

## VAT guidance – Pro-forma invoices

### **Proforma invoices to Accounts Payable**

EDC cannot claim back VAT on a pro forma invoice. In order to recover VAT, a proper VAT invoice needs to be obtained from the supplier. If this is not to hand when payment is made, the full amount **including VAT** will be charged to the Service cost centre.

Service staff will then need to contact the supplier and get a proper VAT invoice. When this is received, service staff will need to notify their service Accountant or the VAT section in Corporate Finance to transfer the VAT charge from their budget to the VAT account via journal. If a proper VAT invoice is not received, the full cost will remain in the Service cost centre.

### **Payment requests to Accounts Payable**

In a similar way to Pro-forma invoices, any payment requests that refer to VAT but do not have a VAT invoice attached cannot be processed in the normal way, with VAT coded to the VAT codes. In these cases, Accounts Payable will code the full cost to the service code. When the service receives the proper VAT invoice, a journal will need to be made to transfer the VAT charge from the Service cost centre to the relevant VAT code. Upon receipt of the VAT invoice, service staff should liaise with their Accountant to ensure this journal transfer is prepared correctly. Only at this stage can VAT be recovered by the Council.

If you have any queries on this or you are unsure of the VAT treatment of any work, please contact the VAT team:

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