Financial
KNOWLEDGE

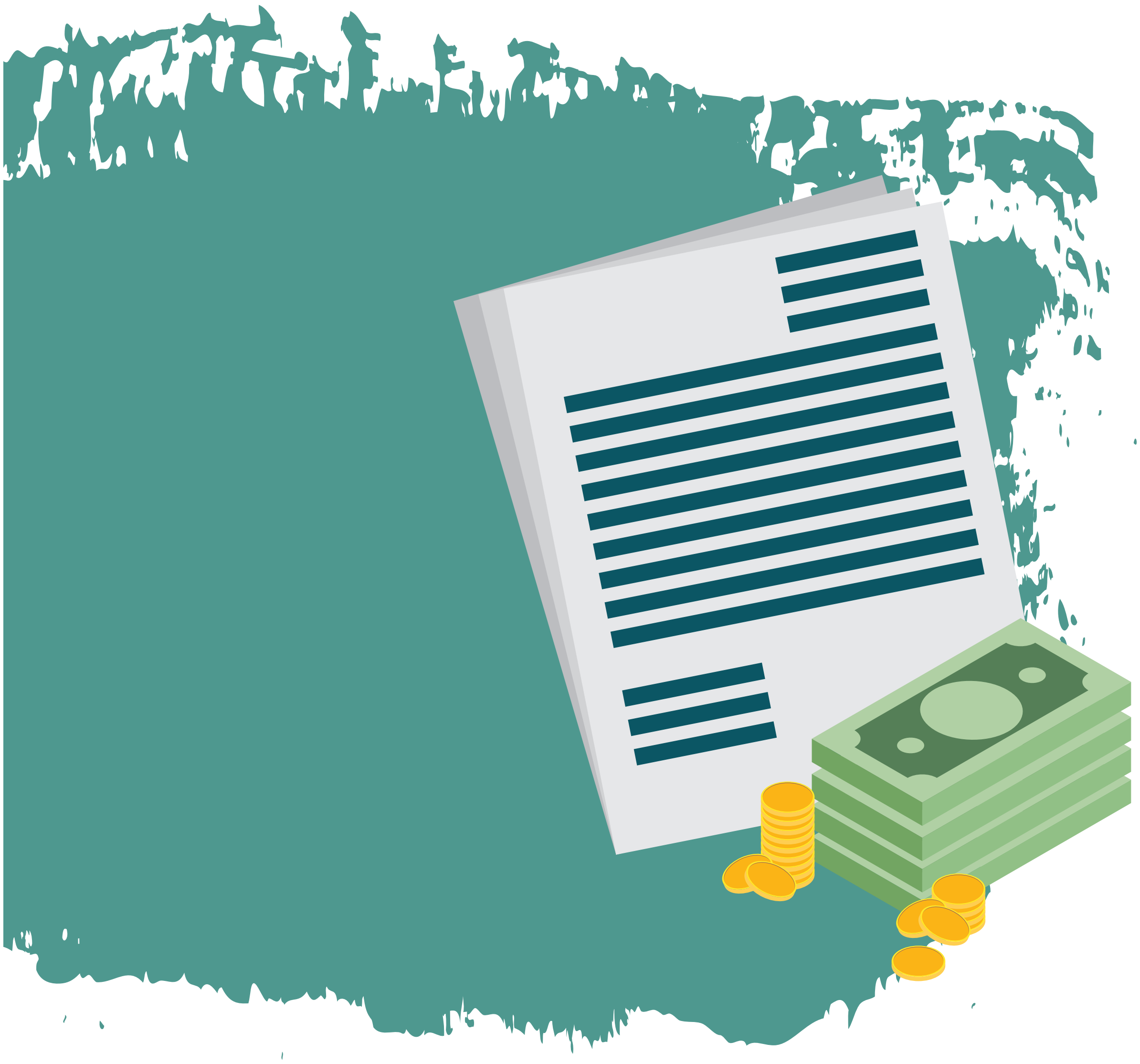
More about

Statement and bills

Introduction

Reading the bills you receive can assist you to ensure that you are only paying for goods and services you have purchased or used. It is important to understand the information contained in the bills.

Once you have paid for goods or services, you will be given a receipt as proof of your payment. As many of these payment processes are electronic in nature, it is recommended that you keep the hard copy of your receipts to verify and keep track of your payments. This becomes extremely important if a store informs you that you still owe them money, and you know that you have already paid them in full.



1. What is a bill?

A bill is a detailed report of the contents of an account. An example is a bill sent to a customer, showing billings to and payments from the customer during a specific time period, resulting in an ending balance. The purpose of the bill is to remind a customer of sales on credit that have not yet been paid to the supplier. Bills are normally sent out once a month, at the end of the month.

1.1 Types of bills

There are many different types of accounts.

Some examples include:
- Clothing account
- Furniture account
- Cellphone account
- Electricity account
- Rates account
- Internet account

2. Your bills

When opening an account, you need to make sure you read the fine print and know exactly what you are agreeing to.

Things to consider:
- Payment terms
- Interest charged
- Monthly service fees
- Initiation costs
- Credit life cover
- Insurance – e.g. furniture
- Compulsory vs. non-compulsory payments

2.1 Estimate bills

An electricity bill is an example of an estimate bill. It predicts the amount of power that you may have used during a month based on your usage from the previous year.

2.2 Reading your bills

The information contained on your bills should include:
- Company name
- Company address
- Company contact details (email, telephone, fax, web page)
- Date
- Period of the bill
- Who the bill is intended for
- Bank details of where payment must be made
- Due date of payment
- Outstanding amounts
- What the payment is for

3. Receipts

Producing receipts is a process which many businesses will need to do for their own and their customer's records. Receipts vary in their content and style, and there is no set standard.

A receipt is a document which is provided by a business to its customers every time a product or service is sold. It is a buyer's proof of purchase.

Typically it will show:
- The date and time of the purchase
- The store
- The teller / cashier
- Items purchased
- VAT
- Method of payment

In addition, some receipts may include:
- Reward points
- Return policy

It is usually supplied at point of sale in either paper or electronic format.

There are various ways a receipt can be issued. A receipt can be issued on paper or electronically. It can be handwritten or typed.

3.1 Electronically

Many small cash registers contain built-in printers for producing receipts. Another option is digital receipts - this method of supplying a receipt is becoming increasingly popular. Once produced, the receipt is emailed straight to the customer. Some receipts fade over time. It would be best to photocopy the receipt and/or keep an electronic copy.

3.2 Paper

A handwritten receipt is also a proof of purchase. A receipt book can be purchased easily from any stationer. A receipt book usually offers two copies per receipt (one for the customer, the other for the supplier).

4. Keeping receipts

Most personal expenses are routine and irrelevant, and keeping all receipts would be a waste of time and energy. Do you really need a receipt to prove that you bought some bubblegum along with your petrol? However, there are times that keeping receipts are very important.

Proof of purchase for warranties:
If you buy a large item, such as a fridge, you will be given a receipt or warranty should anything go wrong with the fridge. In order to claim for the repairs or the replacement of the fridge, you would need to have your receipt or warranty as a proof of purchase. You must file your receipt in a safe place for as long as you own that item.

It is a good idea to have a file for your warranties and user manuals. This file can be divided into sections, for example, kitchen appliances, workshop tools, electronics.

Merchandise returns or exchanges
Most companies will have a return policy. You will often see this return policy displayed in the store. When returning an item, the company may ask for proof of purchase. Your proof of purchase will be the receipt given to you when you bought the item.

This is another reason why it is important to keep receipts of large items purchased.

Expense reimbursements
There may be times you are required to pay for something in advance and then claim the money back. For example, your company may ask you to buy milk on your way to the office and pay you when you get to work. This is an expense reimbursement. Remember to keep all you slips and make sure you understand what you company's reimbursement policies says.

Budgeting and reconciling
You may be trying to make sense of how much you spend in certain categories, or even going through a phase of taking control of your financial situation through budgeting. Keeping your receipts helps you to double check every cent you have spent.

Tax deductions
When you claim from SARS you need to make sure that you have evidence of the expenses.

Create a tax file, divide it into months and each month, put all your tax deductible receipts and proof of travel into the file. When the tax window opens, each year, you will be ready to submit your tax return. It is a good idea to scan your receipts and proof of travel documents and save them electronically. This will ensure that you are able to upload them onto the SARS website, should you be audited.

The tax period runs from the 1st March to the 28th / 29th February each year. The tax window opens on the 1st July each year. Note that penalties apply if you file your tax return late.