

Prompt Payment Discount on Sales

Prompt Payment Discount is a discount from the value of an invoice offered for early or prompt payment. Businesses must account for VAT on the full consideration received for supply of goods and services. Prompt Payment Discount can be offered on invoices dated after 1st April 2015.

Gold v6.4 and v7.5 have been developed to fully comply with the new HMRC Prompt Payment Discount legislation. This is referred to as PPD and replaces what is currently "Settlement Discount" in Gold. The main change between these two methods is the VAT implication.

The invoicing programs in Gold for Point of Sale, Quick Point of Sale, Cash Till, Workshop, Plant Hire, Whologood Invoice & Self Bill and Planned Maintenance have all been changed for the new legislation.

Setup

A new flag has been added to the Company Control File on the General tab under the section "General 1".

The option is called "PPD to include settlement breakdown".

This new option controls the level of detail printed on sales invoices.

The screenshot shows the 'General 1 - Amend' dialog box with the following settings:

- Currency Code/Decimal Place: GBP ... DP 2 Type: Test
- VAT Breakdown Analysis: Right
- Use Separate line for Postcode: No
- Euro Currency Code: EUR ...
- Country Code: U.K.
- Base Country eg. GB: GB ...
- Retain Text Copy Invoices: Yes
- Electronic Catalogue Link: Yes
- Create Customers in POS or WSJ: Yes
- Clear goldview list: No
- Perform Catalogue Update at Year-End?: No
- Allocate Auto-Generated Credit Notes?: No
- PPD to include settlement breakdown?: Yes (selected)

Buttons: OK, Cancel

There is standard text issued by HMRC that must be printed on all invoices subject to PPD.

“A discount of xx.xx% of the full price applies if payment is made by xx/xx/xxxx
No credit note will be issued. Following payment you must ensure you have only recovered the VAT actually paid.”

In addition to this Gold prints the value of discount as follows.

“If you pay by xx/xx/xxxx the discounted price is xx.xx”

If the option “PPD to include settlement breakdown” is set to ‘Yes’ then a full vat analysis of the PPD discount is also printed at the foot of the invoice.

This is headed “VAT Analysis for Discounted Price”

In the case of Wholegood invoices the discount is printed as a value rather than a percentage.

Invoice Type File/Customer Maintenance

If Settlement Discount has been offered in the past, there should be no further set up required to start using PPD.

PPD is set either on an invoice type basis by completing the settlement fields on the “Details” tab or on a customer-by-customer basis by completing the settlement fields on the “Terms” tab.

Invoice types and customers previously set for Settlement Discount on a Fixed or Amend basis will automatically start to apply PPD from 1st April 2015.

Invoicing

The Gold invoicing programs are operated in exactly the same way as before. The only difference will show on the printed invoices.

New PPD Style Invoice

Page No	1	Date	18/04/2015	Invoice No.	124662
Part Number Description Qty Unit Price Amount					
Parts department now open 07:30 to 18:30 Please refer to our standard terms and conditions for returns policy.					
Advice: 121737/1 Date: 18-APR-2015					
SL-V0	ZERO VAT	1	EACH	10.00	10.00
SL-V1	VAT 20%	2	EACH	10.00	20.00
SL-V5B	5% VAT BATCH	1	EACH	10.00	10.00
					40.00
V.A.T.					4.50
Invoice Total					44.50
(Sterling)					-----
Rate	Goods	V.A.T.			
0.00	10.00	0.00			
20.00	20.00	4.00			
5.00	10.00	0.50			
A discount of 10.00% of the full price applies if payment is made by 18/05/2015. No credit note will be issued. Following payment you must ensure you have only recovered the VAT actually paid.					
If you pay by 18/05/2015 the discounted price is 40.05					
VAT Analysis for Discounted Price					
Rate	Goods	V.A.T.			
0.00	9.00	0.00			
20.00	18.00	3.60			
5.00	9.00	0.45			

Old Style Settlement Discount

Page No	1	Date	09/03/2015	Invoice No.	124487
Part Number Description Qty Unit Price Amount					
Advice: 121763/1 Date: 09-MAR-2015					
SL-V0	ZERO VAT	1	EACH	10.00	10.00
SL-V1	VAT 1	2	EACH	10.00	20.00
SL-V5	VAT 5%	1	EACH	10.00	10.00
					40.00
V.A.T.					4.05
Invoice Total					44.05
(Sterling)					=====
Rate	Goods	V.A.T.			
0.00	10.00	0.00			
20.00	20.00	3.60			
5.00	10.00	0.45			
Remit 40.05 if paid by 08/05/2015 Discount 4.00					

Customer Enquiry

When viewing an invoice with PPD details on the customer account a new key "PPD Set" (F7) shows a breakdown of the PPD settlement information.

Code	Rate %	PPD Sales Net	PPD Sales Vat
9	0.00	9.00	0.00
1	20.00	18.00	3.60
4	5.00	9.00	0.45
0	0.00	0.00	0.00
0	0.00	0.00	0.00

Sales Cash Posting
(Sales Ledger, Transactions)

Customer payments are processed in the normal manner.

Note – PPD is not applicable to part payments, the full invoice value must be paid to claim the discount.

Enter a batch number then select “Cheque/Cash”. If cashbook is in use a cashbook must be selected.

Enter the customer account number followed by the payment amount, payment method and date.

Use the “Set Amt” key to pay the settlement amount.

Doc ref	Date	Type	O/S Amt	Sett Date	Sett Amt	Payment	Disp	Wr.Off	Description
124662	18/04/2015	Invoice	0.00	18/05/2015	0.00	40.05			General Parts Sale

Note – the “Set Amt” option is only available if the selected invoice is within settlement terms based on the entered payment date.

The discount value is automatically written off and appears on the customer account as “Disc”.

Date	Ref no	Type	O/S Amount	Orig Amount	Disc.Date	Settlement	Age	Dispute	Inv Desc	Pay Ref	Orig.A/c
18/04/2015	124662	Inv	0.00	44.50	18/05/2015	0.00	Cur		General Parts Sale	S04702	
30/04/2015	S04702	Chq	0.00	-40.05		0.00	Cur		PAYMENT-THANK YOU	S04702	
30/04/2015	S04702	Disc	0.00	-4.45		0.00	Cur		Settlement Discount	S04702	

The nett discount value is posted to the Cash Discount Allowed account with the Vat on the discount posted as an adjustment to the Vat Output Tax account.

Account	Description	Debit	Credit	Recon. Ref	Recon. Ref2
1850100	SALES LEDGER CONTROL		44.50		
1950100	BANK CURRENT ACCOUNT	40.05			
2470100	VAT OUTPUT TAX	0.45			
5344041	CASH DISCOUNT ALLOWED	4.00			
Total		44.50	44.50		