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## Xero 'How-to' Guide

### ADDING & RECLAIMING THE VAT ON AN ALL VAT INVOICE (insurance claim)

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## ADDING & RECLAIMING THE VAT ON AN ALL VAT INVOICE (insurance claim)

1. If your insurance covers the cost of an accident you will often have to pay across the VAT amount. It is a bit fiddly to do this in Xero but you would do it as follows:
  - a. Create a new bill
  - b. Enter in the details at the top, change the 'amounts are' to tax exclusive and add in the description
  - c. Enter 1 in quantity
  - d. If the VAT amount was £100 you should enter £500 in the unit price – chose suspense as the account and then 20% VAT for the tax rate.
  - e. In the second line add the same description, quantity as 1 and then the unit price as -500. The account should again be suspense but the tax rate should be no VAT.
  - f. This should then look like the below

The screenshot shows the Xero bill entry interface. At the top, there are fields for 'From', 'Date', 'Due Date', 'Reference', and 'Total'. The 'Date' is 13 Feb 2019 and the 'Due Date' is 15 Mar 2019. The 'Amounts are' dropdown is set to 'Tax Exclusive'. Below this is a table with columns: Item, Description, Qty, Unit Price, Account, Tax Rate, Region, and Amount GBP. There are two lines:

Item	Description	Qty	Unit Price	Account	Tax Rate	Region	Amount GBP
	Insurance claim payment	1.00	500.00	850 - Suspense	20% (VAT on Expenses)		500.00
	Insurance claim payment	1.00	-500.00	850 - Suspense	No VAT		-500.00

The subtotal is 0.00 and the total VAT is 20.00%. The final total is 100.00. At the bottom, there are buttons for 'Save', 'Approve', and 'Cancel'.

- g. This will then only claim the VAT but not include a cost under another cost code.

Need more help? Call us. You don't have to be a client of ours.

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