Allocate Mileage VAT to a Fuel Receipt

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The 6th 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 (Fuel Receipt)	N/A	£90	£18
01/01/2016	Business Mileage to Devon (Mileage)	400	£40	£8
15/01/2016	Business Mileage to Manchester (Mileage)	200	£20	£4
19/01/2016	Filling up with Fuel (Fuel Receipt)	N/A	£50	£10
20/01/2016	Business Mileage to Leeds (Mileage)	200	£20	£4
22/02/2016	Business Mileage to Heathrow (Mileage)	300	£30	£6

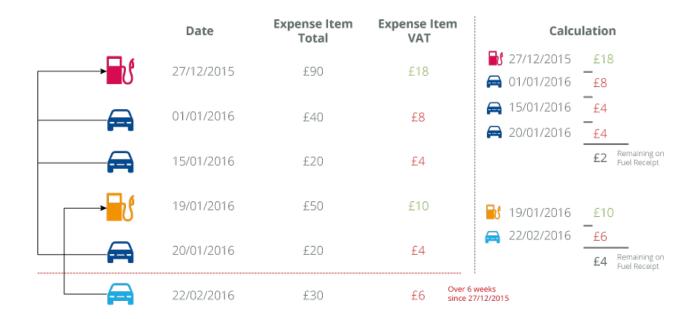
Each Mileage Item will continue to be allocated to the Fuel Receipt Item on the 27/12/2015 until

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 6th VAT Directive rules for allocation.



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 (Fuel Receipt)	N/A	£90	£18
01/01/2016	Business Mileage to Devon (Mileage)	400	£40	£8
15/01/2016	Business Mileage to Manchester (Mileage)	200	£20	£4
19/01/2016	Filling up with Fuel (Fuel Receipt)	N/A	£50	£10

Date	Activity / Expense Item	Miles	Expense Item Total	Expense Item VAT
20/01/2016	Business Mileage to Leeds (Mileage)	200	£20	£4
29/01/2016	Business Mileage to Heathrow (Mileage)	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).



To enable these calculations within Assure Expenses, viewEnable 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).

