



Circle of
Excellence
Winner 2009



Customer
Development
Centre

Change of VAT Rate

to take effect from 4th January 2011

Sage Line 100 v8.5 – MMS v2.3

From 4th January 2011, the UK standard rate of VAT will increase from 17.5% to 20%. This factsheet explains how this change affects Line 100 v8.5 to MMS v2.3 and what you need to do.

Pre-Requisites

We would recommend that the following occur before the VAT changes are applied:-

- A VAT Return is printed. NB: the VAT return does not need to be cleared down and completed
- Any Sales Orders, which have had the invoice printed, are posted to the Sales Ledger. N.B: if any invoices have been raised already for January 2011, these will need to be credited and the orders re-entered.

Observations

Existing Sales and Purchase Orders

Existing sales and purchase orders entered into the system can be viewed using the View Option. Caution should be used when selecting to Amend Order, once you have amended the VAT Rates to ensure the correct VAT rate is applied.

Re-Printing Invoices

For invoices entered into the system, the VAT summary section will show the VAT rate as displayed in the Accounting System VAT Rate settings, however all monetary values will be based on the VAT rate selected at the point of invoice posting.

Copy SOP Orders

If you copy a SOP order that was created before you amend the VAT Rates, ensure that you check all the values are in order.

VAT Changes

Summary of Changes:-

- To amend the existing Standard VAT code, to change the rate from 17.5% to 20%
- To amend the existing EC Sales and Purchase codes, (for notional VAT) to change the rate from 17.5% to 20%
- To create a new VAT code for 17.5% - this can be used where it may still be necessary to post invoices at this rate.

NOTE: *These changes must be made within each operational company within Sage Line 100/MMS*

Go in to **Accounting Manager > System Parameters > Tax Rates**

From the list of VAT rates (example shown overleaf)

- Arrow down to the **Std Rate**. Change the VAT Rate from 17.5 to 20
- Arrow down to the **EC Std PL**. Change the VAT Rate from 17.5 to 20
- Arrow down to a blank row and press return, then for each column...
 - **No...** enter the next sequential number
 - **Name...** can be set as a description of your choice (*example from previous VAT change Std 15%*)

Visit 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

TSG 01654/12/10



Change of VAT Rate

to take effect from 4th January 2011



Circle of Excellence
Winner 2009



Customer Development Centre

C..	Name	VAT Return	EC Terms	%	Input acc.	CC	Dept.	Output acc.
0	Exempt	Yes	Not Applicable	0	21200			21210
1	Std 17.5%	Yes	Not Applicable	17.5	21200			21210
2	Zero Rate	Yes	Not Applicable	0	21200			21210
4	EC Zero SL	Yes	Sales Goods and Related Servi...	0	21200			21210
6	EC Freight	Yes	Purchase Non Related Services	0	21200			21210
7	EC Zero PL	Yes	Purchase Goods and Related S...	0	21200			21210
8	EC Std PL	Yes	Purchase Goods and Related S...	17.5	21200			21210
9	Std 15 %	Yes	Not Applicable	15	21200			21210

- VAT Rtn... is to be set as "Yes"
- EC Sale/Purchase... can be left "blank"
- %... is to be set as "17.5"
- Input and Output Account, CC and Dept... need to be populated with valid accounts from your Chart of Accounts. (These will not necessarily be the same as shown below)

NOTE: We are unable to advise which VAT rate you should apply in specific circumstances. If you are unsure, please confirm the correct VAT rate with HMRC either by phone or by consulting the relevant guidance on the HMRC website.

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

This new VAT code can then be used to override the standard VAT Rate, in instances where Invoices/Credit Notes need to be raised with a date prior to 04/01/2011.

Visit 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