VAT Reverse-Charge & DRC Engine

User Guide · Odoo 18 / 19

Tax & Compliance

Technical module name: gb_vat_reverse_charge_drc_engine

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1. Overview

Domestic Reverse Charge (DRC) for construction and EU reverse charge are easy to get wrong and the mistakes are penalised. This engine auto-applies the correct reverse-charge treatment to invoices and bills and posts the right notional VAT to the correct VAT-return boxes.

Rules and per-partner profiles decide when reverse charge applies; on a qualifying document the engine applies (or clears) the reverse charge and records the notional VAT in a ledger for the VAT return.

Who is it for?

- Construction businesses applying CIS domestic reverse charge
- Companies trading goods/services cross-border in the EU
- Bookkeepers who must get reverse-charge VAT boxes right

UK context

Implements UK construction Domestic Reverse Charge (CIS DRC) and EU reverse charge with the correct VAT-return box treatment.

2. Installation

The module is delivered as a standard Odoo application and installs cleanly on both Odoo 18 and Odoo 19 Community or Enterprise.

Step	Action
1	Enable developer/apps — Log in as an administrator and open the Apps menu.
2	Update the app list — Click Update Apps List so Odoo picks up newly added modules.
3	Search — Search for "VAT Reverse-Charge & DRC Engine" (technical name gb_vat_reverse_charge_drc_engine).
4	Install — Press Install. Required dependencies (account) are installed automatically.

After installation a new top-level menu, Reverse Charge, appears in the main menu bar.

3. Configuration

Open Reverse Charge ▸ Configuration. Define Rules (which categories/flows trigger reverse charge) and Partner Profiles (whether a given customer/supplier is in scope, e.g. CIS-registered).

The VAT Box Ledger records the notional VAT each document generates.

Key configuration records

Field	Description
DRC Rule	Defines the conditions under which reverse charge applies and the boxes affected.
Partner Profile	Marks a partner as in-scope for DRC / reverse charge (e.g. CIS-registered).
VAT Box Ledger	Records the notional output/input VAT for the VAT return.

4. Step-by-step Walkthrough

On a qualifying invoice/bill the engine applies reverse charge and writes the ledger:

Step	Action
1	Configure rules — Define the reverse-charge rules and the VAT boxes they affect.
2	Set partner profiles — Mark in-scope customers/suppliers (e.g. CIS-registered).
3	Create a document — Raise an invoice or bill that matches a rule.
4	Apply reverse charge — The engine applies it automatically; Apply Reverse Charge / Re-evaluate can force it.
5	Check the ledger — The notional VAT is written to the VAT Box Ledger.
6	Clear if needed — Use Clear Reverse Charge to remove the treatment if a document is out of scope.

Status flow

Records move through the following statuses:

- Reverse charge is applied or cleared per document based on rules and partner profiles.

5. Feature Reference

Construction DRC

Auto-applies the UK CIS domestic reverse charge to qualifying construction supplies.

EU reverse charge

Handles EU reverse charge for cross-border goods/services with the correct treatment.

Rule engine

Configurable rules decide when reverse charge applies and which VAT boxes are affected.

Partner profiles

Per-partner profiles flag who is in scope (e.g. CIS-registered) so the right customers trigger DRC.

VAT box ledger

Notional VAT is recorded in a ledger so the VAT return shows the correct boxes.

Apply / clear / re-evaluate

Force, clear or re-evaluate the reverse-charge treatment on a document when circumstances change.

6. Tips, Troubleshooting & FAQ

Q: What reverse-charge types are covered?
A: UK construction Domestic Reverse Charge (CIS DRC) and EU reverse charge.

Q: How does the engine know when to apply it?
A: From configurable rules plus per-partner profiles marking who is in scope.

Q: Where does the notional VAT go?
A: Into the VAT Box Ledger, so the correct VAT-return boxes are populated.

Q: Can I override the treatment?
A: Yes — Apply Reverse Charge, Clear Reverse Charge and Re-evaluate let you force or remove it per document.

Q: How do I mark a CIS-registered customer?
A: Set a partner profile flagging them in scope for DRC.

Q: Why does it matter to get this right?
A: DRC errors are common and penalised; automating the boxes reduces VAT-return mistakes.

7. Support

We are glad to help you get the most out of VAT Reverse-Charge & DRC Engine.

- Email: support@pokutsoft.com
- Apps & documentation: https://pokutsoft.com
- Please include your Odoo version (18 or 19) and the module version (18.0.1.0.0) when contacting support.

This module performs format generation and in-Odoo bookkeeping only. Where a third party (HMRC, a pension provider, a payroll bureau, a bank) is involved, the customer uses their own credentials/account to file or transmit. No filing is done on your behalf.