receipt' is positive & a 'Bank Payment' is negative.

Example Processes (With the Bank Feed)

[1] To create a 'Sales Invoice' Digital Record, click on the 'Add Record' button within the 'Digital Records' Tab. Set the Ledger to 'Sales Invoice' and enter a negative value. When the corresponding Receipt is imported through the 'Bank Feed' process, create the 'Bank' type Digital Record, choosing the Ledger 'Bank Receipt'. Finally, Allocate the original invoice, via the 'Invoice Allocation' button on the Dashboard. Highlighting the Receipt should enable the overall Allocation to balance. E.G. (-£60 SIN, +£60 REC).

[2] To create a 'Purchase Invoice' Digital Record, click on the 'Add Record' button within the 'Digital Records' Tab. Set the Ledger to 'Purchase Invoice' and enter a positive value. When the corresponding Payment is imported through the 'Bank Feed' process, create the 'Bank' type Digital Record, choosing the Ledger 'Bank Payment'. Finally, Allocate the original invoice, via the 'Invoice Allocation' button. Highlighting the Payment should enable the overall Allocation to balance. E.G. (+£60 PIN, -£60 PAY).

1.11 'Tax Returns' Overview

INCOME TAX (IT) – QUARTERLY UPDATE

Businesses with a qualifying income above the minimum threshold will be required to submit a summary of Profit & Loss on a quarterly basis, known as a 'Quarterly Update'. Although HMRC has not yet provided any information regarding businesses

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with a qualifying income below this threshold, it is assumed that one summary will be submitted at the end of quarter 4. As the quarter summaries are cumulative, this will include transactions for the whole Tax Year.

This software prepares the 'Quarterly Update', denoted by the current settings within the 'User Configuration'. This summary is automatically exported to a separate Excel workbook within the sub folder '\Tax Return Exports'. This export is triggered when you click on the respective worksheet or when you 'Save & Close' this software. Once exported, the summary can be submitted to HMRC using the separate 'NJT Tax Return Manager' bridging software. Note: this bridging software is also used to submit you 'End of Year' Tax Return.

Self Assessment (SA) 'Income & Expenses' (Quarter 1) Summary for 2024-25			(Created: 21 Mar 2024 at 9:21 am)
Self Employment Business (Full Expenses)			NJT Code: SEF
Trading Name: Neilson James Technology			
National Insurance No:	AB123456C	Tax Year Period:	01 Apr to 31 Mar (Calendar)
Obligation Start Date:	06 Apr 2024	Accounts Start Date:	01 Apr 2024
Obligation End Date:	05 Jul 2024	Accounts End Date:	30 Jun 2024
Income	Business	Non-Business	
1. Turnover	2,937.49		
2. Other	0.00		
Total Income	2,937.49	0.00	
Expenses	Allowed	Disallowed	
1. Cost of goods bought	2,779.62	0.00	
2. CIS payments to contractors	0.00	0.00	
3. Wages & staff costs	0.00	0.00	
4. Car/Van travel expenses	0.00	0.00	
5. Premises running costs	0.00	0.00	
6. Maintenance costs	0.00	0.00	
7. Administration costs	0.00	0.00	
8. Business entertaining costs	0.00	0.00	
9. Advertising costs	0.00	0.00	
10. Interest on bank & other loans	0.00	0.00	
11. Financial charges	0.00	0.00	
12. Irrecoverable debts	0.00	0.00	
13. Professional fees	0.00	0.00	
14. Depreciation	0.00	0.00	
15. Other expenses	0.00	0.00	
Expenses Sub Totals	2,779.62	0.00	
Net Profit	157.87		

VAT RETURNS

This software prepares the 'VAT Return', denoted by the current settings within the 'User Configuration'. This 'VAT Return' is automatically exported to a separate Excel workbook within the sub folder '\Tax Return Exports'. This export is triggered when you click on the respective worksheet or when you 'Save & Close' this software. Once exported, the VAT Return can be submitted to HMRC using the separate 'NJT Tax Return Manager' bridging software ' or 'NJT Tax Return Manager' bridging software. See screenshot below.

Neilson James Technology VAT Return for Period: 01 April 2024 to 30 June 2024			(Created: 21 Mar 2024 at 9:13 am)		
VAT Registration No:	123456782				
Resident in Northern Ireland:	No				
Flat Rate Scheme:	No				
Period Start Date:	01 Apr 2024				
Period End Date:	30 Jun 2024				
Days in Period:	91				
Unlocked Records:	43				
Unallocated Invoices:	22				
(Note: Since Brexit, Boxes 2, 8 & 9 are now only relevant where business is resident in Northern Ireland)					
Box 1 VAT due in this period on sales and other outputs.	587.51				
Box 2 VAT due in this period on intra-community acquisitions of goods made in Northern Ireland from EU Member States.	0.00				
Box 3 Total VAT due (the sum of boxes 1 and 2).	587.51				
Box 4 VAT reclaimed in this period on purchases and other inputs (including imports).	555.91				
Box 5 Net VAT to be paid to HMRC (difference between boxes 3 and 4).	31.60				
Box 6 Total value of sales and all other outputs excluding any VAT (Include your box 8 figure).	2,937				
Box 7 Total value of purchases and all other inputs excluding any VAT (Include your box 9 figure).	2,780				
Box 8 Total value of intra-community dispatches of goods and related costs (excluding VAT) from Northern Ireland to EU Member States.	0				
Box 9 Total value of intra-community acquisitions of goods and related costs (excluding VAT) made in Northern Ireland from EU Member States.	0				
Categorised Statistics					
	Gross	VAT	Net		
Total 'Non-Business' Income:	0.00	0.00	0.00		
Total 'Exempt' Income:	0.00	0.00	0.00		
Total 'Outside Scope' Income:	0.00	0.00	0.00		
Total 'Disallowed' Expenses:	0.00	0.00	0.00		
Total 'Exempt' Expenses:	0.00	0.00	0.00		
Total 'Outside Scope' Expenses:	0.00	0.00	0.00		
Calculations Breakdown					
	VAT Schemes		Special Categories		
	Traditional	Flat Rate	Traditional	Flat Rate	Vat Return
1	587.51				587.51
2					0.00
3	587.51				587.51
4	555.91				555.91
5	31.60				31.60
6	2,937.49				2,937.49
7	2,779.62				2,779.62
8					0.00
9					0.00

1.12 Accrual & Cash Accounting (Process Overview)

1.12.1 Using the Bank Feed & the Invoice Ledger Records

Using both the Bank Feed & the Invoice Ledger Records is the most comprehensive approach to using the software.

ACCRUAL ACCOUNTING

- Initially you create the Invoice Records from your Sales or Purchase Invoices. These are classed as 'Profit & Loss'.
- Then you create the Receipt & Payment records via the Bank Feed. These are classed as 'Balance Sheet'.
- Finally you Allocate the Invoice record(s) to the Receipt(s) or Payment(s). These records will be locked automatically.

CASH ACCOUNTING

- Initially you create the Invoice Records from your Sales or Purchase Invoices. These are classed as 'Balance Sheet'.
- Then you create the Receipt & Payment records via the Bank Feed process. These are classed as 'Profit & Loss'.
- **Note:** Where VAT is in use, the VAT Rate is selected during the creation of this record.
- Finally you Allocate the Invoice record(s) to the Receipt(s) or Payment(s). These records will be locked automatically.

1.12.2 Using the Bank Feed without the Invoice Ledger Records

If you prefer to use the Bank Feed but not the Invoice Ledger Records, then this a more simplistic approach and may prove efficient for 'Cash Accounting' but less so for 'Accrual Accounting'.

However, you will not be able to manage outstanding invoices via the software. Although you may adopt the manual process of Locking the record after you have checked it against the Invoice.

ACCRUAL ACCOUNTING

- You create the 'Income (PL)' & 'Expenses (PL)' records via the Bank Feed process. These types of record are always 'Profit & Loss'.
- **Note:** Whilst creating these Digital Records, you will need to amend the Tax Date to correspond with the Invoice Date. If you use the 'Bulk Create Digital Records' function, then you will need to amend the Tax Dates afterwards using the 'Edit Record' function.

CASH ACCOUNTING

- You create the 'Income (PL)' & 'Expenses (PL)' records via the Bank Feed process. These types of record are always 'Profit & Loss'. **Note:** Where VAT is in use, the VAT Rate is selected during the creation of this record.

1.12.3 Using 'Invoice Ledger' Records without the Bank Feed

If you prefer to use Invoice Ledger Records but not the Bank Feed, then this approach may be less efficient, as you will need to manually create both Invoice records and Receipt/Payment records.

ACCRUAL ACCOUNTING

- Initially you create your Invoice records from your Sales or Purchase Invoices. These are classed as 'Profit & Loss'
- Then you create your Bank Receipt/Payment records manually from your Bank Statement. These are classed as 'Balance Sheet'.
- Also you may need to create 'Non-Invoice' records from your Bank Statement, i.e. 'Bank Interest Received' etc. For the these records, you use the Ledger 'Income (PL)' or 'Expenses (PL)'. These types of record are always 'Profit & Loss'.
- Finally you Allocate the Invoice record(s) to the Receipt(s) or Payment(s). These records will be locked automatically.
- **Note:** performing a Bank Reconciliation will be a manual process.

CASH ACCOUNTING

- Initially you create your Invoice Records from your Sales or Purchase Invoices. These are classed as 'Balance Sheet'
- Then you create your Bank Receipt/Payment records manually from your Bank Statement. These are classed as 'Profit & Loss'. **Note:** Where VAT is in use, the VAT Rate is selected during the creation of each record.
- Also you may need to create 'Non-Invoice' records from your Bank Statement, i.e. 'Bank Interest Received' etc. For the these records, you use the Ledger 'Income (PL)' or 'Expenses (PL)'. These types of record are always 'Profit & Loss'.
- Finally you Allocate the Invoice record(s) to the Receipt(s) or Payment(s). These records will be locked automatically.

1.12.4 Choosing not to use the Bank Feed & Invoice Ledger Records

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If you prefer not to use the Bank Feed & Invoice Ledger Records then this is the simplest approach to using the software. You would be mainly creating 'Profit & Loss' Digital Records. The only Ledgers available would be 'Income (PL)', 'Expenses (PL)', 'Capital (BS)' & 'Non-Business'. However, you would not be able to manage outstanding invoices via the software.

ACCRUAL ACCOUNTING

- You create Digital Records from your Sales or Purchase invoices. Plus any miscellaneous records from your Bank Statement, i.e. Bank Interest Received etc.
- **Note:** performing a Bank Reconciliation would be a manual process.

CASH ACCOUNTING

- You create Digital Records manually from your Bank Statement.

1.13 VAT Flat Rate Scheme (Process Overview)

Under the Flat Rate scheme, you can use either the 'Basic' or 'Cash' accounting method. If you use the 'Basic' method, then choose the 'Accrual' Accounting Basis within the User Configuration. The software will then apply the 'Basic' rules when generating the VAT Return Box totals. For example, when calculating 'Bad Debts' etc.

1.13.1 Digital Record 'VAT Category'

Normally, creating a 'Profit & Loss' Digital Record, the VAT Category is left blank. However, the following table lists exceptions to this rule:

S1. Sale of asset (FRS)	Sale of Capital Asset (Income)
F1. Bad debt relief (FRS)	Claim Bad Debt relief (Expenses)
F2. UK Asset > £2K (FRS)	UK purchase of single Capital Asset over £2,000
F3. PVA Asset import > £2K (FRS)"	Import of single Capital Asset over £2,000 (Postponed VAT Accounting)
F4. PAB Asset import > £2K (FRS)	Import of single Capital Asset over £2,000 (VAT Paid at Border)

1.13.2 Income Tax (IT)

The Income used for your self-assessment is the Gross Sales less your Flat Rate % i.e. the difference between the Gross and what has already been paid to HMRC.

For example, assuming your Flat Rate % is 10%, Gross is £1,200, Net is £1,000 & VAT is £200 (20%). You will have already paid HMRC £120 (£1,200 x 10%). Therefore, your IT Income is £1,080 (£1,200 - £120).

2 How to Download & Install the software

2.1 To be confirmed

3 Dashboard (User Configuration)

3.1 Introduction

After you have installed the software & accepted the 'Terms of Use', the first main task is to configure the software for your specific business circumstances.

To open the User Configuration Form, click on the 'User Configuration' button located on the Dashboard.

Note: After you have submitted a given Tax Return period via the 'NJT Tax Return Manager' software, you amend the configuration ready for the next period.

Note: It is important to configure the software accurately, as the subsequent usage and Tax calculations are specific to your selections. For example, your choice of Accounting Basis, whether you wish to use 'Invoice Ledgers' or the 'Bank Feed etc.

Important Note for 'MTD for Income Tax': Ensure you select the correct Tax Year Period, at the start of a new Tax Year. The HMRC system allows you to choose either a 'Standard' or 'Calendar' Tax Year Period at the beginning of each Tax Year. However, you cannot change this selection after you have submitted your Quarter 1 'Income & Expenses' update until the start of the next Tax Year.

3.2 Trading Name & Accounting Basis

Trading Name	Enter your Trading Name
Accounting Basis	Select 'Accrual' or 'Cash' from the Dropdown list. Note: If you are using the 'Basic' method for the Flat Rate scheme, then select 'Accrual'.

3.3 Income Tax Settings

Current Tax Year & Quarterly Update

Current Tax Year	Select the current Tax Year from the Dropdown list.
Tax Year Period	Under normal circumstances, select '01 Apr to 31 Mar (Calendar)' or '06 Apr to 05 Apr (Standard)' from the Dropdown list. However, if you have changed your Tax Year Period, then for the for the transition year only, select as follows: [A] Select '01 Apr to 05 Apr (Cal to Std)' if period end has changed from 31 st March. [B] Select '06 Apr to 31 Mar (Std to Cal)' if period end has changed from 5 th April. ELECTING YOUR TAX YEAR PERIOD Note: If you wish to change your Tax Year Period, you must notify HMRC by electing either 'Standard' or 'Calendar'. You can do this via the NJT Bridging software. However, the timescale is limited. I.e. before the deadline for the Quarter 1 update or before you submit your Quarter 1 update (whichever is sooner).
Cumulative Tax Quarter	Select either 1, 2, 3 or 4 from the Dropdown list. This denotes which date range is included in the cumulative Quarterly update imported by the 'NJT Tax Return Manager' bridging software for submission to HMRC. Note: These are cumulative. I.e. Quarter 2 includes Quarter 1 etc.
Expenses Scope	Select either 'Full' or 'Consolidated' from the Dropdown list. This denotes the level of detail for expenses that is included in the Quarterly update, which is transferred to the 'NJT Tax Return Manager' bridging software for submission to HMRC.

In Use ?	Select 'Yes' or 'No' from the Dropdown list. Note: IT is only active when set to 'Yes'.
National Insurance No (NINO)	Enter your NINO in format 'CCNNNNNNNC' where C = A-Z and N = 0-9
Type of Business	Select either 'Self Employment', 'UK Property' from the Dropdown list.

3.4 VAT Settings

VAT - Note: Only active when 'In Use' is set to 'Yes'

In Use? Yes (Note: Availability is also dependent on your type of software Licence)

VAT Registration No (VRN): 123456782 (Format: 9 Digits)

Standard VAT Rate %: 20 Reduced VAT Rate %: 5 Special VAT Rate %: 12.5

Resident in Northern Ireland? No Affects VAT Return Boxes 2, 4, 8 & 9 (for records relating to the EU)

'VAT Flat Rate Scheme' In Use? No

Current VAT Return Period

Start Date: 01/01/2025 Format: (DD/MM/YYYY)

End Date: 31/03/2025 Format: (DD/MM/YYYY)

Guidance Notes:

[1] To configure VAT, set 'In Use' to 'Yes', populate the VAT Registration No (VRN) & all associated information, including you 'Current VAT Return' dates. Then click on the 'Save' button. NOTE: To remove VAT from the configuration, set 'In Use' to 'No'.

[2] After you have submitted your 'VAT Return' to HMRC via the 'NJT Tax Return Manager' bridging software, you can increment the 'Current VAT Return Start & End Dates' in readiness for your next VAT Return.

Reduced VAT Rate %	Enter the 'Reduced Rate' %. Defaults to 5%
Special VAT Rate %	Enter the 'Special Rate' %. Defaults to 12.5% (Not normally used)
Resident in Northern Ireland ?	Select 'Yes' or 'No' from the dropdown list. If your business is not resident in NI then this should always be set to 'No'. If set to 'Yes' then certain figures may be included in the VAT return boxes 2, 4, 8 & 9.
Is VAT Flat Rate scheme in Use ?	Select 'Yes' or 'No' from the dropdown list. If you are not in the scheme then this should always be set to 'No'.
Flat Rate %	Enter the % for your given trade (Only visible where Flat Rate Scheme is in Use).

Current VAT Return Period

Start Date	Enter the current period start date, normally in format 'DD/MM/YYYY' This denotes which date range is included in the VAT return imported by the 'NJT VAT Return Manager' or 'NJT Tax Return Manager' bridging software for submission to HMRC.
End Date	Enter the current period end date, normally in format 'DD/MM/YYYY' This denotes which date range is included in the VAT return imported by the 'NJT VAT Return Manager' or 'NJT Tax Return Manager' bridging software for submission to HMRC.

In Use ?	Select 'Yes' or 'No' from the Dropdown list. Note: VAT is only active when set to 'Yes'.
VAT Registration Number (VRN)	Enter your 9-digit VRN (No spaces)
Standard Vat Rate %	Enter the 'Standard Rate' %. Defaults to 20%

3.5 'Bank Feed' Settings

In Use ?	Select 'Yes' or 'No' from the Dropdown list. Note: The 'Bank Feed' is only active when set to 'Yes'.
File Format	Select 'Barclays', 'Co-Op', 'Lloyds', 'Natwest' or 'Santander' from the Dropdown list.
Bank Sort Code	Optional. Enter the 6-digit Sort Code.

Bank Account No	Required. Enter the 8-digit Account No. Note: During import, the downloaded Bank Statement only appears in the 'New Statements' list where the Bank Account No is included within the file name.
Warn if (PL) Record Entered	Select 'Yes' or 'No' from the Dropdown list.
Allow User Maps	Select 'Yes' or 'No' from the Dropdown list.

Allow Bulk Create & Warning Messages

Allow Bulk Create	Select 'Yes' or 'No' from the Dropdown list.
IT Message	Select 'Yes' or 'No' from the Dropdown list. If 'Yes' displays a warning message explaining that the Tax Category may need to be changed afterwards, where it is not the 1 st item in the list. Only relevant to Cash Accounting with Full expenses.
VAT Message	Select 'Yes' or 'No' from the Dropdown list. If 'Yes' displays a warning message explaining that the VAT Rate may need to be changed afterwards, where it is different to the Default Rate set in the User Configuration. Only relevant to Cash Accounting.

Default VAT Rates (Bank Feed Import)

Receipts VAT Rate	Select 'Standard' or 'Zero' from the Dropdown list.
Payments VAT Rate	Select 'Standard' or 'Zero' from the Dropdown list.

Default Ledgers (Bank Feed Import)

Receipts Ledger	Select 'Income (PL)' or 'Bank Receipt' from the Dropdown list.
Payments Ledger	Select 'Expenses (PL)' or 'Bank Payment' from the Dropdown list.

3.6 'Invoice Ledgers' Settings

The screenshot shows the 'User Configuration' window with the 'Invoice Ledger Settings' tab selected. The 'Trading Name' is 'Nelson James Technology' and the 'Accounting Basis' is 'Cash'. The 'Allow Invoice Ledgers' dropdown is set to 'Yes'. Below this, there is explanatory text about the five standard ledgers and two additional ones ('Bank Receipt' and 'Bank Payment') available when 'Bank Feed' is used. It also includes 'Example Processes' for creating sales and purchase invoices.

Allow Ledger Invoices

Select 'Yes' or 'No' from the Dropdown list.

3.7 'Other' Settings

The screenshot shows the 'User Configuration' window with the 'Other Settings' tab selected. The 'Trading Name' is 'Nelson James Technology' and the 'Accounting Basis' is 'Cash'. The 'Button and Background Colour Intensity' section has an 'Intensity %' dropdown set to 80. A note explains that the value can be adjusted between 0 and 100 percent using up and down arrows, with 80% being the default.

Intensity %

Select the Intensity % using the Up or Down buttons. Higher value has more colour intensity.

4 Dashboard (Digital Records)

The Digital Records functions are located within the Dashboard 'Digital Records' Tab.

The screenshot displays the 'NJT Digital Records Dashboard - Version 0.5 (22 Feb 2024) - OneDrive Local'. The main area shows a table of digital records with columns for ID, Tax Date, Ledger, Ref/Inv, Cat, Description, Net, Vat, Gross, and Source/Status. A detailed view of a 'Purchase Invoice PIN 0003 (PL) (ID: 4)' is shown on the right, including details like Supplier 3, VAT Scope (Within Scope), and VAT Amount (172.80). The bottom of the dashboard includes filter conditions, record counts, and navigation buttons like 'Edit Record', 'Add Record', and 'Invoice Allocation'.

If you are using 'Accrual' accounting, then the 'Profit & Loss' records are created via the 'Add Record' button. If you are using 'Invoice Ledgers' then you would also create 'Invoice' type records via the same button. In addition, If you are using the 'Bank Feed' then normally, 'Bank Receipt' & 'Bank Payment' Digital Records would be created via the 'Bank Feed'.

4.1 Edit Record' or 'Add Record'

To 'Add' a Digital Record, click on the 'Add Record' button. To 'Edit' a Digital Record, click on the 'Edit Record' button.

The 'Edit Digital Record' form is divided into three main sections:

- Digital Record Main Details:** Includes fields for Tax ID (12), Status (Awaiting Allocation), Tax Date (09/04/2024), Ledger (Purchase Invoice), Invoice Ref (PIN 00007), Gross (1,036.78), and Description (Supplier 7).
- Value Added Tax (VAT):** Includes VAT Details with VAT Scope (Within Scope), VAT Amount (172.80), and Net Amount (863.98). It also has a section for Special VAT Categories.
- Self Assessment (SA):** Includes a 'Tax Return' Category dropdown set to '1. Cost of goods bought'.

 The form also features 'Save', 'Delete Record', and 'Close' buttons at the bottom.

Note: All Data Items that are prefixed with an Asterisk must be populated.

‘NJT Digital Records’ User Guide - V1.3

Data Item	Visibility	Comments
Tax Date	All	Tax Date, normally in format DD/MM/YYYY.
Ledger	All	Select the ledger from the dropdown list. Note: For Invoice Type records, an ‘Invoice Reference’ is generated automatically. Once created, the Ledger cannot be changed and record cannot be deleted. If you no longer require this record, set the ‘Gross Amount’ to Zero then lock the record.
Reference	Non-Invoices	Free text where you can enter a reference (Max 10 characters).
Invoice Ref	Invoices	For Invoice Type Records, the Invoice Reference is system generated & locked
Description	All	Free text where you can enter the nature of the record. (Max 50 characters).
Gross	All	Enter the Gross amount. (Positive or Negative value – refer to text information to the right of the entry box).
Locked	All	When enabled, you can lock or unlock the Digital Record by selecting ‘Yes’ or ‘No’ from the Dropdown list. Invoice, Receipt & Payment Ledgers are disabled as these are locked or unlocked via the ‘Invoice Allocation’ function.
Description	All	Free text where you can enter the nature of the record (Max 50 characters). For example, you could enter the Customer or Supplier name followed by a short narrative. “Customer 1: VAT Software Licence”.
Tax Return Category	IT	Enabled for ‘Profit & Loss’ Ledgers only. Select the IT ‘Income’ or ‘Expenses’ category.
VAT Scope	VAT	Enabled for ‘Profit & Loss’ Ledgers only. Select ‘Within Scope’, ‘Exempt’ or ‘Outside Scope’ from the Dropdown menu.
VAT Rate, Net Amount & Vat Amount	VAT	[1] Select the VAT Rate from the Options. The Vat & Net Amounts are calculated automatically. [2] If you select the ‘Custom Amount’ option, you can enter a custom VAT Amount. The Net Amount is calculated automatically.
Special VAT Category	VAT or Flat Rate	Enabled for ‘Profit & Loss’ Ledgers only. Where required, select the category from the dropdown menu. Otherwise leave Blank. Generally used for Reverse Charge purchases. Also for the Flat Rate Scheme, it is used for Bad Debts & Capital Sales/Purchases.
EU	NI Resident	If a sale or purchase is to or from the EU, select ‘Yes’ from the Dropdown list. Otherwise leave as blank.

4.2 Sort Records by Tax Date

When you create a new Digital Record it is displayed at the end of the list. Click on the ‘Sort Records by Tax Date’ to display them chronologically. **Note:** certain functions will automatically perform a sort, for example Archiving etc.

4.3 Lock/Unlock Records

Selection Details

Date Range

From: 01 Apr 2024

To: 26 Apr 2024

Select Lock or Unlock?

Lock

Refresh Selection

3 Digital Record(s) selected

Update Records **Cancel**

Guidance Notes

This routine allows you to Lock and Unlock a selected range of Digital Records (Excluding Invoices, Receipts & Payments). If you change any of the Selection Details, Click on the 'Refresh Selection' button. This will re-calculate the total records to be updated. Finally, Click on the 'Update Records' button.

The purpose of Locking records is to safeguard from accidental changes.

Note: Once Digital Records have been locked, they can be Archived, (normally following submission of the Tax Return.

Click on this button to display the 'Lock/Unlock' Form. Within this Form, you can Lock or Unlock multiple Digital Records by selecting a Date range.

4.4 Archive Records

Archive Date: 03/04/2023

Total Transactions: 6

Refresh **Cancel** **Accept**

Guidance Notes

Moves 'Locked' Digital Records to the Archived Digital Records list.

1. Enter the date TO WHICH you wish to archive the Digital Records.
2. Then click the 'Refresh' button (The total eligible Digital Records will be displayed).
3. Click the 'Accept' button to archive the Digital Records or click the 'Cancel' button to abandon.

The purpose of 'Archiving' is to move (Archive) 'Locked' Digital Records so you can focus on records within the current Tax period.

Click on this button to display the 'Archive Digital Records' Form. Within this Form, you can move 'Locked' Digital Records to the '[Archived] Digital Records' Tab.

If you are using only Self-Assessment, this process is normally undertaken after you have submitted your 'End of Year' Tax Return & you have incremented the Tax Year within the Configuration.

If you are using only VAT, then this process is normally undertaken after you have submitted your VAT Return & you have incremented the VAT Period with the Configuration.

If you are using both Self-Assessment & VAT, this process is can only be undertaken after you have incremented both the Tax Year & VAT Period.

4.5 Filter

Filter Digital Records

Records Scope:

Ledger:

Record Status:

Other Text:

Begins with Contains

Guidance Notes

Filters Digital Records to be viewed.
Note: The same filter condition is also applied to the 'Archived Digital Records.'

1. Enter any combination of Items. Populate multiple items for a more precise filter.
2. Click the 'Accept' button to view the filtered Digital Records.
or Click the 'Clear' button to view all Digital Records.
or Click the 'Close' button to leave the current condition unchanged.

You can use the Filter option to filter the display of Digital Records in a variety of ways. You can select different Filter options, such as, Records Scope, Ledger, Record Status or Other Text. You can select any combination of these options.

To clear the Filter condition, click on the Clear button.

Note: certain functions within the software will not run where the Filter is on.

Note: The same Filter condition is also applied to the '[Archived] Digital Records' list.

OTHER TEXT

You can enter any text or number. It is not case-sensitive, therefore, you can enter it in upper or lower characters. Also you can choose whether it Begins With or Contains the text.

4.6 Find

The Find option allows you to quickly find Digital Records based on the text you enter, this text is not case-sensitive. The default is to check for 'Containing the Text'. However, if you prefix the text entry with a '<' (Less than sign), then it will check for 'Text Beginning With'. Click on the 'First' button to find the first occurrence of the text, Click on the 'Next' button to find the next occurrence of the text.

4.7 Invoice Allocation

INTRODUCTION

'Allocation' is a process used to 'Match Off' an Invoice with the associated Payment or Receipt. This allows you to manage any outstanding Invoices. Once allocated, the associated records are locked automatically.

For example: a 'Sales Invoice' with a Receipt, a 'Sales Credit' with a Payment, a 'Purchase Invoice' with a Payment, a 'Purchase Credit' with a Receipt.

Note: The Digital Record 'Status' is initially set to 'Awaiting Allocation' and then changed to 'Reconciled' after the Allocation is complete.

Under certain circumstances, you may wish to Allocate multiple items, such as multiple Receipts for 1 'Sales Invoice' or 1 Receipt for multiple 'Sales Invoices'.

Additionally, you may wish to allocate a 'Sales Invoice' and a ('Sales Credit' or 'Sales Write-Off') with a 'Receipt'. I.e. where there is no physical refund.

Note: For the purposes of the Tax Return, A 'Sales Write-Off' should be assigned to Expenses whereas a 'Sales Credit' should be assigned to Income.

PROCESS

The Primary Invoice is always highlighted within 'Left Hand' list. Then highlight the corresponding Receipt(s) or Payment(s) within the 'Right Hand' list. Then click on the 'Allocate' button. You can also filter the 'Right Hand' list to show only the records that are an exact amount. This is applicable to single allocations only. If you are attempting to match multiple records, then untick this box.

You can also Deallocate (Reverse) a 'Reconciled' Invoice by clicking on the 'DeAllocate' button.

Note: You can only Allocate when the 'Net Balance' is Zero.

Introduction

'Allocation' is a process used to 'Match Off' an Invoice with the associated Payment or Receipt. This allows you to manage any outstanding Invoices. For example: a 'Sales Invoice' with a Receipt, a 'Sales Credit' with a Payment, a 'Purchase Invoice' with a Payment, a 'Purchase Credit' with a Receipt. NOTE: The Digital Record 'Status' is initially set to 'Awaiting Allocation' and then changed to 'Reconciled' after the Allocation is complete. Under certain circumstances, you may wish to Allocate multiple items, such as multiple Receipts for 1 'Sales Invoice' or 1 Receipt for multiple 'Sales Invoices'. Additionally, you may wish to allocate a 'Sales Invoice' and a ('Sales Credit' or 'Sales Write-Off') with a 'Receipt'. I.e. where there is no physical refund. NOTE: For the purposes of the Tax Return, A 'Sales Write-Off' should be assigned to Expenses whereas a 'Sales Credit' should be assigned to Income.

Allocation Summary

	Total:	Gross:
Invoices:	1	1,036.78
Receipts/Payments:	1	-1,036.78
Net Balance:		0.00

Primary Invoice Details

Reference: **PIN 00007** Ledger: **Purchase Invoice** Date: **09 Apr 2024** Gross: **1,036.78**

Description: **Supplier 7**

Receipts/Payments Filter

Exact Amount
(Single allocations only)

Allocation Status

Awaiting Allocation

Allocate

Allocation Details

Invoices ('User' Type Digital Record)

ID	Tax Date	Invoice	Ledger	Gross	Description (Shortened)	Status
6	03/04/2024	PIN 00005	Purchase Invoice	8.95	Supplier 5	Awaiting Allocation
9	06/04/2024	PIN 00006	Purchase Invoice	200.00	Supplier 6	Awaiting Allocation
12	09/04/2024	PIN 00007	Purchase Invoice	1,036.78	Supplier 7	Awaiting Allocation
17	15/04/2024	PIN 00008	Purchase Invoice	654.58	Supplier 8	Awaiting Allocation
18	16/04/2024	PIN 00009	Purchase Invoice	8.95	Supplier 9	Awaiting Allocation
20	19/04/2024	PIN 00010	Purchase Invoice	500.00	Supplier 10	Awaiting Allocation
21	20/04/2024	PIN 00011	Purchase Invoice	500.00	Supplier 11	Awaiting Allocation
23	22/04/2024	PIN 00012	Purchase Invoice	400.00	Supplier 12	Awaiting Allocation

Receipts / Payments ('Bank' Type Digital Record)

ID	Tax Date	Linked To	Ledger	Gross	Description (Shortened)	Status
35	09/04/2024		Bank Payment	-1,036.78	Supplier 7	Awaiting Allocation

Guidance Notes

1. The Primary Invoice is always highlighted within 'Left Hand' list. Then highlight the corresponding Receipt(s) or Payment(s) within the 'Right Hand' list. Then click on the 'Allocate' button.

2. You can also Deallocate (Reverse) a 'Reconciled' Invoice by clicking on the 'DeAllocate' button. General Note: You can only Allocate when the 'Net Balance' is Zero.

Close

5 Dashboard (Bank Transactions)

The purpose of the 'Bank Feed' is to improve the speed and accuracy of creating 'Receipt and Payment' Digital Records. The term 'Bank Feed' is a collective phrase describing the process of importing Bank Transactions from the downloaded Bank Statement.

The 'Bank Feed' is optional and is set within the 'User Configuration'. When the 'Bank Feed' option is in use, the Dashboard 'Bank Transactions' and '[Archived] Bank Transactions' Tabs are visible otherwise they are hidden from view.

The main 'Bank Feed' processes are located within the Dashboard 'Bank Transactions' Tab.

PROCESS SUMMARY

- Firstly, you download a Bank Statement and save within the subfolder 'New Statements'.
- Then you import the Bank Transactions via the 'Import Bank Statement' button.
- Optionally, you can create & apply 'User Maps' for common transactions to facilitate the 'Bulk Create'.
- Optionally, you can change a Bank Transaction Ledger using the 'Quick Ledger Change' option.
- Then you create the Digital Records individually via the 'Create Digital Record' button or collectively via the 'Bulk Create Digital Records' button. Alternatively, you can initially create some of the Digital Records individually and then 'Bulk Create' the remainder. This choice depends on your circumstances.

NJT Digital Records Dashboard - Version 0.5 (22 Feb 2024) - OneDrive Local

Trading Name: **Neilson James Technology** Basis: **Accrual** Bank Feed: **Lloyds**

Self Assessment (SA)
 National Insurance No (NINO): **AB123456C** Tax Year Period: **01 Apr to 31 Mar (Calendar)**
 Business Type: **Self Employment**
 Tax Year: **2024-25** Quarter: **1** **01 Apr 2024 to 30 Jun 2024** Expenses Scope: **Consolidated**

Value Added Tax (VAT)
 VAT Registration No (VRN): **123456782**
 Resident in Northern Ireland? **No**
 Flat Rate Scheme in Use? **No**
 Current VAT Period: **01 Apr 2024 to 30 Jun 2024**

Software Licence
 Licenced To: **N/A**
 Number: **N/A** Type: **Trial**
 Status: **54 days remaining on your 'Trial' Licence**
 Invoices (Total / Awaiting Allocation):
 Sales: **13 / 13** Purchase: **10 / 9**

BSN	Bank Date	Type	Bank Reference (Shortened)	Gross	Balance	Net	Val	Scope/Rate	Ledger/Status
7	04 Apr 2024	FPI	Customer 2	40.00	52,344.78				Processed (Open)
8	05 Apr 2024	FPI	Customer 3	40.00	52,384.78				Processed (Open)
9	06 Apr 2024	TFR	Supplier 6	-200.00	52,184.78				Processed (Open)
10	07 Apr 2024	FPI	Customer 4	50.00	52,234.78				Processed (Open)
11	08 Apr 2024	FPI	Customer 5	50.00	52,284.78				Processed (Open)
12	09 Apr 2024	TFR	Supplier 7	-1,036.78	51,248.00				Processed (Open)
13	10 Apr 2024	TFR	Personal Account	-500.00	50,748.00				Processed (Locked)
14	11 Apr 2024	FPI	Customer 6	40.00	50,788.00				Processed (Open)
15	12 Apr 2024	FPI	Customer 7	40.00	50,828.00				Processed (Open)
16	13 Apr 2024	BGC	Customer 8	50.00	50,878.00				Processed (Open)
17	14 Apr 2024	FPI	Customer 9	40.00	50,918.00				Processed (Open)
18	15 Apr 2024	TFR	Supplier 8	-654.58	50,263.42				Processed (Open)
19	16 Apr 2024	TFR	Supplier 9	-8.95	50,254.47				Processed (Open)
20	17 Apr 2024	TFR	Personal Account	-1,000.00	49,254.47				Processed (Locked)
21	18 Apr 2024	DEP	Customer 10	40.00	49,294.47				Processed (Open)
22	19 Apr 2024	TFR	Supplier 10	-500.00	48,794.47				Processed (Open)
23	20 Apr 2024	TFR	Supplier 11	-500.00	48,294.47				Processed (Open)
24	21 Apr 2024	BGC	Customer 11	50.00	48,344.47				Processed (Open)
25	22 Apr 2024	TFR	Supplier 12	-400.00	47,944.47				Processed (Open)
26	23 Apr 2024	FPI	Customer 12	45.00	47,989.47				Processed (Open)
27	24 Apr 2024	TFR	Personal Account	-2,500.00	45,489.47				Processed (Locked)
28	25 Apr 2024	FPI	Customer 13	40.00	45,529.47				Processed (Open)
29	26 Apr 2024	FPI	Customer 14	3,000.00	48,529.47				Original Import

Bank Feed Statistics
 Processed (Locked): **4** Open balance 01 Apr 2024: **52,340.00**
 Processed (Open): **21** Processed to 25 Apr 2024: **45,529.47**
 * Amended Imports: **0** Close balance 26 Apr 2024: **48,529.47**
 Original Imports: **1** Archived to 03 Apr 2023: **3**

Bank Transaction (BS) (BSN: 29)
 Bank: **Customer 14**
 Reference: **Customer 14**

Original Import Details (Awaiting Creation of New Digital Record)
 Description: **Customer 14**
 Tax Ledger: **Bank Receipt** Locked: **No**

Quick Ledger Change (Non-Processed Imports Only)
 Current Ledger: **Bank Receipt** Use same Ledger for next change:
 Change Ledger To: **Bank Receipt** Update

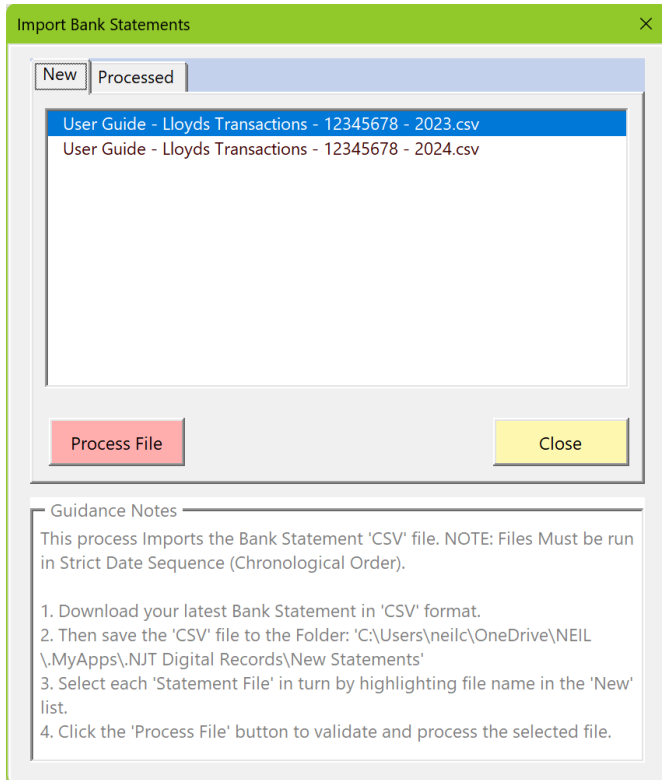
Filter Condition: [All Records]
 Record(s): [26]

Buttons: Import Bank Statement, Create Digital Record, User Maps, Bulk Create Digital Records, Archive Bank Transactions, Filter Is (OFF)

Find (abc = Contains. <abc = Begins with.)

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5.1 Import Bank Statement



PREREQUISITES

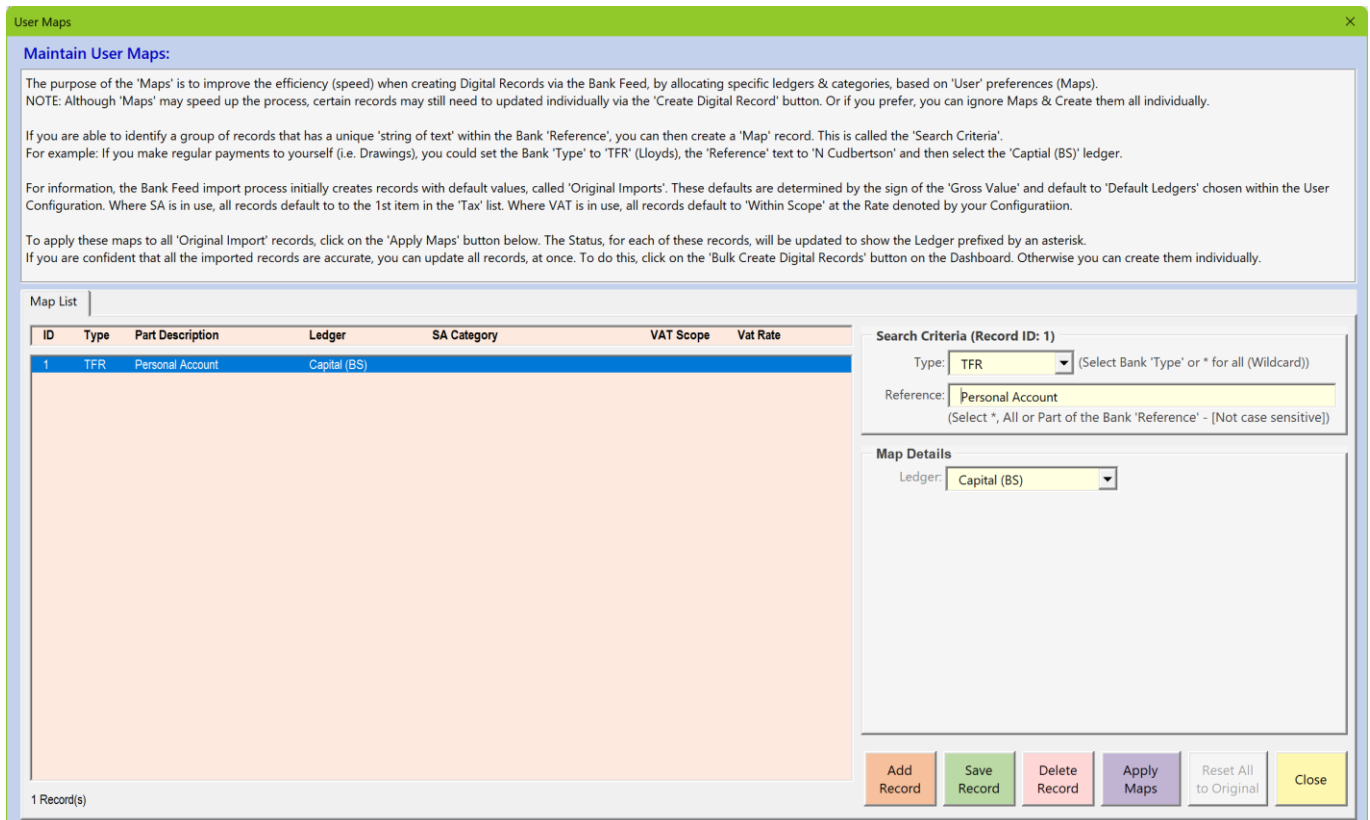
Before you can import a Bank Statement, you first need to download the Statement from your Bank and then save it within the sub folder 'New Statements'. The exact location is displayed within the 'Import Bank Statements' Form.

PROCESS

The select and process each Bank Statement in strict chronological order.

5.2 User Maps

The purpose of User Maps is to improve the efficiency (speed) when creating Digital Records via Imported Bank Transactions, by allocating specific Ledgers & Categories, based on 'User' preferences.



‘NJT Digital Records’ User Guide - V1.3

Data Item	Visibility	Comments
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Search Criteria

Type	All	Select the Bank Transaction Type from the Dropdown list.
Reference	All	Enter the Reference text. Enter * (Asterisk) for all or enter all or part of the Bank Transaction Reference.

Map Details

Ledger	All	Select the Ledger from the dropdown list.
--------	-----	---

Income Tax Category (Visible only for ‘Profit & Loss’ Ledgers)

Category	IT	Select the Category from the Dropdown list.
----------	----	---

VAT Scope & Rate (Visible only for ‘Profit & Loss’ Ledgers)

VAT Scope	VAT	Select the VAT Scope from the Dropdown list.
VAT Rate	VAT	Select the VAT Rate from the Dropdown list.

Buttons

Add Record	All	Click on this button to Add a new Map record.
Save Record	All	Click on this button to Save the changes to a new or existing Map record.
Delete Record	All	Click on this button to Edit an existing Map record.
Apply Maps	All	Click on this button to apply the Maps to all Bank Transaction with a status of ‘Original Import’. The Status will be updated to show the applied Ledger prefixed by an ‘*’ (Asterisk).
Reset All to Original	All	This button allows you to reverse the Transactions updated by the ‘Apply Maps’ button. Note: This includes any Transactions updated using the ‘Quick Ledger’ Change’.
Close	All	Closes the ‘User Map’ Form.

5.3 Quick Ledger Change

This function allows you to quickly change the Ledger. If you also tick the box ‘Use same Ledger for next change’, then you can apply the same Ledger changes to other Bank Transactions.

Initially you select the new Ledger from the Dropdown list, then click on the ‘Update’ button.

5.4 Create Digital Record

To Create an individual Digital Record, click on the ‘Create Digital Record’ button and the Form will be displayed.

As the Form layout is similar to adding a Digital Record using the ‘Add Record’ see that section for further information. The only difference is that the Invoice Ledgers are restricted to ‘Bank Receipts’ & ‘Bank Payments’.

5.5 Bulk Create Digital Records

Bulk Create Digital Records

Selection Details

Date Range
 From: 01 Apr 2024
 To: 26 Apr 2024

Record Scope
 All Records
 Amended Records Only

Do you wish to Lock Records? No

Refresh Selection

26 Bank Transaction(s) selected

Guidance Notes
 If you change any of the Selection Details, Click on the 'Refresh Selection' button. This will re-calculate the total records to be created. Finally, Click on the 'Create Tax Records' button.
 NOTE: Any Bank Records already Reconciled, Bank Receipts & Bank Payments will be ignored.

Create Records Cancel

The purpose of the 'Bulk Create Digital Records' is to speed up the creation of Digital Records from Imported Bank Transactions.

You can select a date range and scope of Transactions to be processed. You can also choose whether to Lock the Digital Records.

If you change any of the settings, click on the 'Refresh' button, then click on the 'Create Records' button.

If any of the imported Bank Transactions require changing from the defaults applied during the import, then it is recommended that you first process these individually, using the 'Create Digital Record' button, before running this option.

For example, where the required IT Tax Return Category is not the first item or where the required VAT Rate is different from the import default.

5.6 Archive Bank Transactions

Archive Bank Transactions

Archive Date: 03/04/2023 Refresh

Total Transactions: 3 Cancel

Accept

Guidance Notes
 Moves 'Processed (Locked)' Bank Transactions to the Archived Bank Transactions list.

1. Enter the date TO WHICH you wish to archive the Bank Transactions.
2. Then click the 'Refresh' button (The total eligible Bank Transactions will be displayed).
3. Click the 'Accept' button to archive the Bank Transactions or click the 'Cancel' button to abandon.

The purpose of 'Archiving' is to move (Archive) Bank Transactions, so you can focus on Transactions within the current Tax period.

Click on this button to display the 'Archive Bank Transactions' Form. Within this Form, you can move 'Processed (Locked)' Bank Transactions to the 'Archived Bank Transactions' list.

If you are using only Self-Assessment, this process is undertaken after you have submitted your 'End of Year' Tax Return & you have incremented the Tax Year within the Configuration.

If you are using only VAT, then this process is undertaken after you have submitted your VAT Return & you have incremented the VAT Period with the Configuration.

If you are using both Self-Assessment & VAT, this process is undertaken after you have incremented both the Tax Year & VAT Period.

5.7 Filter

Filter Bank Transactions

Ledger: Bank Payment

Status: Original Import

Other Text:

Begins with Contains

Accept

Clear

Close

Guidance Notes

Filters Bank Transactions to be viewed.
Note: The same filter condition is also applied to the 'Archived Bank Transactions'.

1. Enter any combination of Items. Populate multiple items for a more precise filter.
2. Click the 'Accept' button to view the filtered Digital Records.
or Click the 'Clear' button to view all Digital Records.
or Click the 'Close' button to leave the current condition unchanged.

You can use the Filter option to filter the display of Bank Transactions in a variety of ways. You can select different Filter options, such as, Records Scope, Ledger, Record Status or Other Text. You can select any combination of these options.

To clear the Filter condition, click on the Clear button.

Note: Certain functions within the software will not run where the Filter is on.

Note: The same Filter condition is also applied to the Archived Bank Transactions' list.

OTHER TEXT

You can enter any text or number. It is not case-sensitive, therefore, you can enter it in upper or lower characters. Also you can choose whether it Begins With or Contains the text.

5.8 Find

The Find option allows you to quickly find Bank Transactions based on the text you enter, this text is not case-sensitive. The default is to check for 'Containing the Text'. However, if you prefix the text entry with a '<' (Less than sign), then it will check for 'Text Beginning With'. Click on the 'First' button to find the first occurrence of the text, Click on the 'Next' button to find the next occurrence of the text.

6 Dashboard ([Archived] Digital Records)

Archived Digital Records are populated via the 'Archive Digital Records' process within the 'Digital Records' Tab. You can Filter Digital Records and Find Digital Records in much the same way as defined within the 'Dashboard (Digital Records)' section.

Note: The Filter is applied to both the 'Digital Records' list and the 'Archived Digital Records' list.

The screenshot shows the 'NJT Digital Records Dashboard - Version 0.5 (22 Feb 2024) - OneDrive Local'. The main area displays a table of digital records with columns for ID, Tax Date, Ledger, RefInv, Cat, Description (Shortened), Net, Vat, Gross, and Source/Status. The records are filtered to show 6 records. A 'Recall Records' button is visible at the bottom left. On the right, a detailed view of a 'Purchase Invoice PIN 00001 (PL) (ID: 1) [Archived] * Outside Tax Year' is shown, including fields for Description, Source, Tax Category, VAT Scope, and an 'Allocated to Bank Payment (BS) (ID: 27)' section.

ID	Tax Date	Ledger	RefInv	Cat	Description (Shortened)	Net	Vat	Gross	Source/Status
1	*01 Apr 2023	Purchase Invoice	PIN 00001		Supplier 1	50.00	10.00	60.00	Reconciled (Locked)
27	*01 Apr 2023	Bank Payment	TFR		Supplier 1	-50.00	-10.00	-60.00	Reconciled (Locked)
2	*02 Apr 2023	Purchase Invoice	PIN 00002		Supplier 2	500.00	100.00	600.00	Reconciled (Locked)
26	*02 Apr 2023	Bank Payment	TFR		Supplier 2	-500.00	-100.00	-600.00	Reconciled (Locked)
3	*03 Apr 2023	Sales Invoice	SIN 00001		Customer 1	-2,500.00	-500.00	-3,000.00	Reconciled (Locked)
29	*03 Apr 2023	Bank Receipt	TFR		Customer 1	2,500.00	500.00	3,000.00	Reconciled (Locked)

6.1 Recall Records

The 'Recall Digital Records' form includes a 'Recall Date' field set to '01/04/2023', a 'Total Transactions' field showing '6', and buttons for 'Refresh', 'Cancel', and 'Accept'. Below these fields is a 'Guidance Notes' section with the following text:

Allows Archived Digital Records to be moved back to the Digital Records list.

1. Enter the date FROM WHICH you wish to recall the Records.
2. Then click the 'Refresh' button (The total eligible Records will be displayed).
3. Click the 'Accept' button to recall the Records or click the 'Cancel' button to abandon.

The option to Recall Records, is essentially a reversal of the Archive process.

Click on this button to display the 'Recall Digital Records' Form. Within this Form, you can move the Archived Digital Records back to the Digital Records list.

7 Dashboard ([Archived] Bank Transactions)

Archived Bank Transactions are populated via the 'Archive Bank Transactions' process within the 'Bank Transactions' Tab. You can Filter & Find Bank Transactions in much the same way as defined within the 'Dashboard (Bank Transactions)' section.

Note: The Filter is applied to both the 'Bank Transactions' list and the 'Archived Bank Transactions' list.

The screenshot displays the 'NJT Digital Records Dashboard - Version 0.5 (22 Feb 2024) - OneDrive Local'. The main area is divided into several sections:

- Trading Name:** Neilson James Technology
- Basis:** Accrual, **Bank Feed:** Lloyds
- Self Assessment (SA):** National Insurance No (NINO): AB123456C, Tax Year Period: 01 Apr to 31 Mar (Calendar), Business Type: Self Employment, Tax Year: 2024-25, Quarter: 1, Expenses Scope: Consolidated.
- Value Added Tax (VAT):** VAT Registration No (VRN): 123456782, Resident in Northern Ireland?: No, Flat Rate Scheme in Use?: No, Current VAT Period: 01 Apr 2024 to 30 Jun 2024.
- Software Licence:** Licenced To: N/A, Number: N/A, Type: Trial, Status: 54 days remaining on your 'Trial' Licence.
- Invoices (Total / Awaiting Allocation):** Sales: 13 / 13, Purchase: 10 / 9.

The main table shows a list of bank transactions:

BSN	Bank Date	Type	Bank Reference (Shortened)	Gross	Balance	Net	Vat	Scope/Rate	Ledger/Status
1	01 Apr 2023	TFR	Supplier 1	-60.00	49,940.00				Processed (Locked)
2	02 Apr 2023	TFR	Supplier 2	-600.00	49,340.00				Processed (Locked)
3	03 Apr 2023	TFR	Customer 1	3,000.00	52,340.00				Processed (Locked)

The right-hand pane shows details for Bank Transaction (BSN: 3):

- Date:** 03 Apr 2023, **Type:** TFR, **Amount:** 3,000.00
- Bank Reference:** Customer 1
- Associated Digital Record: Bank Receipt (BS) (ID: 29, 03 Apr 2023)**
- Description:** Customer 1
- Tax Ledger:** Bank Receipt, **Locked:** Yes
- Notes:** (Empty text area)

At the bottom, there is a filter condition: [All Records], Record(s): [3], and a 'Recall Transactions' button. A search bar with 'Find (abc = Contains. <abc = Begins with.)' and 'Filter Is [OFF]' is also present.

7.1 Recall Records

The 'Recall Bank Transactions' dialog box contains the following elements:

- Recall Date:** 01/04/2023
- Total Transactions:** 3
- Buttons:** Refresh, Cancel, Accept
- Guidance Notes:**

Allows Archived Bank Transactions to be moved back to the Bank Transactions list.

 1. Enter the date FROM WHICH you wish to recall the Records.
 2. Then click the 'Refresh' button (The total eligible Records will be displayed).
 3. Click the 'Accept' button to recall the Records or click the 'Cancel' button to abandon.

The option to Recall Records, is essentially a reversal of the Archive process.

Click on this button to display the 'Recall Bank Transactions' Form. Within this Form, you can move the Archived Bank Transactions back to the Bank Transactions list.

8 Dashboard (Administration Routines)

The Administration Routines Form is accessed via the 'Administration Routines' button located on the right-hand side of the Dashboard.



BACKUP DATA

Creates a Backup of All data to a Text file. This can be used later to manually Restore Data where required. The default location is the sub folder 'Backup'. However, this can be changed during the Backup process.

SYSTEM DETAILS

Displays computer system details, including Windows & Excel Versions and Object Libraries.

SOFTWARE RELEASE HISTORY

Displays a list of all software releases, including: Versions, Dates & a summary of the Release Notes.

EXPORT DIGITAL RECORDS

Export all Digital Records to a CSV file. You have the option to include any Archived records.

Note: All CSV files are saved to the sub folder 'CSV Exports'.

EXPORT BANK TRANSACTIONS

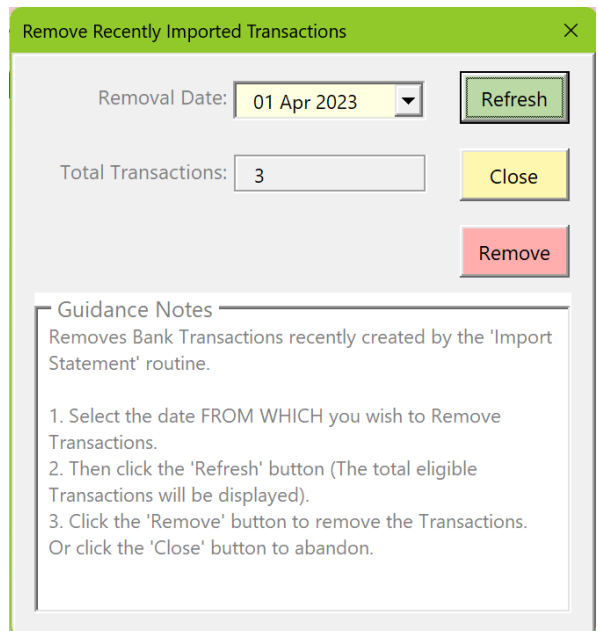
Export all Bank Transactions to a CSV file. You have the option to include any Archived Transactions.

Note: All CSV files are saved to the sub folder 'CSV Exports'.

DISPLAY LAST ERROR

Displays the last error message encountered. The message can be sent to Neilson James Technology (NJT). Also can be used to send Diagnostics files to NJT.

REMOVE IMPORT BANK TRANSACTIONS



This Administration function enables you to remove recently imported Bank Transactions.

For example, where the import did not complete successfully. Or for the purposes of training.

Select the first date from which you wish to remove Bank Transactions. Then click on the 'Refresh' button. Finally, click on the 'Remove' button.

RESTORE DATA

Restores a complete set of All Data from a Text file, which was created using the 'Backup Data' function.

Note: All data is overwritten.

9 Dashboard (Other Buttons)

Save & Close	This button saves and closes the software & Excel Workbook, returning you to Excel.
Save	This button saves the software & Excel Workbook.
Hide Dashboard	<p>Where you have just 1 monitor, the Dashboard will hide automatically when you click on the worksheet tabs. For example, if you wish to view your current IT Quarter Update or VAT Return.</p> <p>Where you have more than 1 monitor, the Dashboard does not hide automatically, as you may wish to keep the Dashboard visible and move to another monitor.</p> <p>However, you can Hide the Dashboard by clicking on this button.</p>
Check for New Product Version	<p>This button allows you to check if a new software version is available. If so, a form (Window) will be displayed.</p> <p>If you then click on the download button, the new version will be downloaded and your records will be transferred. Finally the old version will be moved to the sub folder 'Archive'.</p> <p>Please note: On startup, this software will automatically check if a new version is available. If so, the form will be displayed.</p>
Useful Websites	This button displays a Form containing links to useful websites, such as, the NJT website, download the software for remote support etc.
Terms of Use	Before you can use this software, you need to Accept the Terms of Use. Click on this button and follow the instructions.
User Configuration	Opens the User Configuration Form, which is explained in another section.
Administration Routines	Opens the Administration Routines Form, which is explained in another section.
User Guide	On startup, this software downloads the PDF User Guide and saves it within the sub folder 'User Guide'. Click on this button to open the PDF within your Windows Default PDF reader.
Purchase/Renew Licence	If you are using the software as a Trial and wish to purchase a 12-month licence, then click on the 'Purchase Licence' button and follow the instructions. If you are a Licenced user, then you can click on the 'Renew Licence' button and again follow the instructions.

10 VAT - Exporting Goods Overseas

Please note the information in this User Guide is for guidance only and should not be taken as legally compliant VAT advice, since individual circumstances may vary. If in doubt, refer to an accountant.

10.1 Introduction

Since BREXIT, sales of goods by businesses located in Great Britain (GB) to **all** countries outside the UK are classed as exports. This includes sales to EU countries. However, sales of goods to Northern Ireland are classed as 'Domestic' sales and are subject to the normal UK VAT rules.

Related HMRC Links:

VAT on goods exported from the UK: ([HMRC VAT Notice 703](#))

Pre-requisites for exporting

Before exporting any goods, first you will need to:

- Apply for an '[Economic Operators Registration & Identification Number \(EORI\)](#)' starting with GB.
- Subscribe to the '[Customs Declaration Service](#)'.

When exporting the goods, the person completing the customs declaration needs to include:

- EORI number
- VAT Registration No

Zero Rating on Exports:

VAT is a tax levied on goods and services consumed in the UK. When goods are exported they are 'consumed' outside the UK and to impose VAT on such goods would be contrary to the purpose of the tax. Therefore, the supply of exported goods is zero-rated provided the conditions for zero rating are met (See VAT Notice 703 section 3) A zero-rated VAT supply is one which is subject to VAT but where the VAT is at 0%.

Place of supply:

Goods are normally treated as being supplied where they are located at the time of supply and not where the supplier is located. Goods located outside the UK are not exports and the supply is outside the scope of UK VAT

This applies To:

- A VAT registered business in a different country
- An EU customer and the goods has a value of £135 (150 euros) or more per assignment
- An EU customer and the destination VAT settings have not been applied

11 VAT - Selling Services Overseas

Please note the information in this User Guide is for guidance only and should not be taken as legally compliant VAT advice, since individual circumstances may vary. If in doubt, refer to an accountant.

11.1 Introduction

If you are a UK business and sell a service to an overseas customer, you need to determine the place of supply to know whether or not the record is outside the scope of UK VAT, regardless of where the customer is located.

If the place of supply is the UK, it is subject to UK VAT and VAT should be charged in the normal way for a domestic UK sale.

If the place of supply is outside the UK, it is outside the scope of UK VAT. However, HMRC require the net value of sales that are outside the scope of UK VAT under place of supply rules, to be included in Box 6 of the VAT return (according to para 3.7 of HMRC VAT Notice 700/12).

Related HMRC Links:

Place of supply of services: ([HMRC VAT Notice 741A](#))

11.2 Extracts from HMRC VAT Notice 741A

Section 2.1 - The place of supply

For VAT purposes, the place of supply of a service is the place where that service is treated as being supplied. This is the place where it's liable to VAT (if any).

If the supply is in the UK it is subject to UK VAT.

If the supply is in an EU member state (UK based businesses) or another country it is said to be 'outside the scope' of UK VAT under place of supply rules. However, the Net amount should be included in Box 6 of the VAT return (according to para 3.7 of VAT Notice 700/12). Therefore, in practice, the record should be entered as 'Exempt' and not 'Outside' the scope of VAT.

Section 2.2 - The impact on UK suppliers

If you belong in the UK and the place of supply of your services is the UK, you must charge any UK VAT due and account for it to HMRC regardless of where your customer belongs. If the place of supply of your services is outside the UK, you or your customer may be liable to account for any VAT due to the tax authorities of that country.

Where the place of supply of your services is outside the UK, you should make sure that your records contain enough evidence that this is the case.

If the place of supply of your services is outside the UK you should not charge UK VAT but, as you may need to account for the local tax, you'll need to consider the tax rules of the country into which you are making your supply.

Section 2.3 - Why it's important to identify what is being supplied

It is essential that you think carefully about the nature of any services that you supply or receive because it will determine which place of supply rule applies.

You should ask yourself 'what am I supplying?' or 'what am I receiving?'. The invoices should avoid general or generic descriptions and make clear the nature of the services involved.

Section 2.4 - Why it's important to establish who is being supplied

There are different rules depending on whether you're supplying services to consumers B2C or business B2B.

B2C supplies means supplies to a:

- private individual
- charity, government department or other body which has no business activities
- 'person' (natural or legal) who receives a supply of services wholly for a private purpose

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B2B supplies means supplies made to businesses. It also includes supplies to customers that have both business and non-business activities such as charities, local authorities and government departments. Unless you have information that suggests the service is wholly for private use, you may presume that your customer is in business if they provide you with their VAT number.

Section 2.5 - UK territorial limits

The UK consists of Great Britain, Northern Ireland and the waters within 12 nautical miles of their coastlines. The Isle of Man is treated as part of the UK for VAT purposes and VAT is chargeable in the Isle of Man (under Manx Law which generally parallels UK legislation). There is no VAT in the Channel Islands or Gibraltar, which are outside the UK for VAT purposes.

Impact of the Northern Ireland Protocol:

The Northern Ireland protocol only applies to goods. Services are outside the scope of the protocol and not impacted by the rules outlined in this notice.

12 VAT – Importing Goods from Overseas

Please note the information in this User Guide is for guidance only and should not be taken as legally compliant VAT advice, since individual circumstances may vary. If in doubt, refer to an accountant.

12.1 Introduction

Where import VAT is due on goods purchased from overseas, most businesses can either pay import VAT when goods enter the country, or postpone payment to when they submit their VAT return ('Reverse Charge' mechanism).

If a business pays import VAT when goods enter the country, i.e. 'Paid at Border (PAB)', this can then be reclaimed upon receipt of an [Import VAT certificate \(C79\)](#).

If a business postpones the VAT payment, this is known as 'Postponed VAT Accounting' (PVA), which allows a business to account for import VAT and pay it through the VAT return via a [Monthly Postponed Import VAT Statement](#) (MPIV).

Pre-requisites for importing

Before importing any goods, first you will need to:

- Apply for an ['Economic Operators Registration & Identification Number \(EORI\)'](#) starting with GB.
- Subscribe to the ['Customs Declaration Service'](#).

When importing the goods, the person completing the customs declaration needs to include:

- EORI number
- VAT Registration No
- A 'G' in Box 47e (for the payment method for Import VAT)

12.2 Using the 'Postponed VAT Accounting' Scheme (PVA)

The PVA scheme allows businesses to postpone payment of the VAT. Instead of paying at the border, businesses account for the Import VAT and recover it on a later VAT Return.

When using the PVA scheme, you will need to download the ['Monthly Postponed Import VAT Statement'](#) (MPIV), which is normally available by the 6th working day of the following month.

For information, these statements are only available for 6 months, so need to be downloaded regularly.

You will then use this statement to enter the 'Reverse Charge' record(s) as an 'Expense'.

Note: You must account for 'Postponed' Import VAT in the VAT return which covers the date you imported the goods. HMRC states that an estimate should be made if you've delayed your import declaration and do not have a statement.

12.2.1 Accrual Accounting Example

EXAMPLE: GOODS PRICE = £100 AND IMPORT VAT = £20 (PLUS COURIER 'OTHER CHARGES' £50 NET & £10 VAT)

Step 1: Create a 'Goods Only' Digital Record upon receipt of the supplier invoice

Tax Date	Enter the date from the invoice
Ledger	If 'Invoice Ledger' records are in use then Select 'Purchase Invoice' from the Dropdown list, otherwise Select 'Expenses (PL)' from the Dropdown list
Gross	Enter 100 (the Goods price)
VAT Scope	Select 'Within Scope' from the Dropdown list
VAT Rate Option	Select 'Zero Rate'

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Special VAT Category	Leave Blank
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The Gross and Net amount will be £100.

VAT Return: The Net amount (£100) will be included in Box 7.

Step 2: Create a 'Other Charges' Digital Record upon receipt of the Courier 'Other Charges' invoice

NOTE: YOU ONLY NEED TO CREATE THIS RECORD WHERE 'OTHER CHARGES' HAVE BEEN INCURRED.

Tax Date	Enter the date from the Courier invoice.
Ledger	If 'Invoice Ledger' records are in use then Select 'Purchase Invoice' from the Dropdown list, otherwise Select 'Expenses (PL)' from the Dropdown list
Gross	Enter 60 (the Gross amount)
VAT Scope	Select 'Within Scope' from the Dropdown list
VAT Rate Option	Select 'Standard Rate'
VAT Amount	10 (will be calculated automatically)
Special VAT Category	Leave Blank

VAT Return: The Vat amount (£10) will be included in Box 4 and the Net amount (£50) will be included in Box 7.

UPON RECEIPT OF THE MPIV STATEMENT

Step 3: Create a 'Import VAT only' Digital Record upon receipt of the MPIV statement

Tax Date	Enter the date from the MPIV or the last date of the current VAT Return period.
Ledger	If 'Invoice Ledger' records are in use then Select 'Purchase Invoice' from the Dropdown list, otherwise Select 'Expenses (PL)' from the Dropdown list
Gross	Enter 20 (the Import VAT amount)
VAT Scope	Select 'Within Scope' from the Dropdown list
VAT Rate Option	Select 'Custom Amount'
VAT Amount	Enter 20 (the Import VAT amount)
Special VAT Category	Select 'P1. PVA Import Goods (RC)' from the Dropdown list

VAT Return: The VAT amount (£20) will be included in Boxes 1 & 4.

12.3 Paying the import VAT when goods enter the country

If a business pays import VAT when goods enter the country, this can then be reclaimed upon receipt of an [Import VAT certificate \(C79\)](#).

Usually, the courier company delivering the goods pays the import VAT to HMRC on your behalf, and then invoices you to pay the import VAT (usually along with other charges). Where there are other charges, create two additional records. i.e. separate the VAT import amount from the other charges.

Note: You can only account for Imports 'Paid at Border' in your VAT Return after you have received your corresponding C79 certificate. Therefore if there is a delay in receiving your C79 certificate, you may need to change the Tax Date on the 'Goods Only' invoice to within the next VAT Period before submitting your current VAT Return.

Potential Issue where Self-Assessment is in Use and you change the Tax Date beyond the Tax Year boundary. The Goods purchase will be included within next year's Tax Return.

12.3.1 Accrual Accounting Example

EXAMPLE: GOODS PRICE = £100 AND IMPORT VAT = £20 (PLUS COURIER 'OTHER CHARGES' £50 NET & £10 VAT)

Step 1: Create a 'Goods Only' Digital Record upon receipt of the supplier invoice

Tax Date	Enter the date from the invoice
Ledger	If 'Invoice Ledger' records are in use then Select 'Purchase Invoice' from the Dropdown list, otherwise Select 'Expenses (PL)' from the Dropdown list
Gross	Enter 100 (the Goods price)
VAT Scope	Select 'Within Scope' from the Dropdown list
VAT Rate Option	Select 'Zero Rate'
Special VAT Category	Leave Blank

The Gross and Net amount will be £100.

VAT Return: The Net amount (£100) will be included in Box 7.

Step 2: Create an 'Import VAT Only' Digital Record upon receipt of the Courier invoice

NOTE: .THIS IS TO RECORD THE VAT PAID TO THE COURIER

Tax Date	Enter the date from the invoice
Ledger	If 'Invoice Ledger' records are in use then Select 'Purchase Invoice' from the Dropdown list, otherwise Select 'Expenses (PL)' from the Dropdown list
Gross	Enter 20 (the Gross amount)
VAT Scope	Select 'Outside Scope' from the Dropdown list
VAT Rate Option	Select 'Custom Amount'
VAT Amount	Enter 20
Special VAT Category	Leave Blank

VAT Return: This will have no effect on your VAT Return.

Step 3: Create a 'Other Charges' Digital Record upon receipt of the Courier 'Other Charges' invoice

NOTE: YOU ONLY NEED TO CREATE THIS RECORD WHERE 'OTHER CHARGES' HAVE BEEN INCURRED.

Tax Date	Enter the date from the invoice
Ledger	If 'Invoice Ledger' records are in use then Select 'Purchase Invoice' from the Dropdown list, otherwise Select 'Expenses (PL)' from the Dropdown list
Gross	Enter 60 (the Gross amount)
VAT Scope	Select 'Within Scope' from the Dropdown list
VAT Rate Option	Select 'Standard Rate'
VAT Amount	10 (will be calculated automatically)
Special VAT Category	Leave Blank

VAT Return: The Vat amount (£10) will be included in Box 4 and the Net amount (£50) will be included in Box 7.

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UPON RECEIPT OF THE C79 CERTIFICATE

Step 4: Create a 'Import VAT only' Digital Record upon receipt of the C79 certificate

Tax Date	Enter the date from the C79 certificate
Ledger	If 'Invoice Ledger' records are in use then Select 'Purchase Invoice' from the Dropdown list, otherwise Select 'Expenses (PL)' from the Dropdown list
Gross	Enter 20 (the Import VAT amount)
VAT Scope	Select 'Within Scope' from the Dropdown list
VAT Rate Option	Select 'Custom Amount'
VAT Amount	Enter 20 (the Import VAT amount)
Special VAT Category	Select 'B1. PAB Import Goods' from the Dropdown list

VAT Return: The Import VAT amount (£20) will be included in Box 4.

13 VAT - Flat Rate Scheme

Please note the information in this User Guide is for guidance only and should not be taken as legally compliant VAT advice, since individual circumstances may vary. If in doubt, refer to an accountant.

Related HMRC Links:

How to fill in and submit your VAT Return ([VAT Notice 700/12](#))

Flat Rate Scheme for small businesses ([VAT Notice 733](#))

13.1 Extracts from HMRC VAT Notice 733

4.1 Flat Rate Scheme for small businesses

This scheme allows small businesses an alternative to the normal method of accounting for VAT. Under this scheme you can work out your VAT by applying a flat rate percentage to your total turnover (including VAT).

If you use this scheme there are special rules for completing boxes 1, 4, 6 and 7 of the return. All other boxes are completed as normal.

7.8 Preparing business accounts for Income Tax purposes while using the Flat Rate Scheme

It is expected that accounts for businesses who are using the scheme will be prepared using gross receipts, less the flat rate VAT percentage, for turnover and that expenses will include the irrecoverable input VAT.

For both VAT and Income Tax purposes, there is a requirement to keep a record of sales and purchases. But, for businesses using the scheme, that record does not have to analyse gross, VAT and net separately. The records need only be complete, orderly and easy to follow.

Box 1 VAT due on sales

To calculate the VAT due under the Flat Rate Scheme, you must apply the flat rate percentage for your trade sector to the total of all your supplies, including VAT.

This includes your supplies which are: At the standard-rated, at the reduced rate, are zero-rated or are exempt.

For VAT return periods starting on or after 1 June 2022, you should not include imports that are due in this period through postponed VAT accounting within the total of your supplies. The value of import VAT should be added to the total VAT due after you have applied the flat rate percentage for your trade sector.

You may have other output tax to include in the box, such as the sale of capital expenditure goods on which you've claimed input tax separately while using the Flat Rate Scheme.

You should also use this box to record transactions that are subject to the reverse charge (read paragraph 4.6).

Box 4 total input VAT

If you use the Flat Rate Scheme you do not normally make a separate claim for input VAT, including any VAT on imports or acquisitions, as the flat rate percentage for your trade sector includes an allowance for input VAT.

You can recover VAT on any single purchase of capital goods of £2,000 or more, including VAT, and VAT on stocks and assets on hand at registration. For more information, read ([VAT Notice 733](#)): Flat Rate Scheme for small businesses.

You should also use this box to claim bad debt relief and to account for reverse charge transactions. For the 'Basic' method the total VAT amount is reclaimed. For the 'Cash' method, the amount is the Gross less the Flat Rate %.

Box 6 total value of sales

Enter the turnover that you applied your flat rate percentage to, including VAT. You should also include the value, excluding VAT, of any supplies accounted for outside the Flat Rate Scheme, such as the sale of any capital goods that you've reclaimed input VAT on, and reverse charge transactions. Also include any amount you've entered in box 8.

Box 7 total value of purchases

Usually there'll be no figure in this box unless you've bought a capital good costing more than £2,000 (including VAT) and you're claiming the input VAT in box 4. In which case, enter the sale price, excluding VAT. Also include in box 7 and reverse charge transactions.

14 VAT - Reverse charge accounting overview

Please note the information in this User Guide is for guidance only and should not be taken as legally compliant VAT advice, since individual circumstances may vary. If in doubt, refer to an accountant.

Related HMRC Links:

How to fill in and submit your VAT Return ([VAT Notice 700/12](#))

14.1 Extract from HMRC VAT Notice 700/12

Section 4.6 - Reverse charge accounting

Under the reverse charge procedure, the buyer of the goods or services, rather than the seller, is liable to account for the VAT on the sale. You need to use the following information to complete your VAT return.

If you use the reverse charge for gold or international services, and you're the:

- supplier — fill in box 6 (value of the supply)
- customer — fill in box 1 (output VAT), box 4 (input VAT), box 6 (value of the deemed supply) and box 7 (purchase value)

If you use the reverse charge for mobile phones and computer chips, wholesale gas and electricity, emission allowances, wholesale telecommunications, renewable energy certificates, building and construction services and you're the:

- supplier — fill in box 6 (value of the supply)
- customer — fill in box 1 (output VAT), box 4 (input VAT) and box 7 (purchase value)

15 VAT - Domestic reverse charge

Please note the information in this User Guide is for guidance only and should not be taken as legally compliant VAT advice, since individual circumstances may vary. If in doubt, refer to an accountant.

Related HMRC Links:

Domestic reverse charge procedure ([VAT Notice 735](#))

15.1 Extracts from HMRC VAT Notice 735

1.1 What this notice is about

The VAT domestic reverse charge procedure is an anti-fraud measure designed to counter criminal attacks on the UK VAT system by means of sophisticated fraud.

This notice explains the VAT reverse charge procedure, which applies to the supply and purchase of specified goods and services. It is not to be confused with the reverse charge for cross-border services, details of which are found in Place of supply of services (VAT Notice 741A).

For clarity we have inserted 'domestic' into the title of this notice as it's often referred to as such and you should assume any other references to reverse charge in this notice are for the domestic one unless specifically indicated otherwise.

5. How the reverse charge works

It's the responsibility of the customer, rather than the supplier, to account to HMRC for VAT on supplies of the specified goods or services.

7.1 General

The reverse charge only applies to supplies where:

- those supplies are specified supplies of goods or services as set out in section 3
- your customer is registered or liable to be registered for UK VAT
- your customer is buying the goods or services for a business purpose

7.7 Completion of your VAT return

Where you make a reverse charge supply you must include the VAT exclusive value of that supply in the total value of sales in box 6 of your VAT return. There is no output tax to include in box 1, because that is the responsibility of your customer.

8. If you get a reverse charge supply

If you're a UK VAT-registered business, or are liable to be registered for UK VAT, and have not been charged VAT because the reverse charge procedure applies, you must account for the VAT due on the supply.

The amount of VAT should be shown on the VAT invoice issued by your supplier, read paragraph 7.6.

You must account for the VAT on the VAT return for the period in which you got the supply. The normal tax point rules apply for determining when the supply is made and received.

You may reclaim this VAT as input tax on the same return as it's accounted for, subject to the normal rules, including any partial exemption restriction that may apply, read paragraph 8.5.

8.5 Completion of your VAT return

You must enter the output tax payable on purchases under the reverse charge in box 1, but the VAT exclusive value of the purchases must not be entered in box 6.

Input tax may be reclaimed, subject to the normal rules, by including it in the total shown in box 4. The VAT exclusive value of the purchases should be entered in box 7 in the normal way.

EXAMPLE (GOODS OR SERVICES): PURCHASE PRICE = £100 AND VAT = £20

Step 1: Enter the Expenses record upon receipt of the supplier invoice

Tax Date	Enter the date from the invoice
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Ledger	If 'Invoice Ledger' records are in use then Select 'Purchase Invoice' from the Dropdown list, otherwise Select 'Expenses (PL)' from the Dropdown list
Gross	Enter 120 (the purchase price +the VAT amount)
VAT Scope	Select 'Within Scope' from the Dropdown list
VAT Rate Option	Select 'Standard' rate
Special VAT Category	Select 'D1. Goods (DRC)' or 'D2. Services (DRC)'

The Net amount will be £100.

VAT Return: The Vat amount (£20) will be included in Boxes 1 & 4. The Net amount (£100) will be included in Box 7.

16 VAT - Movements of goods between Northern Ireland and the EU

Please note the information in this User Guide is for guidance only and should not be taken as legally compliant VAT advice, since individual circumstances may vary. If in doubt, refer to an accountant.

Related HMRC Links:

How to fill in and submit your VAT Return ([VAT Notice 725](#))

16.1 Extracts from HMRC VAT Notice 725

Section 3 - Supplies to VAT registered customers:

The normal VAT treatment of goods supplied within the EU is as follows:

- the supply in the EU member state of dispatch is zero-rated
- VAT is due on the acquisition of the goods in the country of arrival and is accounted for by the customer on their VAT Return at the rate in force in that country

Section 4.3 -Zero-rated supply of goods:

Regulations provide that a supply from Northern Ireland to a customer in an EU member state is liable to the zero rate where:

- your customer is VAT registered in an EU member state and has notified you of that VAT number
- the goods are sent or transported out of Northern Ireland to a destination in an EU member state
- you must submit an EC Sales List accurately accounting for the supply

Section 6 - Supplies to customers who are not registered for VAT

For supplies to non-taxable persons VAT is normally accounted for by the supplier as a domestic supply where the goods are dispatched from. Non-taxable person includes private individuals, public bodies, charities and businesses which are not VAT-registered because their turnover is below the registration threshold or whose activities are entirely exempt.

End of Document