How to record RCT Tax - Standard VAT

If you are the main contractor

These are the steps that explain how to record RCT when you are the main contractor on Standard VAT. They include:

- Create a supplier record for the subcontractor
- Create the RCT Tax withheld nominal code
- To post the supplier invoice to record the details of the work completed by the subcontractor
- To post the supplier credit to record the RCT Tax withheld
- To allocate the supplier credit to the supplier invoice and pay the subcontractor
- To pay the RCT Tax to Revenue

Create a supplier record for the subcontractor

1. Suppliers > Supplier List > Record.
2. Enter the relevant account details for the subcontractor > Save > Close.

Note: The examples in this article use the supplier account reference BROWN001.

Create the RCT Tax withheld nominal code

To record the RCT Tax, you must create the following nominal code. If you have already created this nominal code, please proceed to the following section.

N/C	Name	Management report	Report section
2150	RCT Tax	Balance sheet	Current Liabilities

1. Company > Nominal Ledger > Record.
2. Complete the Nominal Record as follows:

N/C	Enter the required nominal code number, for example, 2150.
Name	Enter the name for the new nominal code, for example, RCT Tax.

3. Save > Close.

To post the supplier invoice to record the details of the work completed by the subcontractor

1. Suppliers > Invoice.

2. Enter the relevant information to record the invoice details, for example:

A/C	Date	N/C	Details	Net	T/C	VAT
BROWN001	Invoice Date	6002 (subcontractors labour)	Labour Charges	200.00	T0	0.00
BROWN001	Invoice Date	5000 (Materials)	Materials	150.00	T0	0.00

3. **Note:** The tax codes used here are an example only. Use the appropriate tax code for the VAT applied on the supplier invoice.

4. Save > Close.

To post the supplier credit to record the RCT Tax withheld

1. Suppliers > Credit.

2. Enter the information required to record the amount of RCT Tax you are withholding, for example:

A/C	Date	N/C	Details	Net	T/C	VAT
BROWN001	Date	2150 (RCT Tax)	RCT Tax withheld	40.00	T9	0.00

4. Save > Close.

To allocate the supplier credit to the supplier invoice and pay the subcontractor

1. Bank > select the relevant bank account > Supplier.
2. In the Payee box enter the account code of your subcontractor, for example, BROWN001, and complete the Date and Cheque No. boxes as required.
3. Select the supplier credit > Pay in Full > select the supplier invoice > Pay in Full.
4. Save > Close.

To pay the RCT Tax to Revenue

1. Bank > Payment.
2. Enter the relevant details into the Bank Payments window, for example:

Bank	Date	N/C	Details	Net	T/C	Tax
Bank N/C	Payment Date	2150 (RCT Tax)	RCT Tax withheld	40.00	T9	0.00

3. Save > Close.

These are the steps that explain how to record RCT when you are the subcontractor on Standard VAT. They include:

- To create a Customer Record for the main contractor

- To create a RCT Tax withheld nominal code

- To post the customer invoice to record the details of the work you have completed for the main contractor

- To record the RCT Tax withheld

- To allocate the customer invoice to the customer credit and record the payment from the main contractor

- To record a refund from Revenue

To create a Customer Record for the main contractor

1. Customers > Customer List > Record.

2. Enter the required account details for the main contractor > Save > Close.

Note: The examples in this article use customer account reference BLOGGS01.

To create a RCT Tax withheld nominal code

To record the RCT Tax withheld by the main contractor, you must create the following nominal code. If you have already created this nominal code, please proceed to the following section.

N/C	Name	Management report	Report section
3150	RCT Tax Withheld	Balance Sheet	Capital and Reserves

1. Company > Nominal Ledger > Record.
2. Complete the Nominal Record as follows:

N/C	Enter the nominal code you want to create, for example 3150.
Name	Enter a name for the account, for example, RCT Tax Withheld.

3. Save > Close.

To post the customer invoice to record the details of the work you have completed for the main contractor

1. Customers > Invoice.

2. Enter the information required to record the invoice details, for example:

A/C	Date	N/C	Details	Net	T/C	VAT
BLOGGS01	Invoice date	4000 (sales)	materials	150.00	T0	0.00
BLOGGS01	Invoice date	4001 (sales)	labour	200.00	T0	0.00

3. **Note:** The tax codes used here are an example only. Use the appropriate tax code for the VAT applied on the customer invoice.

4. Save > Close.

To record the RCT Tax withheld

1. Customers > Credit.

2. Enter the information required to record the amount of RCT Tax withheld, for example:

A/C	Date	N/C	Details	Net	T/C	VAT
BLOGGS01	Date	3150 (RCT Tax Withheld)	RCT Tax withheld	40.00	T9	0.00

3. Save > Close.

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To allocate the customer invoice to the customer credit and record the payment from the main contractor

1. Bank > select the bank you want to receive the payment > Customer.

2. In the A/C box enter the account code for the main contractor, for example, BLOGGS01. Then enter a date for the transaction.

3. Select the customer credit > Pay in Full > select the customer invoice > Pay in Full.

4. Save > Close.

To record a refund from Revenue

Note: If you receive an RCT Tax bill rather than a refund, you must post a bank payment rather than a bank receipt.

1. Bank > Receipt.

2. Enter the information required to record the details of the RCT Tax refund, for example:

A/C	Date	N/C	Details	Net	T/C	VAT
Bank N/C	Date of receipt	3150 (RCT Tax Withheld)	RCT Tax Withheld	40.00	T9	

3. Save > Close.

For further information on electronic filing Annual Return of Trading details and registration for ROS please see Revenue:

Web: http://www.revenue.ie/en/tax/rct/rct-changes-2011.html

Email: eRCTInfo@revenue.ie