

Policy Name: VAT Accounting

Policy Title:	VAT Accounting
Description:	Policy providing necessary information in relation to VAT for MIE.
Author (Position):	Chief Financial Officer (Updated by the Financial Controller)
Version:	2
Approved By:	MIE Governing Body
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Date of Next Policy Review:	April 2027 (or as necessary)

VAT Accounting

1. General

1.1 Income

The Revenue Commissioners have advised that VAT must be charged on the following income:

- i. Conference Centre Income:
 - a. Catering invoices: 13.5% on invoices to external customers;
 - b. Equipment Hire: 23% on invoices to external customers;
 - c. Classroom rental: exempt
- ii. Licensed Offices:
 - a. Room rental: exempt
 - b. Phone, photocopying and other recharges: no VAT
 - c. Management Fee and IT support fee: 23% on invoices to external customers.

1.2 Purchases

Most purchases will be accounted for gross, i.e. the total amount of the purchase invoice is posted to the relevant expenditure (or asset) account.

The main exception is any expenditure which relates to an income item on which we have to charge VAT. Therefore, VAT can now be recovered on the following, for example:

- i. Invoices from the catering contractor;
- ii. Invoices relating to equipment hired-in then hired onward to a client;
- iii. Any other invoices received which relate directly to one of the above VATable activities.
- iv. since IT management fees are VATable, a portion of VAT on the cost of providing the network is also recoverable.

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1.3 Foreign Purchases

No VAT should be charged to Marino Institute of Education (MIE) on invoices for goods or services supplied from outside of Ireland. MIE is obliged to ‘self-account’ for VAT on items from other EU countries and for certain services (‘Fourth Schedule Services’ – e.g. professional services, licenses, telecommunications services).

VAT is also payable on goods acquired from outside the EU. Note the above rule applies to all invoices for goods or services sourced from abroad – even if the invoice is in Euros.

2. Accounting

2.1 Income

VAT on income is posted as follows:

Cr Income account e.g. 4020-100 (Management Fee Income)	10,000
Cr VAT Payable 2300-100	2,100
Dr Debtors Control Account 1100-100	12,100

Most of the transactions involving VAT on income will arise in the Conference Centre. Staff there will generate the appropriate invoices. These will appear in total on the Daily Sales Report and should be posted into the financial system in line with the above.

2.2 Expenditure

Dr Expenditure Account e.g. 5080-106 (Catering)	10,000
Dr VAT Payable 2300-100	2,100
Cr Creditors Control Account	12,100

2.3 Invoices

All invoices issued by MIE must include details required by VAT legislation i.e., MIE’s name, address and VAT registration number: IE 0087582P

3. VAT Returns

VAT returns are submitted two-monthly and are due by the 19th of the following month. These will be prepared by the Management Accountant and reviewed by the Financial Controller).

4. Responsibility

The CFO is responsible for the maintenance of this document. This document will be reviewed at three yearly intervals. It may be reviewed more frequently in the event of legislative or other relevant developments.