



You take care of your customers. We take care of you

Changes to UK VAT Rate | 25<sup>th</sup> November 2008



# Contents

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<b>1. INTRODUCTION .....</b>	<b>1</b>
<b>2. CHANGE VAT RATE .....</b>	<b>1</b>
2.1 ADD ADDITIONAL VAT CLASS.....	1
2.2 CHANGE VAT RATES .....	4
2.3 CHANGING THE TAX RATE TO 17.5% ON DOCUMENTS .....	4
<b>3. FORMS.....</b>	<b>13</b>

# 1. Introduction

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This document sets out the changes required to your Sage Accpac system to reflect the recently announced changes to UK VAT Rates effective from 1<sup>st</sup> January 2010.

The changes should be made after Sales Invoices up to the close of business on 31<sup>st</sup> December 2009.

It should be noted that Accord Consulting Ltd cannot advise on how VAT should be applied and if you have any questions on the rates of VAT to be used in a particular situation you are strongly advised to contact the HMRC VAT Advisory service who should be able to advise you.

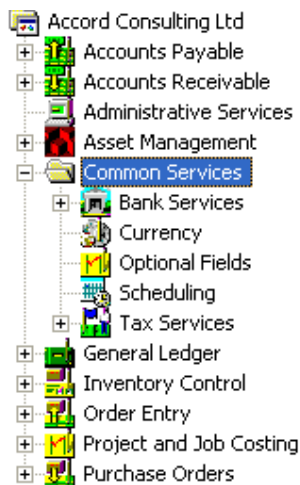
## 2. Change VAT Rate



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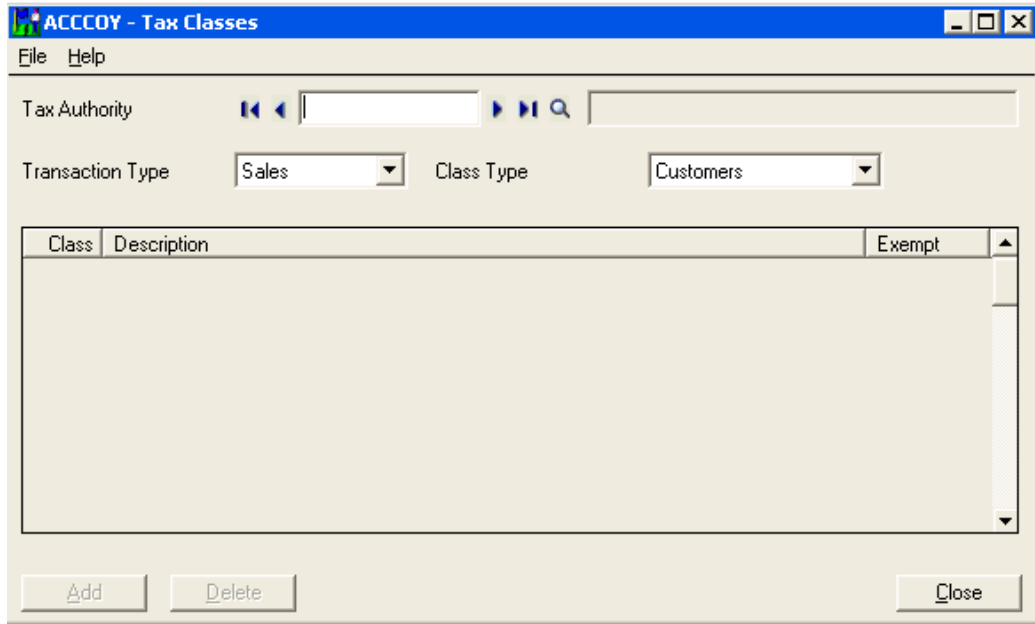
### 2.1 Add Additional VAT Class

If you have already created a Tax Class 9 then this section can be skipped. Go directly to Section 2.2

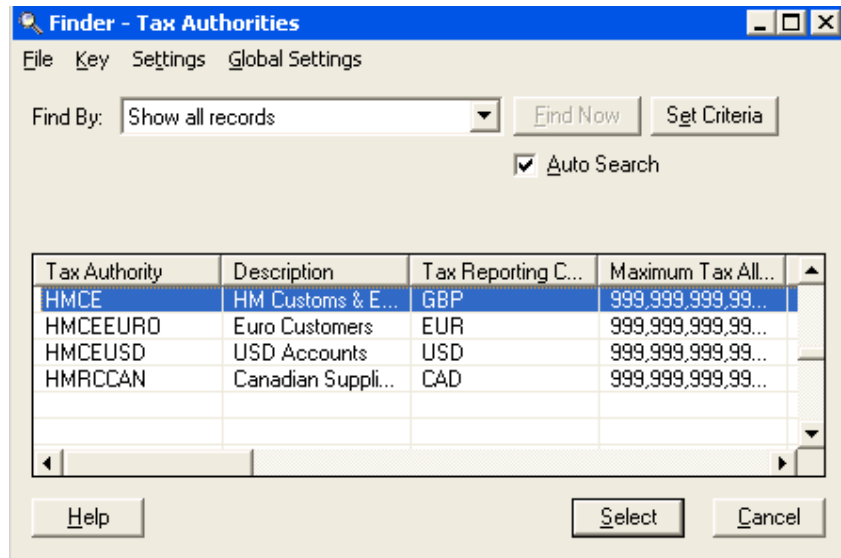
- a. To facilitate the transition period from the 15.0% rate to the 17.5% rate you will need to create a new Tax Class in Accpac.
- b. To do this select the Common Services item from the main Accpac menu



- c. From the Common Services menu select  Tax Services
- d. Then select  Tax Classes and the following screen will be displayed:

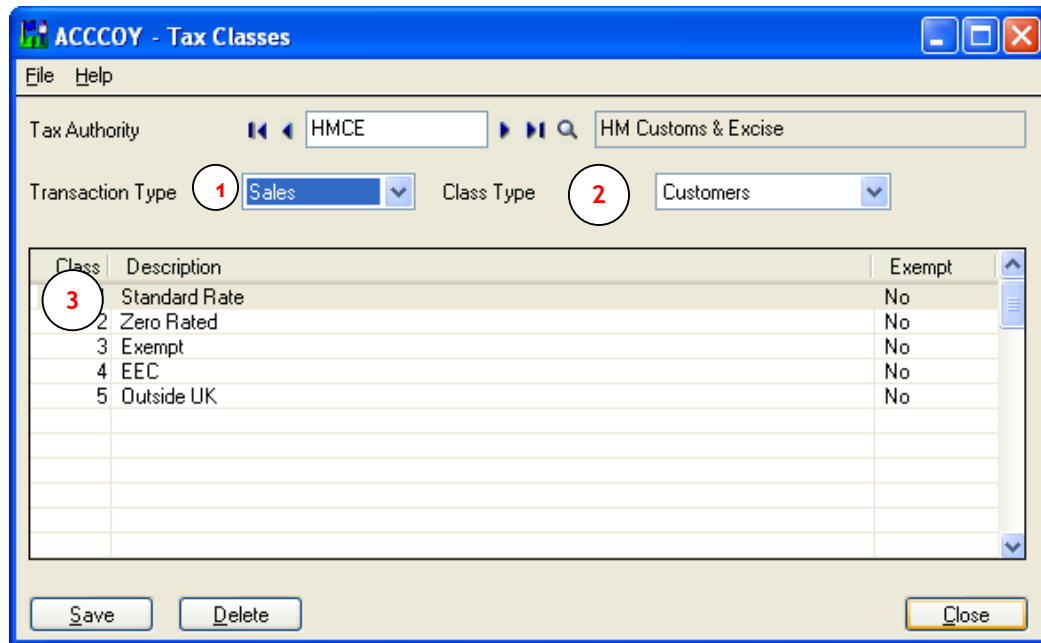


e. Using the select the UK Tax Authority from the drop down list:



**Note:** The names of the Tax Authorities may vary depending on how your system has been configured

f. The previous screen will now be populated as shown below:



**Note:** Depending on how your system has been configured the above screen may vary. If you are at all unsure of how to proceed please do not hesitate to contact the Accord Consulting Ltd Support Desk.

If the Class 1 description contains a reference to 17.5% this will need to be changed to avoid confusion when processing.

- g. Click on the last entry and press the Insert Key on your keyboard.
- h. Change number of the class **3** to 9 and enter the description 'Previous Standard Rate'. This needs to be done for each combination of Transaction Type and Class Type. i.e. 4 in all as follows:

Transaction Type <span style="float: right;">1</span>	Class Type <span style="float: right;">2</span>
Sales	Customers
Sales	Items
Purchases	Vendors
Purchases	Items

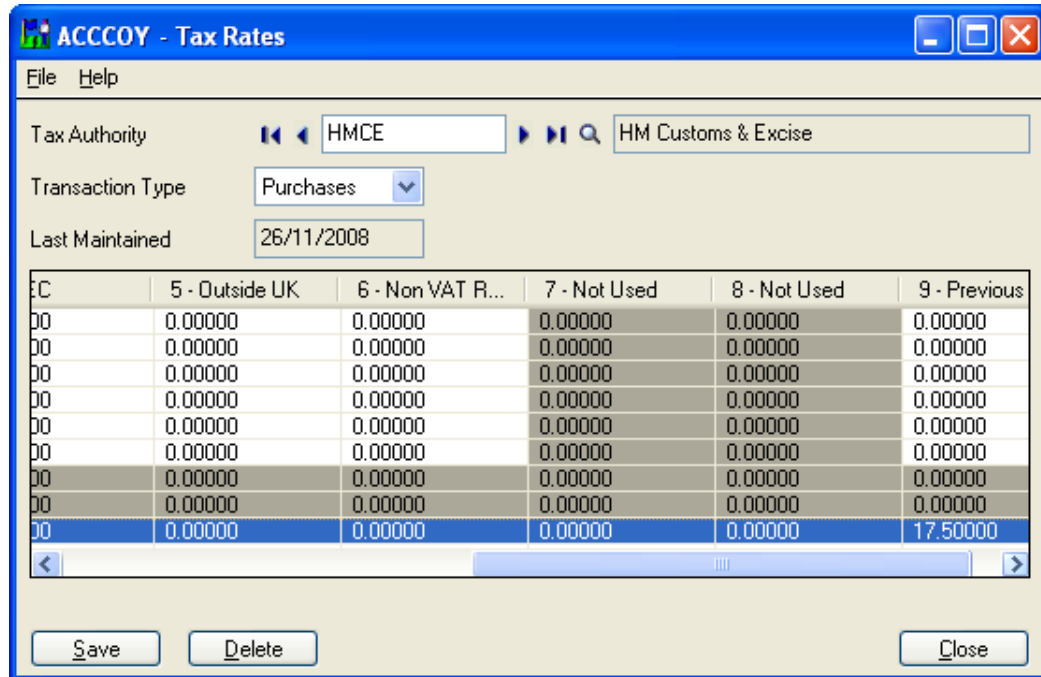
**Note:** If you make an error **DO NOT USE THE DELETE** button on the screen as this will delete the whole table.

**If you make a mistake and need to delete the entry then highlight the entry and press the Delete key on your keyboard. This will delete the entry and you can then re-create it.**

## 2.2 Change VAT Rates



- a. From the Tax Services menu select the **Tax Rates** icon and select the UK Tax Authority and the following screen will appear:



EC	5 - Outside UK	6 - Non VAT R...	7 - Not Used	8 - Not Used	9 - Previous
00	0.00000	0.00000	0.00000	0.00000	0.00000
00	0.00000	0.00000	0.00000	0.00000	0.00000
00	0.00000	0.00000	0.00000	0.00000	0.00000
00	0.00000	0.00000	0.00000	0.00000	0.00000
00	0.00000	0.00000	0.00000	0.00000	0.00000
00	0.00000	0.00000	0.00000	0.00000	0.00000
00	0.00000	0.00000	0.00000	0.00000	0.00000
00	0.00000	0.00000	0.00000	0.00000	0.00000
00	0.00000	0.00000	0.00000	0.00000	0.00000
00	0.00000	0.00000	0.00000	0.00000	17.50000

- b. Change the Tax Rate against Item Tax Class 1 to 17.5%
- c. Change the Tax Rate against Item Tax Class 9 in the far right bottom corner (Column 9) of the grid to 15.0%
- d. Press the **Save** button.
- e. Repeat the process for Purchases by changing the Transaction Type to Purchases in the window in top panel.

## 2.3 Changing the Tax Rate to 15.0% on Documents

During the transition period you will need to process Purchase Invoices at 15.0% and possibly raise Sales Invoices at 15.0% where the goods or services were supplied prior to the 1<sup>st</sup> January 2010. If you are in any doubt about which VAT rate to use you should contact the HMRC VAT Advisory Service.

The above setup will use a default VAT Rate of 17.5%.

### Purchase Invoices

The following is the procedure to change the default VAT Rate to the Previous VAT Rate.

- Open the AP Invoice Entry screen and create a New Batch or create a new batch from the Transaction Batch List screen.
- Select the Vendor







The screenshot shows the 'Detail Items/Taxes' window. The 'Item Number' is '400-CONSULT' and the description is 'Consulting'. The 'Tax Authority' is 'HMCE' and the 'Tax Description' is 'HM Customs & Excise'. The 'Detail Tax Class' is '9' and the 'Tax Class Description' is 'Previous Standard R...'. The 'Tax Included' is '15.00' and the 'Tax Amount' is '15.00'. The 'Tax Base' is '100.00'. The 'Tax Amount' is '15.00'. The 'Tax Included' is '15.00' and the 'Tax Amount' is '15.00'. The 'Tax Base' is '100.00' and the 'Tax Amount' is '15.00'.

Tax Authority	Tax Description	Detail Tax Class	Tax Class Description	Tax Included	Tax Base	Tax Amount	Alloc
HMCE	HM Customs & Excise	9	Previous Standard R...	No	100.00	15.00	

- e. Change the Detail Tax Class to 9 as shown above. Repeat this process for each line item.

### Existing Purchase Orders

Existing Purchase Orders will have the VAT set to 15.0% and these will need to be amended.

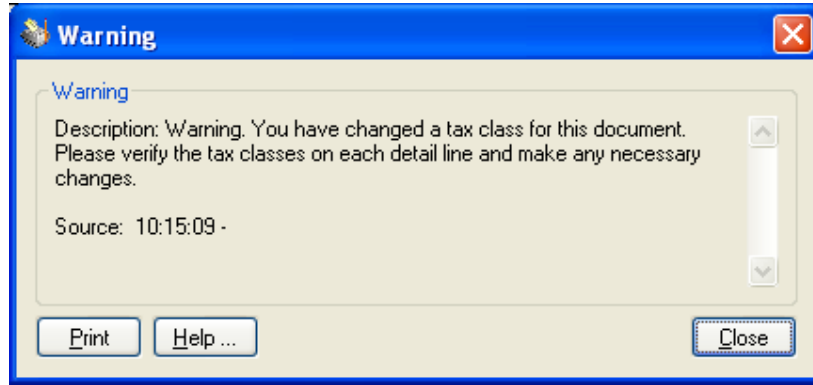
To amend the VAT Rate to 17.5% follow this procedure:

- a. Open the Purchase Order in the Purchase Order Entry screen

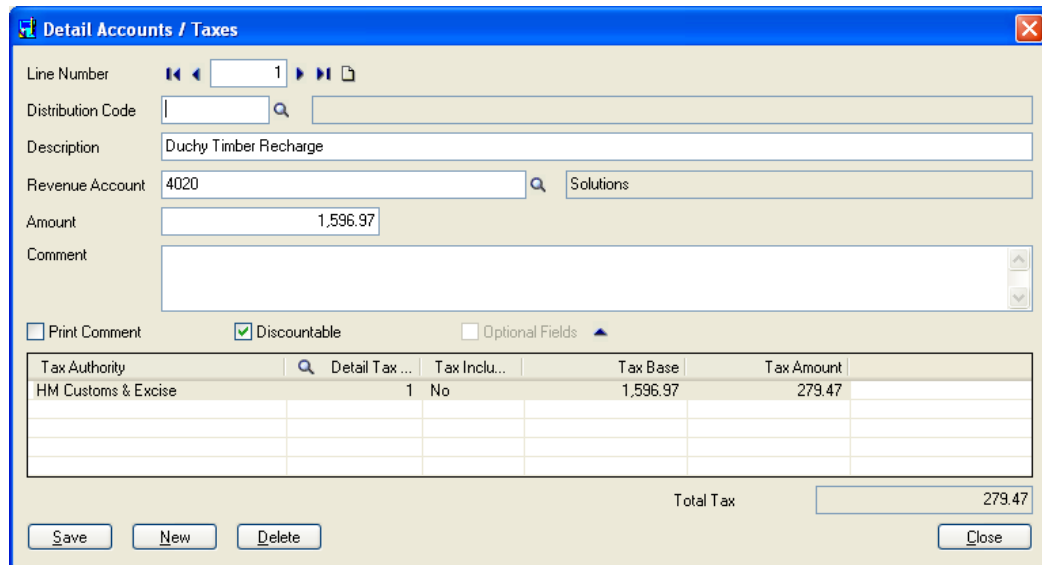
The screenshot shows the 'MSCDY - PO Purchase Order Entry' window. The 'PO Number' is '1000000000' and the 'Vendor Number' is '100'. The 'PO Date' is '25/11/2008' and the 'PO Type' is 'Purchase'. The 'Ship To Location' is '100' and the 'Terms Code' is 'NET 30'. The 'Description' is 'Financial Ltd Professional Print'. The 'Quantity Ordered' is '1.0000' and the 'Unit of Measure' is 'Each'. The 'Unit Cost' is '100.00000' and the 'Extended Cost' is '100.00'. The 'Discount %' is '0.00000' and the 'Discount Amount' is '0.00'. The 'Discounted Est. Cost' is '100.00'. The 'Tax Included' is '15.00' and the 'Tax Amount' is '15.00'. The 'Tax Base' is '100.00' and the 'Tax Amount' is '15.00'.

Item/Description	Location	Drop Ship	Quantity Ordered	Unit of Measure	Unit Cost	Extended Cost	Discount %	Discount Amount	Discounted Est. Cost	Tax
Financial Ltd Professional Print	100	No	1.0000	Each	100.00000	100.00	0.00000	0.00	100.00	15.00





- e. This means that you will also need to check and if necessary change the Item Tax Class to 9.
- f. To do this click F9 and the following screen will appear:



- g. Change the Detail Item Tax Class to 9 if appropriate.
- h. Save the change continue to the next line item

## Sales Orders

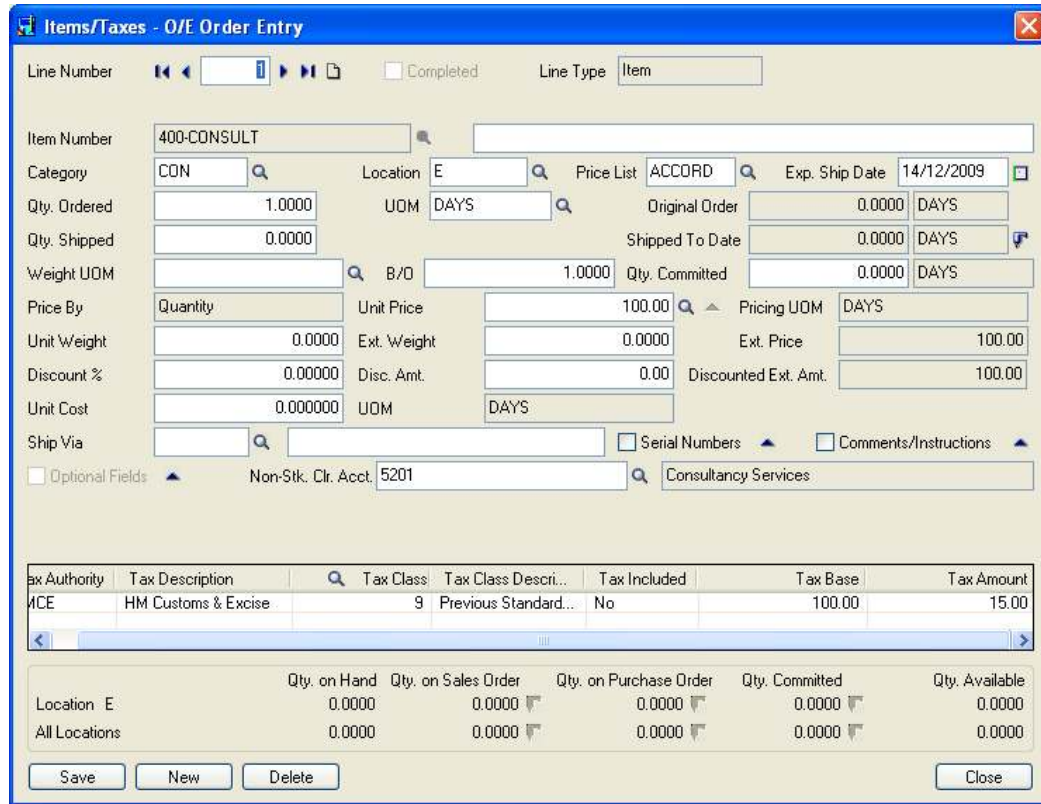
### New Sales Orders

If you need to raise a Sales Order with VAT at 15.0% use the following procedure:

- a. Open the Order Entry screen and select the required Customer as shown below:



- d. Complete the Sales Order in the normal manner then highlight each line item in turn and click on the Item/Tax button on the left hand corner of the screen. This will display the following screen:



The screenshot shows the 'Items/Taxes - O/E Order Entry' window. The 'Item Number' is 400-CONSULT, 'Category' is CON, and 'Location' is E. The 'Price List' is ACCORD and 'Exp. Ship Date' is 14/12/2009. The 'Qty. Ordered' is 1.0000 and 'UOM' is DAYS. The 'Unit Price' is 100.00 and 'Ext. Price' is 100.00. The 'Discount %' is 0.00000 and 'Disc. Amt.' is 0.00. The 'Tax Authority' is MCE, 'Tax Description' is HM Customs & Excise, 'Tax Class' is 9, and 'Tax Amount' is 15.00. The 'Tax Base' is 100.00. The 'Qty. on Hand' is 0.0000, 'Qty. on Sales Order' is 0.0000, 'Qty. on Purchase Order' is 0.0000, 'Qty. Committed' is 0.0000, and 'Qty. Available' is 0.0000.

Tax Authority	Tax Description	Tax Class	Tax Class Descri...	Tax Included	Tax Base	Tax Amount
MCE	HM Customs & Excise	9	Previous Standard...	No	100.00	15.00

- e. Change the Detail Tax Class to 9 as shown above. Repeat this process for each line item.

### Existing Sales Orders

Existing Sales Orders will have the VAT set to 15.0% and these will need to be amended.

To amend the VAT Rate to 17.5% follow this procedure:

- h. Open the Sales Order in the Order Entry screen

Order No. ORD20174 No. of Shipments 0 Last Shipment No.   
 Customer No. 0002 BSL International Ltd Last Invoice No.   
 Template Code ACCORD PO No. Status: Posted Source: Entered   
 Order Date 26/11/2008 Location E Edenbridge   
 Order Type Active From Multiple Quotes Calc. Tax On Hold   
 Ship-To Location Exp. Ship Date 26/11/2008   
 Description Reference   

Li...	Type	Item No./ Misc. Charge	Kit/BOM	Description
1	Item	1003F1080530		Financial Link Professional - First User

	Qty. on Hand	Qty. on Sales Order	Qty. on Purchase Order	Qty. Available	Stocking UOM
Location E	0.0000	0.0000	0.0000	0.0000	
All Locations	0.0000	0.0000	0.0000	0.0000	

 Order Subtotal 100.00 GBP   
 Buttons: Post, Delete, History..., Prepayment..., Close

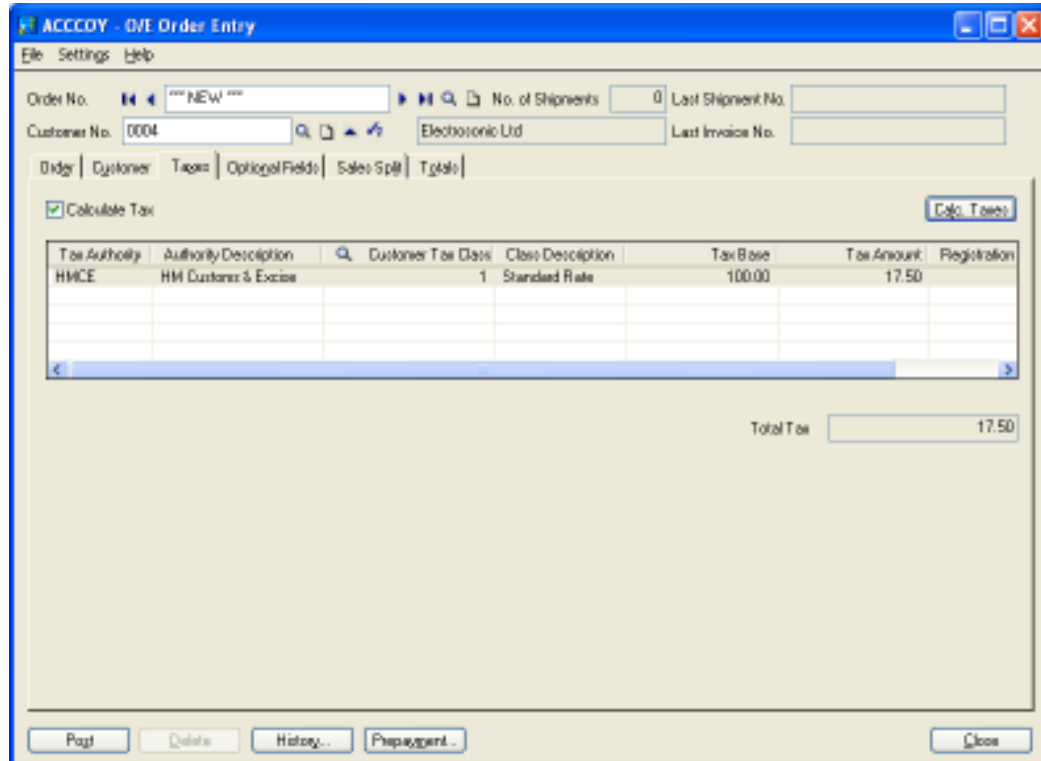
i. Click on the Taxes Tab to display the following screen:

Order No. ORD20174 No. of Shipments 0 Last Shipment No.   
 Customer No. 0002 BSL International Ltd Last Invoice No.   
 Order Customer Taxes Optional Fields Sales Split Totals   
 Calculate Tax Calc. Taxes   

Tax Authority	Authority Description	Customer Tax Class	Class Description	Tax Base	Tax Amount	Registr
HMCE	HM Customs & Excise	1	Standard Rate	100.00	17.50	

 Total Tax 17.50   
 Buttons: Post, Delete, History..., Prepayment..., Close

j. Click on the **Calc. Taxes** on the left bottom of the screen. This will re-calculate the VAT to 17.5% as shown below:



- k. Check that the Tax Amount is 17.5% of the Tax Base.
- l. If it is not amend the Tax Amount manually and the click on the Order Tab to return to the main screen.
- m. Highlight each line item and manually change the tax amount.
- n. Click on Post

### 3. Forms

If any of your forms i.e. Sales Orders, Shipment/Despatch Notes or Sales Invoices or Purchase Orders have the VAT Rate hard coded on them such that the rate shown is 15.0% and the amount of VAT is 17.5% then please contact the Accord Consulting Ltd Support Desk for assistance.

### 4. Questions

If you have any questions or require assistance with setting up your system to handle the VAT Rate change please do not hesitate to contact the Accord Consulting Support Desk either by telephone or by email:

Tel: +44 (0) 1732 868765  
 Email: [support@accord-consulting.com](mailto:support@accord-consulting.com)