OXFORD **Successful** ACCOUNTING

CHAPTER 10

Summary

Output Tax – Input Tax = amount payable/refundable to/by SARS

Terminology	Description
Output Tax	VAT charged by a vendor
Input Tax	VAT paid by a vendor
VAT Input	VAT paid on items purchased
VAT Output	VAT on sales or income received from services rendered
VAT control	A summary of the VAT Input and VAT Output showing if the VAT vendor owes SARS money or whether SARS owes the VAT vendor money. A debit balance means a refund from SARS. A credit balance means an amount payable to SARS.

Examples of Ledger accounts

GENERAL LEDGER OF XXX

BALANCE SHEET ACCOUNTS SECTION

Dr VAT INPUT B9 Cr

20.4					20.4				
Feb	1	Balance	b/d	xxxx	Feb	29	Bank	CPJ2	xxxx
	29	Bank	CPJ	xxxx			Creditors control	CAJ2	xxxx
		Creditors control	CJ	xxx			Drawings	GJ	xxxx
							VAT control	GJ	xxxx
				xxxx					xxxx

VAT OUTPUT B10

20.4					20.4				
Feb	29	Debtors control	DAJ	xxxx	Feb	1	Balance	b/d	xxxx
		Bank	CRJ	xxxx		29	Bank	CRJ	xxxx
		Bad debts	GJ	xxxx			Debtors control	DJ	xxxx
		VAT control	GJ2	xxxx			Discount allowed	GJ	xxxx
				xxxx					xxxx

VAT CONTROL B11

20.4					20.4				
Feb	29	VAT input	GJ	xxxx	Feb	29	VAT output	GJ	xxxx
							Balance	c/d	xxxx
				xxxx					xxxx
20.4									
Mar	1	Balance	b/d	xxxx					