

Correction VAT rounding difference on invoice

Question

What does the transaction "Correction VAT rounding difference" mean?

Answer

If your company is VAT liable, VAT is charged on every transaction in the account. This may come with rounding to the nearest cent. For example, a price of €10,50 plus 21% VAT is €12,705, which will be rounded to €12,71. The following transactions show a fictitious series of transactions done in a specific month:

Description	Amount excl. VAT	VAT (21%)	Amount incl. VAT
domain1.com	€10,50	€2,21	€12,71
domain2.com	€10,50	€2,21	€12,71
domain3.com	€10,50	€2,21	€12,71
Total:	€38,13		

Invoices

However, the invoicing process of Openprovider collects all transactions of a certain month and calculates the VAT over the total amount excluding VAT. This is where rounding differences appear.

If the transactions from the above example are collected on an invoice, the invoice amounts are the following:

Description	Amount excl. VAT
domain1.com	€10,50

domain2.com	€10,50
domain3.com	€10,50
Total excl. VAT	€31,50
VAT (21%)	€6,62
Total incl. VAT	€38,12

This total amount including VAT is €0,01 lower than what you originally paid.

Correction

The difference is collected in your account, by creating a corrective transaction line. In this case, the corrective transaction line will be €-0,01 (negative amount) meaning that the account balance will increase by €0,01.

Depending on the original transaction amounts, the correction may be negative, zero, or positive. For "zero" corrections we do not create a transaction line.

This correction is specified in the invoice attachment that is received with every invoice (the PDF file).

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