

Changes in the VAT treatment from Wednesday 15th July 2020 to Tuesday 12th January 2021

Applicable to supplies of:

- Food & non-alcoholic drinks sold for on-premise consumption.
- Accommodation such as sleeping in hotels, pitch fees for caravans, tents, and associated facilities.
- Attractions such as theatres, zoos, exhibitions.

If the items/services, you sell qualify for the VAT reduction then:

For all supplies of them within the date range (15th July 2020 to 12th January 2021), they need to be updated to use the newly reduced rate of 5%.

Below we are recommending standard ways to apply these changes to your company for NAV and Business Central.

If you require our assistance to implement these changes, or if you have a customised solution in place that prevents you from following these instructions, then please speak with your TSG Customer Success Manager. Depending on your needs, we will raise an order for the specific time we will need and one of our consultants will help you to apply the standard or any extra steps you need to take.

Next actions in NAV/BC for static data changes:

1. Prepare a list with Items, G/L Accounts, and/or anything else you are using on your Sales Order/Invoices lines.
2. Go to each and change your VAT Product Posting Group from Standard 20% to the Reduced 5%.

1000 · Bicycle

Process Item History Special Sales...es & Discounts Request Approval More options

Item Show more

No. 1000 Type Inventory

Description Bicycle Base Unit of Measure PCS

Blocked Item Category Code

Inventory 33

Costs & Posting Show more

COST DETAILS

Costing Method Standard

Standard Cost 350.594

Unit Cost 350.594

Net Invoiced Qty. 0

Cost is Adjusted

Special Purch. Prices & Disc... Create New...

POSTING DETAILS

Gen. Prod. Posting Group RETAIL

VAT Prod. Posting Group VAT20

Inventory Posting Group

Default Deferral Template

FOREIGN TRADE

Commodity Code

Code ↑	Description
FULL20	VAT Only Invoices 20%
FULL5	VAT Only Invoices 5%
NO VAT	No VAT
→ VAT20	Standard VAT (20%)
VAT5	Reduced VAT (5%)

- If you do not have the Reduced 5% VAT Product Posting Group as an option, you will need to create it and assign the same setup as the standard 20% but with a 5% rate instead of 20%.

VAT Bus. Posting Group ↑	VAT Prod. Posting Group ↑	Description	VAT Identifier	VAT %	VAT Calculation Type	Sales VAT Account	Purchase VAT Account	Reverse Chrg. VAT Acc.
DOMESTIC	FULL20	Setup for DOMESTIC / FULL20	FULL20	100	Full VAT	5613	5633	
DOMESTIC	FULL5	Setup for DOMESTIC / FULL5	FULL5	100	Full VAT	5612	5632	
DOMESTIC	NO VAT	Setup for DOMESTIC / NO VAT	NO VAT	0	Normal VAT	5610	5630	
DOMESTIC	VAT20	Setup for DOMESTIC / VAT20	VAT20	20	Normal VAT	5610	5630	
DOMESTIC 	VAT5	Setup for DOMESTIC / VAT5	VAT5	5	Normal VAT	5611	5631	
EU	NO VAT	Setup for EU / NO VAT	NO VAT	0	Normal VAT	5610	5630	
EU	VAT20	Setup for EU / VAT20	VAT20	20	Reverse Charge VAT	5610	5630	5620
EU 	VAT5	Setup for EU / VAT5	VAT5	5	Reverse Charge VAT	5611	5631	5621
EXPORT	NO VAT	Setup for EXPORT / NO VAT	NO VAT	0	Normal VAT	5610	5630	
EXPORT	VAT20	Setup for EXPORT / VAT20	VAT20	0	Normal VAT	5610	5630	
EXPORT 	VAT5	Setup for EXPORT / VAT5	VAT5	0	Normal VAT	5611	5631	

- If you are also eligible to buy stock or services with the reduced rate, then you will need to apply the reduced rates to Items and G/L Accounts that you use on Purchase Order/Invoice Lines.

Above changes will affect new raised orders, for existing orders:

- Review all open orders, invoice all lines that have been supplied to date (using the existing/standard rate of 20%). The orders raised before applying the change on the VAT Prod. Posting Group will still have the 20% rate.
- For open orders with a remaining quantity, it may be necessary to split lines if it has been part shipped/received, to do this Reopen the Order, reduce the quantity on the line to reflect what has been shipped/received to date, and ensure this has been invoiced with 20% VAT. Then add in a second line for the same Item or GL Account for the remaining quantity/value and ensure that the VAT Product Posting Group that pulls through is the new Reduced or VAT 5.

Before:

Lines Manage More options									
Type	No.	Description	Location Code	Quantity	Qty. to Ship	Quantity Shipped	Qty. to Invoice	VAT Prod. Posting Group	
→ Item	1920-S	ANTWERP Conference Table	RED	7	3	4	7	VAT20	

After:

Lines Manage More options									
Type	No.	Description	Location Code	Quantity	Qty. to Ship	Quantity Shipped	Qty. to Invoice	VAT Prod. Posting Group	
Item	1920-S	ANTWERP Conference Table	RED	4		4	4	VAT20	
→ Item	1920-S	ANTWERP Conference Table	RED	3	3		3	VAT5 	

- For open orders not yet shipped/supplied simply ensure the order status is Open (use Reopen) then change the VAT Product Posting Group on the relevant lines to use the reduced rate 5% setting (or delete and re-enter the lines to pick the new setup)

Before:

Type	No.	Description	Locati... Code	Bin Code	Quantity	Qty. to Receive	Quantity Received	Qty. to Invoice	Quantity Invoiced	VAT Prod. Posting Group
Item	LS-MAN-10	Manual for Loudspeakers	BLUE		100	100		100		VAT20
Item	LS-75	Loudspeaker, Cherry, 75W	BLUE		10	10		10		VAT20

After:

Type	No.	Description	Locati... Code	Bin Code	Quantity	Qty. to Receive	Quantity Received	Qty. to Invoice	Quantity Invoiced	VAT Prod. Posting Group
Item	LS-MAN-10	Manual for Loudspeakers	BLUE		100	100		100		VAT5
Item	LS-75	Loudspeaker, Cherry, 75W	BLUE		10	10		10		VAT20

Note: The above points can be handled using the VAT Rate Change Tool (when used with appropriate filters). Sometimes it may be hard to filter out the products/orders that need changes by a specific category or existing posting group, therefore the tool may not be helpful for all databases.

If the items/services, you sell qualify for the VAT reduction for specific Customers/Suppliers then:

Since the VAT reduction applies only when you are selling or buying for specific usage, you may have a situation where the same product can be sold to a Customer with the reduction on the VAT rate and to another with the full rate.

For example in this link [HMRC Guidance](#) among others specifies that the reduction is applicable for food and non-alcoholic beverages sold for on-premises consumption, for example, in restaurants, cafes and pubs.

In this case the same item maybe sold to a domestic customer with 20% VAT and to a domestic restaurant customer with 5%.

Next Actions in NAV/BC for Static Data changes:

- Identify the domestic customers that are applicable for the discounted rate.
- Change their VAT Bus. Posting Group from Domestic or UK to DiscDom.

For example:

Search
+ New
Edit List
Delete
Setup
Open in Excel
More options

SELECT - VAT BUSINESS POSTING GROUPS

Code ↑		Description
→ DISCDOMESTIC	⋮	Discounted VAT domestic custoemers and vendors
DOMESTIC		Domestic customers and vendors
EU		Customers and vendors in EU
EXPORT		Other customers and vendors (not EU)

- Setup their VAT posting setup with the same way used on the original VAT Bus. Posting Group but with rate 5%.

For example, VAT Prod. Posting Group will remain STD20 or VAT20 but the VAT posting setup for the VAT Bus. Posting Group DiscDom will be having 5% and not 20%.

VAT Bus. Posting Group ↑	VAT Prod. Posting Group ↑	Description	VAT Identifier	VAT %	VAT Calculation Type	Sales VAT Account	Purchase VAT Account	Rever VAT %
DOMESTIC	FULL20	Setup for DOMESTIC / FULL20	FULL20	100	Full VAT	5613	5633	
DOMESTIC	FULL5	Setup for DOMESTIC / FULL5	FULL5	100	Full VAT	5612	5632	
DOMESTIC	NO VAT	Setup for DOMESTIC / NO VAT	NO VAT	0	Normal VAT	5610	5630	
DOMESTIC	VAT20	Setup for DOMESTIC / VAT20	VAT20	20	Normal VAT	5610	5630	
DOMESTIC	VAT5	Setup for DOMESTIC / VAT5	VAT5	5	Normal VAT	5611	5631	
DISCDOMESTIC	FULL5	Setup for DOMESTIC / VAT5	FULL5	100	Normal VAT	5613	5633	
DISCDOMESTIC	NO VAT	Setup for DOMESTIC / NO VAT	NO VAT	0	Normal VAT	5610	5630	
DISCDOMESTIC	VAT20	Setup for DOMESTIC / VAT20	VAT5	5	Normal VAT	5611	5631	
DISCDOMESTIC	VAT5	Setup for DOMESTIC / VAT5	VAT5	5	Normal VAT	5611	5631	

- d. Go to your VAT Statement to add the combination of DisDom VAT Bus. Posting group with VAT20 VAT Product Posting group.

Above changes will affect new raised orders. For existing orders:

- e. Find orders that are not yet shipped and apply the new VAT Bus. Posting Group or create a new order and delete the existing.

SALES ORDER | WORK DATE: 01/02/2022 ✎ + 🗑

101005 · John Haddock Insurance Co.

Process	Release	Posting	Prepare	Order	Request Approval	Print/Send	Navigate	More options
Item		1920-S	ANTWERP Conference Table	RED		3	3	

Subtotal Excl. VAT (GBP)		2,795.66	Total Excl. VAT (GBP)	
Inv. Discount Amount Excl. ...		0.00	Total VAT (GBP)	
Invoice Discount %		0	Total Incl. VAT (GBP)	

Invoice Details

Currency Code	<input type="text" value=""/>	Department Code	SALES
Prices Including VAT	<input type="checkbox"/>	Project Code	<input type="text" value=""/>
VAT Bus. Posting Group	DOMESTIC <input type="text" value=""/>	Payment Discount %	<input type="text" value=""/>

Code ↑	Description
● DISCDOMESTIC	Discounted VAT domestic customers and vendors
→ DOMESTIC	Domestic customers and vendors
EU	Customers and vendors in EU
EXPORT	Other customers and vendors (not EU)
+ New Select from full list	

- f. For stock that has been already shipped prior 15th July you will need to invoice on the old setup and you may need to split the order to another order for the remaining quantities that need to be shipped and invoiced with the new VAT Bus. Posting group.

Guidance on the temporarily reduced rate of VAT for hospitality, holiday accommodation and attractions

Published 9 July 2020

<https://www.gov.uk/government/publications/revenue-and-customs-brief-10-2020-temporary-reduced-rate-of-vat-for-hospitality-holiday-accommodation-and-attractions/guidance-on-the-temporary-reduced-rate-of-vat-for-hospitality-holiday-accommodation-and-attractions#:~:text=On%208%20July%202020%2C%20the,2020%20to%2012%20January%202021>

Guidance on VAT reduced rate for hospitality, holiday accommodation and attractions

Published 9 July 2020

<https://www.gov.uk/guidance/vat-reduced-rate-for-hospitality-holiday-accommodation-and-attractions>

Guidance on catering, takeaway food (VAT Notice 709/1)

<https://www.gov.uk/guidance/catering-takeaway-food-and-vat-notice-7091>

Guidance on hotels and holiday accommodation (VAT Notice 709/3)

<https://www.gov.uk/guidance/hotels-holiday-accommodation-and-vat-notice-7093>