



# Change of VAT Rate to take effect from 4th January 2011

## Pegasus CIS / TMS Elite

From 4th January 2011, the UK standard rate of VAT will increase from 17.5% to 20%. This factsheet explains how this change affects Pegasus CIS/TMS Elite and what you need to do.

In Pegasus CIS / TMS Elite, VAT Codes are pulled through from your back office software. The initial changes to your VAT Codes must be performed in your back office software first, then synchronised in to Pegasus CIS / TMS Elite.

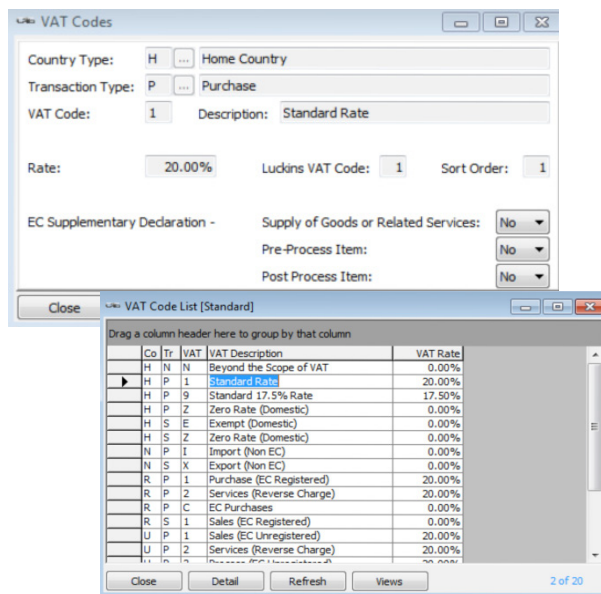
**NOTE:** Pegasus CIS / TMS Elite VAT Codes only have one rate available unlike for example Opera II which has a Rate 1 and Rate 2 for each VAT Code. The Rate used is determined by the effective date against each Rate. When synchronising in to Pegasus CIS / TMS Elite only the Rate 1 percentage will be brought through. This means that VAT Codes cannot be set up in advance.

To synchronise to your back office system (after setting up the new Rate):

- Ensure everyone is logged out of Pegasus CIS / TMS Elite
- Select **System Control > System Setup > Ledger Links > Ledger Synchronisation > Import VAT Codes**
- Click **Yes** to confirm
- Click **OK** when complete

To check the new rates:

- Select **System Control > System Setup > Ledger Links > Ledger Tables > VAT Codes**
- Click the **List** tab (see screen shot)



### However, there could be exceptions.....

This document does not address issues such as Deferred VAT or VAT on Retentions. Please do not hesitate to seek further advice from your local TSG support line for further information on these or any other issues.

### Special Rules

If the goods are provided before the increase in VAT e.g. 27/12/2010 and then billed after the VAT increase e.g. 05/01/2011, the user can opt to apply a 17.5% VAT charge to the Invoice.

This is valid as the issue of stock was made whilst the VAT Rate was 17.5% and the Invoice was raised within 14 days of supply. This however will not save the customer any money as a lesser amount can be reclaimed as Input Tax therefore HMRC are advising that this is an unlikely working practice.

**For further detailed information and HMRC guidance about the change, please visit the HMRC Website.**

Visit [www.tsg.com/vatchange2011](http://www.tsg.com/vatchange2011) for more details

All information contained in this leaflet is correct at the time of going to print. © 2010, Terms and Conditions apply. We reserve the right to alter, correct and modify the publication and the services offered within this publication without notice and without incurring liability