

# Allocate Mileage VAT to a Fuel Receipt

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The 6<sup>th</sup> VAT Directive legislation dictates that for users to claim back VAT on the fuel portion of a mileage expense:

- There must be an accompanying receipt which details the VAT of the fuel.
- The date of the fuel receipt must precede the date of the mileage occurring.
- The date of the mileage is within 6 weeks of the date of the fuel receipt. Any mileage occurring after the 6 weeks must be applied to a new fuel receipt.

Assure Expenses automates which mileage items can be allocated to specific fuel receipts following the 6th VAT Directive rules, and then allows you to report on this data. This ensures that the VAT on the Fuel Receipt Items covers the reclaimable VAT on the Mileage Items. Once the VAT on a Fuel Receipt Item has been fully allocated, it can no longer have any more Mileage Items allocated to it.

This process is depicted in the example scenarios below:

**Note:** The calculations shown below are not representative of actual VAT calculations and are instead used for the simplicity of the examples.

Scenario 1 - The final Mileage Item exceeds 6 weeks since the original Fuel Receipt Item was incurred

Date	Activity/Expense Item	Miles	Expense Item Total	Expense Item VAT
27/12/2015	Filling up with Fuel ( <b>Fuel Receipt</b> )	N/A	£90	£18
01/01/2016	Business Mileage to Devon ( <b>Mileage</b> )	400	£40	£8
15/01/2016	Business Mileage to Manchester ( <b>Mileage</b> )	200	£20	£4
19/01/2016	Filling up with Fuel ( <b>Fuel Receipt</b> )	N/A	£50	£10
20/01/2016	Business Mileage to Leeds ( <b>Mileage</b> )	200	£20	£4
22/02/2016	Business Mileage to Heathrow ( <b>Mileage</b> )	300	£30	£6













Each Mileage Item will continue to be allocated to the Fuel Receipt Item on the **27/12/2015** until

either:

- **6 weeks** has passed since the date of the Fuel Receipt Item.
- No more VAT is left available on the Fuel Receipt Item to cover the VAT on a Mileage Item.

In this example, the Mileage Item dated **22/02/2016** cannot be allocated to the Fuel Receipt dated **27/12/2015**, because over **6 weeks** have passed since the date of the Fuel Receipt Item. This means that final Mileage Item must be allocated to the next appropriate Fuel Receipt Item, which is on the **19/01/2016**.

The remaining £2 of reclaimable VAT on the Fuel Receipt Item (**27/12/16**) will be lost unless another Mileage Item is added which follows the 6<sup>th</sup> VAT Directive rules for allocation.

	Date	Expense Item Total	Expense Item VAT	Calculation
	27/12/2015	£90	£18	 27/12/2015 £18
	01/01/2016	£40	£8	 01/01/2016 £8
	15/01/2016	£20	£4	 15/01/2016 £4
	19/01/2016	£50	£10	 19/01/2016 £10
	20/01/2016	£20	£4	 20/01/2016 £4
	22/02/2016	£30	£6	 22/02/2016 £6
				<div style="border-top: 1px solid black; padding-top: 5px;">                     £2 Remaining on Fuel Receipt                 </div> <div style="border-top: 1px solid black; padding-top: 5px;">                     £4 Remaining on Fuel Receipt                 </div>

Over 6 weeks since 27/12/2015

Scenario 2 - The final Mileage Item is within 6 weeks since the original Fuel Receipt Item was incurred
















Date	Activity / Expense Item	Miles	Expense Item Total	Expense Item VAT
27/12/2015	Filling up with Fuel ( <b>Fuel Receipt</b> )	N/A	£90	£18
01/01/2016	Business Mileage to Devon ( <b>Mileage</b> )	400	£40	£8
15/01/2016	Business Mileage to Manchester ( <b>Mileage</b> )	200	£20	£4
19/01/2016	Filling up with Fuel ( <b>Fuel Receipt</b> )	N/A	£50	£10

Date	Activity / Expense Item	Miles	Expense Item Total	Expense Item VAT
20/01/2016	Business Mileage to Leeds ( <b>Mileage</b> )	200	£20	£4
29/01/2016	Business Mileage to Heathrow ( <b>Mileage</b> )	300	£30	£6

Each Mileage Item will continue to be allocated to the Fuel Receipt Item on the ~~27/12/2015~~ until either:

- **6 weeks** has passed since the date of the Fuel Receipt Item.
- No more VAT is left available on the Fuel Receipt Item to cover the VAT on a Mileage Item.

In this example, the Mileage Item on the **29/01/16** is still **within 6 weeks** of the Fuel Receipt on the **27/12/2015**. This allows the Mileage Item to use the remaining amount (**£2**) from the first Fuel Receipt Item (**27/12/15**). The remaining **£4** from the Mileage Item (**29/01/16**, equalling **£6** in total) can be applied to the second Fuel Receipt Item (**19/01/16**).

	Date	Expense Item Total	Expense Item VAT	Calculation
	27/12/2015	£90	£18	 27/12/2015 £18
	01/01/2016	£40	£8	 01/01/2016 £8
	15/01/2016	£20	£4	 15/01/2016 £4
	20/01/2016	£20	£4	 20/01/2016 £4
				£2 Remaining on Fuel Receipt
	19/01/2016	£50	£10	 29/01/2016 £2
				£0 Remaining on Fuel Receipt
	19/01/2016	£50	£10	 19/01/2016 £10
	20/01/2016	£20	£4	 29/01/2016 £4
	29/01/2016	£30	£6	£6 Remaining on Fuel Receipt

To enable these calculations within Assure Expenses, view [Enable VAT Allocation for Fuel Receipts](#).

To report on this information, the following fields should be added to your report:

- VAT amount allocated from fuel receipt
- VAT amount based upon split percentage for fuel receipt (this is used to correctly work out the VAT amount when split across cost codes/project codes/departments).

