

User Manual

WHT on Purchases

USER MANUAL

A. Introduction

This user manual is a step-by-step guide while processing different scenarios of purchasing namely:

- Order based purchases
- Prepayment on a Purchase Order
- Non-PO based purchase invoice

The document assumes that the user is accustomed to using Business Central for the purchasing process and includes steps only in respect of setting up, calculation and accounting of withholding tax.

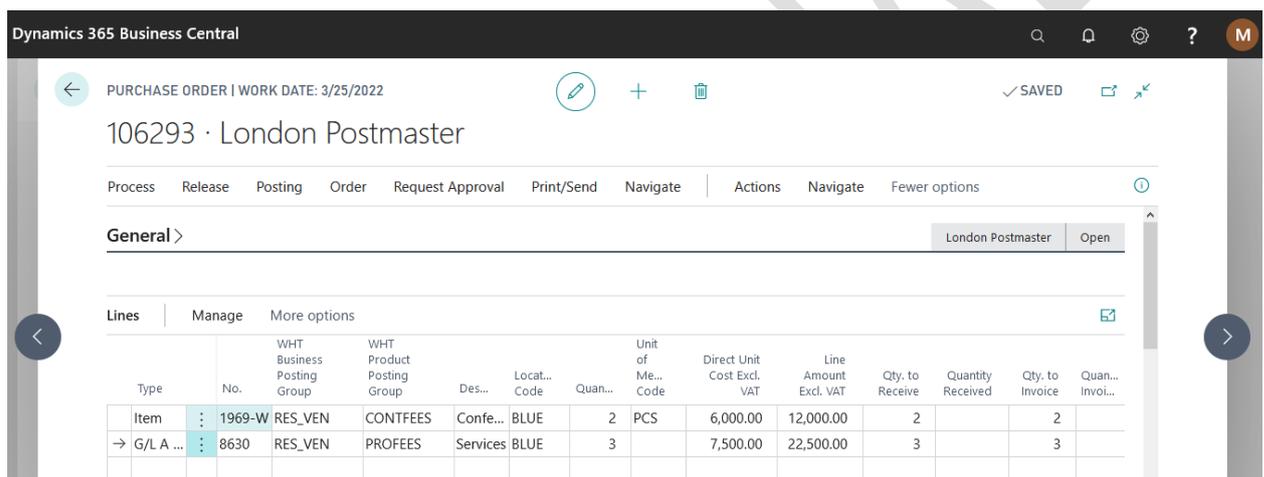
USER MANUAL

B. Application of WHT on order based purchases

Realized WHT Type	Invoice
Scenario	Purchase Order based invoicing
Background	The supervisor has already setup the WHT Business and Product posting groups. The realized WHT type has been set as applicable in law. The agent is now creating a new purchase order. Agent selects the vendor to whom the order is proposed to be issued. On the purchase order lines <i>fast-tab</i> , the agent now select the applicable item or general account for expense.

a) WHT Business and WHT Product posting groups

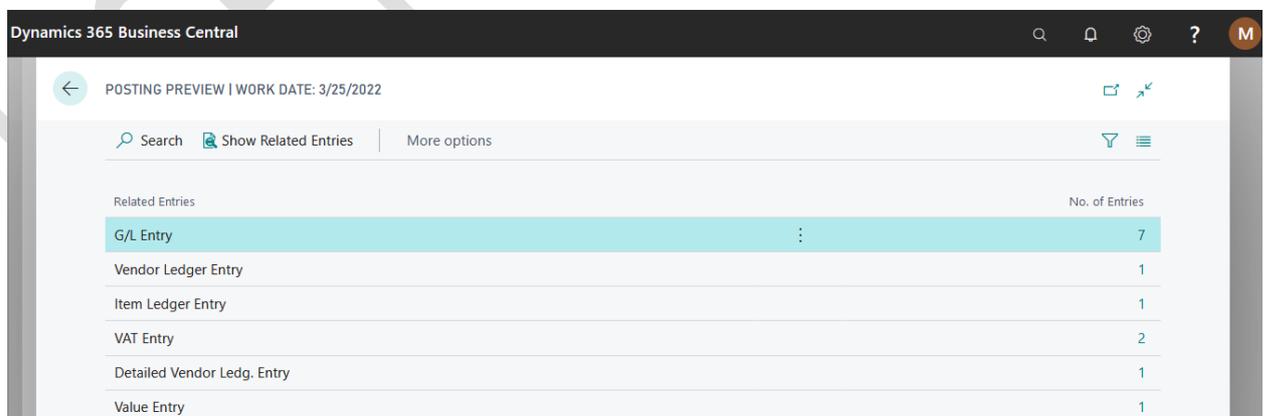
System will now default the WHT Business posting group as set on the Vendor and the WHT product posting groups as setup on the item or general ledger for expense.



Type	No.	WHT Business Posting Group	WHT Product Posting Group	Des...	Locat... Code	Quan...	Unit of Me... Code	Direct Unit Cost Excl. VAT	Line Amount Excl. VAT	Qty. to Receive	Quantity Received	Qty. to Invoice	Quan... Invo...
Item	1969-W	RES_VEN	CONFTEES	Confes...	BLUE	2	PCS	6,000.00	12,000.00	2		2	
→ G/L A ...	8630	RES_VEN	PROFEES	Services	BLUE	3		7,500.00	22,500.00	3		3	

b) Preview

User can now click on the 'Preview Posting' to see the accounting distribution of WHT payable.



Related Entries	No. of Entries
G/L Entry	7
Vendor Ledger Entry	1
Item Ledger Entry	1
VAT Entry	2
Detailed Vendor Ledg. Entry	1
Value Entry	1

Dynamics 365 Business Central

5493 WHT PAYABLE | WORK DATE: 3/25/2022

G/L Entries Preview

Posting Date	Document Type	Docum... No.	G/L Account No.	G/L Account Name	Amount	Debit Amount	Credit Amount	Description
3/25/2022	Invoice	***	7110	Purch., Retail - Do...	12,000.00	12,000.00		Order 106293
3/25/2022	Invoice	***	5630	Purchase VAT 25 %	3,000.00	3,000.00		Order 106293
3/25/2022	Invoice	***	8630	Legal and Account...	22,500.00	22,500.00		Order 106293
3/25/2022	Invoice	***	5630	Purchase VAT 25 %	5,625.00	5,625.00		Order 106293
3/25/2022	Invoice	***	5410	Vendors, Domestic	-41,610.00		41,610.00	Order 106293
3/25/2022	Invoice	***	5493	WHT Payable	-840.00		840.00	Order 106293
3/25/2022	Invoice	***	5493	WHT Payable	-675.00		675.00	Order 106293

c) Posting

Upon verification of proposed accounting, user can then click post to continue posting receipt and invoice as per standard sequence and practice followed. User can then verify the posted accounting entry.

C. Prepayment on a purchase order

Realized WHT Type	Invoice
Scenario	Prepayment on Purchase Order
Background	The supervisor has already setup the WHT Business and Product posting groups. The realized WHT type has been set as applicable in law. The agent is now creating a new purchase order. Agent selects the vendor to whom the order is proposed to be issued. On the purchase order, the agent enters the applicable prepayment percentage for advance to be paid under the purchase order. On the lines <i>fast-tab</i> , the agent now selects the applicable item or general account for expense. The agent then generates a prepayment invoice.

a) Create a prepayment:

Upon entering the item or expense line, user verifies WHT Business Posting and WHT Product posting group. The user then enters the prepayment percentage.

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PURCHASE ORDER | WORK DATE: 3/25/2022

106295 · London Postmaster

Process Release Posting Order Request Approval Print/Send Navigate Actions Navigate Fewer options

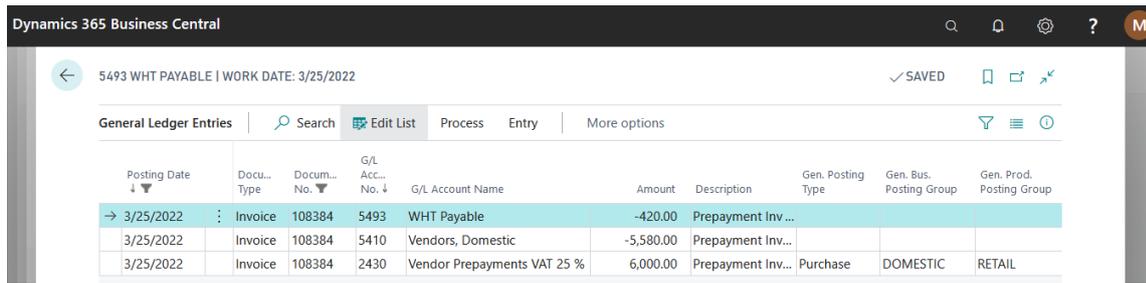
General > London Postmaster Open

Lines Manage More options

Type	No.	WHT Business Posting Group	WHT Product Posting Group	Des...	Locat... Code	Qua...	Unit of Me... Code	Direct Unit Cost Excl. VAT	Line Amount Excl. VAT	Qty. to Receive	Qua... Rec...	Qty. to Invoice	Quan... Invol...	Prepaym... %
→ G/L A ...	8530	RES_VEN	CONTFEES	Repai ...	BLUE	1		10,00 ...	10,000.00	1		1		60

b) Posting prepayment:

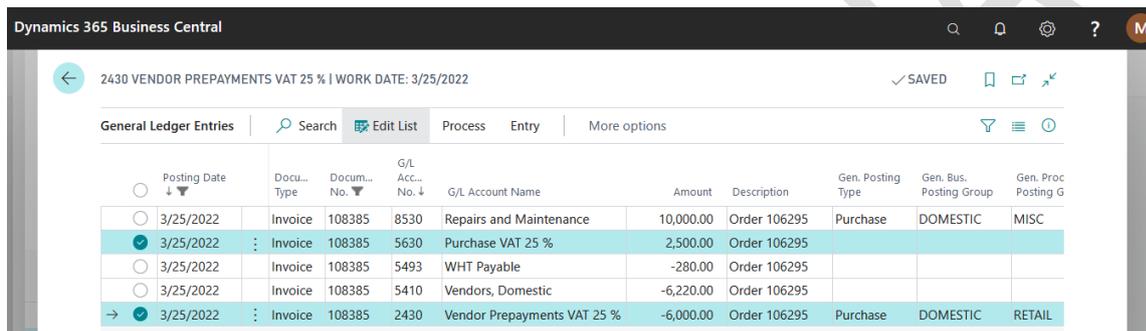
Upon posting the prepayment invoice, the user can verify the posted accounting for prepayment.



Posting Date	Docu... Type	Docum... No.	G/L Acc... No.	G/L Account Name	Amount	Description	Gen. Posting Type	Gen. Bus. Posting Group	Gen. Prod. Posting Group
3/25/2022	Invoice	108384	5493	WHT Payable	-420.00	Prepayment Inv...			
3/25/2022	Invoice	108384	5410	Vendors, Domestic	-5,580.00	Prepayment Inv...			
3/25/2022	Invoice	108384	2430	Vendor Prepayments VAT 25 %	6,000.00	Prepayment Inv...	Purchase	DOMESTIC	RETAIL

c) Final Invoice:

When the user subsequently generates the final invoice, the system will calculate the WHT on the remaining amount of invoice.



Posting Date	Docu... Type	Docum... No.	G/L Acc... No.	G/L Account Name	Amount	Description	Gen. Posting Type	Gen. Bus. Posting Group	Gen. Prod. Posting G
3/25/2022	Invoice	108385	8530	Repairs and Maintenance	10,000.00	Order 106295	Purchase	DOMESTIC	MISC
3/25/2022	Invoice	108385	5630	Purchase VAT 25 %	2,500.00	Order 106295			
3/25/2022	Invoice	108385	5493	WHT Payable	-280.00	Order 106295			
3/25/2022	Invoice	108385	5410	Vendors, Domestic	-6,220.00	Order 106295			
3/25/2022	Invoice	108385	2430	Vendor Prepayments VAT 25 %	-6,000.00	Order 106295	Purchase	DOMESTIC	RETAIL

D. Import purchase order

Realized WHT Type	Invoice
Scenario	Purchase Order in foreign currency
Background	<ul style="list-style-type: none"> - The supervisor has already setup the WHT Business and Product posting groups. The realized WHT type has been set as applicable in law. - The agent is now creating a new purchase order. Agent selects the vendor to whom the order is proposed to be issued. On the purchase order, on the lines <i>fast-tab</i>, the agent now selects the applicable item or general account for expense. - Agent enters the applicable foreign currency amount on the purchase order

- a) User enters the import purchase order in the same manner as the local purchase order. The unit price is defined in foreign currency.

Dynamics 365 Business Central

PURCHASE ORDER | WORK DATE: 3/25/2022

106296 · Custom Metals Incorporated

Process Release Posting Order Request Approval Print/Send Navigate Actions Navigate Fewer options

General > Custom Metals Incorporated Open

Lines Manage More options

Type	No.	WHT Business Posting Group	WHT Product Posting Group	Des...	Locat... Code	Qua...	Unit of Me... Code	Direct Unit Cost Excl. VAT	Line Amount Excl. VAT	Qty. to Receive	Qua... Rec...	Qty. to Invoice	Quan... Invoi...	Prepaym... %
→ G/L A ...	8530	FOR_VEN	CONTFEES	tenance	BLUE	1		1,200.00	1,200.00	1		1		0

b) Defining foreign exchange rate

As per standard functionality, system will use the exchange rate defined in the exchange rate table. The standard functionality also allows the user to define exchange rate specific to the transaction.

Dynamics 365 Business Central

PURCHASE ORDER | WORK DATE: 3/25/2022

106296 · Custom Metals Incorporated

Process Release Posting Order

Invoice Details

Currency Code USD

Expected Receipt Date

Prices Including VAT

VAT Bus. Posting Group EXPORT

Payment Terms Code CM

Department Code

Project Code

EDIT - CHANGE EXCHANGE RATE

Currency Code USD

Exchange Rate Amount 100.0

Relational Exch. Rate Amou... 120.0

Relational Currency Code GBP

Currency Code

Exchange Rate Amount 0.0

Relational Exch. Rate Amou... 0.0

Relational Currency Code

Use FA Add.-Curr Exch. Rate

OK Cancel

c) Preview and posting:

The system will use the exchange rate to convert the amount of WHT calculated. WHT will be posted in the system in the accounting currency of the legal entity.

Dynamics 365 Business Central

8530 REPAIRS AND MAINTENANCE | WORK DATE: 3/25/2022

General Ledger Entries Search Edit List Process Entry More options

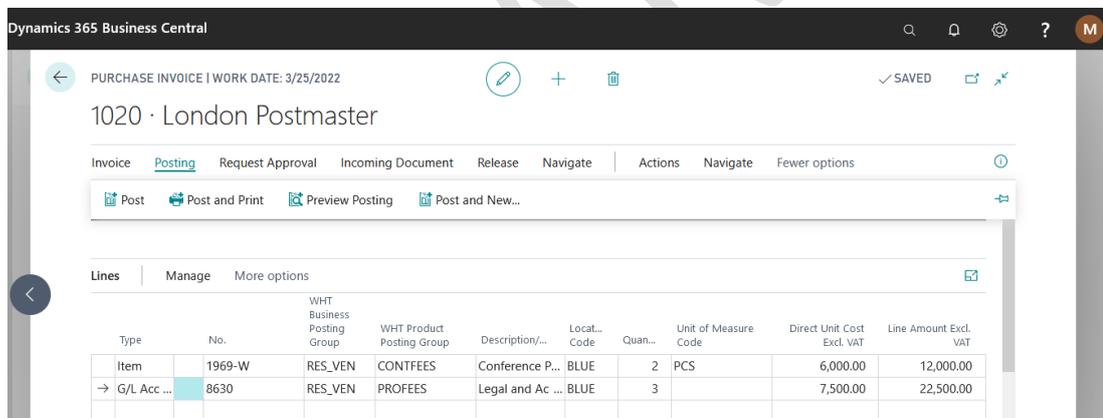
Posting Date	Docu... Type	Docum... No.	G/L Acc... No.	G/L Account Name	Amount	Description	Gen. Posting Type	Gen. Bus. Posting Group	Gen. Prod. Posting Group
→ 3/25/2022	Invoice	108386	8530	Repairs and Maintenance	1,440.00	Order 106296	Purchase	EXPORT	MISC
3/25/2022	Invoice	108386	5493	WHT Payable	-180.00	Order 106296			
3/25/2022	Invoice	108386	5420	Vendors, Foreign	-1,260.00	Order 106296			

E. Purchase invoice without an order

Entities also have some vendor invoices which are accounted without a purchase order. Business Central has the standard functionality for accounting Purchase Invoice in such scenarios.

Realized WHT Type	Invoice
Scenario	Purchase Invoice without purchase order
Background	<ul style="list-style-type: none"> - The supervisor has already setup the WHT Business and Product posting groups. The realized WHT type has been set as applicable in law. - The agent is now accounting a vendor invoice which is not based on a purchase order. Agent opens the Purchase Invoice form in Payables and selects the vendor whose invoice is to be accounted. On the purchase invoice, on the lines <i>fast-tab</i>, the agent now selects the applicable item or general account for expense. - Based on the Vendor, the agent can now see the WHT Business Posting group on the lines. Similarly based on the item or general ledger the vendor can now see the WHT Product posting group.

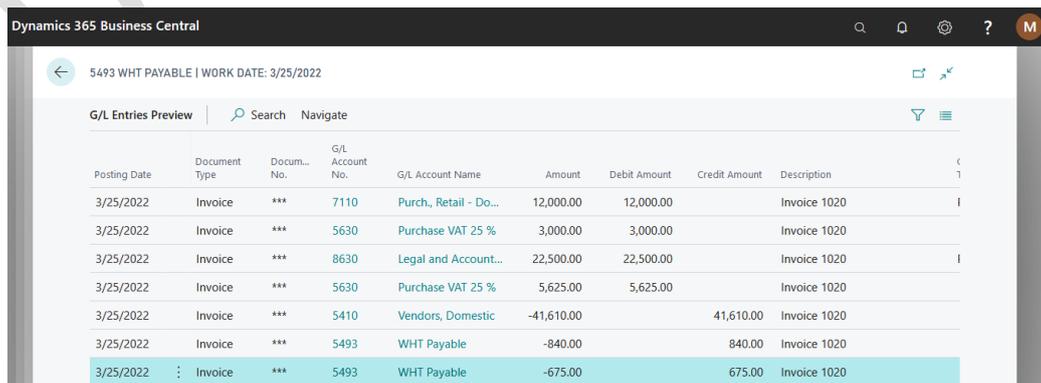
a) Purchase Invoice lines



Type	No.	WHT Business Posting Group	WHT Product Posting Group	Description/...	Locat... Code	Quan...	Unit of Measure Code	Direct Unit Cost Excl. VAT	Line Amount Excl. VAT
Item	1969-W	RES_VEN	CONFTEES	Conference P...	BLUE	2	PCS	6,000.00	12,000.00
→ G/L Acc ...	8630	RES_VEN	PROFEES	Legal and Ac ...	BLUE	3		7,500.00	22,500.00

b) Preview and posting

Upon posting the invoice, user can verify the accounting of WHT



Posting Date	Document Type	Docum... No.	G/L Account No.	G/L Account Name	Amount	Debit Amount	Credit Amount	Description
3/25/2022	Invoice	***	7110	Purch., Retail - Do...	12,000.00	12,000.00		Invoice 1020
3/25/2022	Invoice	***	5630	Purchase VAT 25 %	3,000.00	3,000.00		Invoice 1020
3/25/2022	Invoice	***	8630	Legal and Account...	22,500.00	22,500.00		Invoice 1020
3/25/2022	Invoice	***	5630	Purchase VAT 25 %	5,625.00	5,625.00		Invoice 1020
3/25/2022	Invoice	***	5410	Vendors, Domestic	-41,610.00		41,610.00	Invoice 1020
3/25/2022	Invoice	***	5493	WHT Payable	-840.00		840.00	Invoice 1020
3/25/2022	Invoice	***	5493	WHT Payable	-675.00		675.00	Invoice 1020