



When entering invoices, select VAT on Imports as the Tax Rate. Then follow below at VAT return time:

### Apply a PVA adjustment to your return

Before you can apply the adjustment to your VAT return in Xero, [download your Monthly Postponed Import VAT Statement \(MPIVS\)](#) (GOV UK website) from HMRC so that you have the most current amounts to refer to.

1. In the **Accounting** menu, select **Reports**.
2. Under **Tax**, click **VAT Return**.
3. Click **Apply Postponed VAT Accounting (PVA) adjustments**.
4. Select a **MPIVS period**, then enter the **MPIVS amount** for the period.
5. (Optional) Add **Details** about the adjustment. These appear in the history and notes and **Transactions by VAT box** tab of your VAT return in Xero.
6. To add another adjustment, click **Add additional statement**. You can add up to 13 adjustments to a VAT return.
7. Click **Save**.

### Create a bill to make a PVA adjustment

[Add a Domestic Reverse Charge \(DRC\) tax rate](#), then [create a bill](#) with two transaction lines.

Within the bill:

1. Select the **Tax Exclusive** option in the **Amounts are** field.
2. In the first transaction line, enter a total purchase amount in the **Unit Price** field, then enter the account code and the DRC tax rate you set up for PVA. This updates box 1 and 4 of your VAT return.
3. In the second line, reverse the **Unit Price** amount by entering the same total purchase amount as a negative value. Use the same account code as the line above, but select a zero rated tax rate in the **Tax Rate** field. This ensures no additional amounts are reported in Box 7 of your return.

The gross line amounts of the bill will show in reports, but if you use the same account they will offset each other in the totals.

Flat rate and old non-MTD VAT Returns will not have PVA functionality

You can't apply PVA adjustments to your VAT return if you're on a flat rate VAT scheme. We recommend you switch to the standard VAT scheme or get in touch with Xero support for help.



Seems like QBO are having difficulty making their PVA codes work. You can turn them on through the “Edit rates” within the Taxes section of QBO. However at present, they don’t work.

A workaround at present is to use the RC MPCCs code. This will create the desired effect of an amount in box 1, 4 & 7 of the VAT return.

Further updates on the PVA code will be communicated in due course.



To use Postponed VAT, select T18 as the VAT code for the transactions.

Other relevant codes are:

T15 – Purchase of services from ROW – Reverse Charge

T16 – Purchase of services from ROW – No VAT

T17 – Import of goods – Under import reverse charge threshold

T19 – Import of goods – VAT not postponed