

Changes to your Sage system for the reduction of VAT to 15%

The following document details the main areas you need to make changes in your Sage Line500/S1000/Enterprise/CS/3 system for the new standard VAT rate from Dec 1st 2008.

This document is not exhaustive and there may well be areas of the system you have a concern or query about which we have not covered. If this is the case, please contact the CIBER Helpdesk ASAP to discuss this and we can then advise you accordingly.

Please note these changes are 'per company' as each one has its own settings to be changed.

We have used standard menus in these examples, they may not reflect the menus you see on your system.

Within each Sage company:

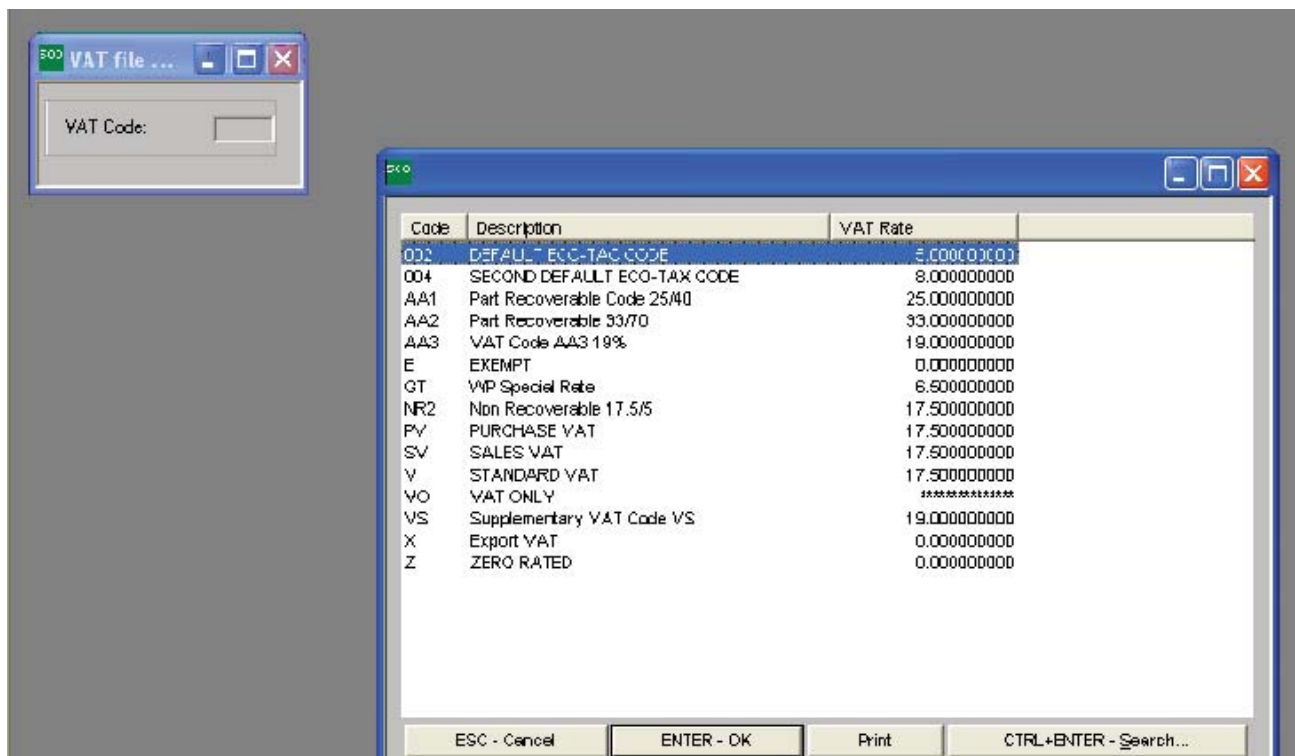
1. From the main Sage menu select: Finance – General Supporting Files – Create and Amend Master Files 1 – Vat Codes

Press F2 to browse your current VAT Codes, any codes that you use for 17.5% will need amending to 15%. Do not change any other rates.

NOTE - Purchase Ledger VAT

For customers that use a separate VAT code for both sales and purchases, it may be worth leaving the purchases VAT code at 17.5% for a few days whilst still processing invoices dated pre 01/12/08.

The reason being that invoices arriving in the post w/c 1st Dec, may well be for goods already delivered and therefore will still be rated at 17.5%. By leaving the Purchase VAT code at 17.5% it means you don't have to override it every time. Once you start receiving invoices at 15% you can then change the Purchase VAT code rate.



To change a code, highlight it and press ENTER - this brings up the following details

The screenshot shows a window titled "VAT file maintenance, details". The description field contains "CALC VAT". The VAT rate is set to 17.500. Other fields include G/L control (9-99-60-04-003), Pending account (7-00-35-10-003), Contra account (7-00-35-20-003), Non-recoverable rate (0.000), Rounding rule (R01), Line code (SV0), and Ledger (R). The VAT service is set to VAT.

Description:	CALC VAT		
VAT rate:	17.500	Rounding rule:	R01
G/L control:	9-99-60-04-003	Line code:	SV0
Pending account:	7-00-35-10-003	Ledger:	R
Contra account:	7-00-35-20-003	Normal VAT code:	
Non-recoverable rate:	0.000		
VAT service	: VAT		

Change the VAT rate to 15.00 and press ENTER to confirm. Make sure you change any other codes in this option that you are using for standard rate VAT from 17.50 to 15.00 (see note above re: P/L VAT)

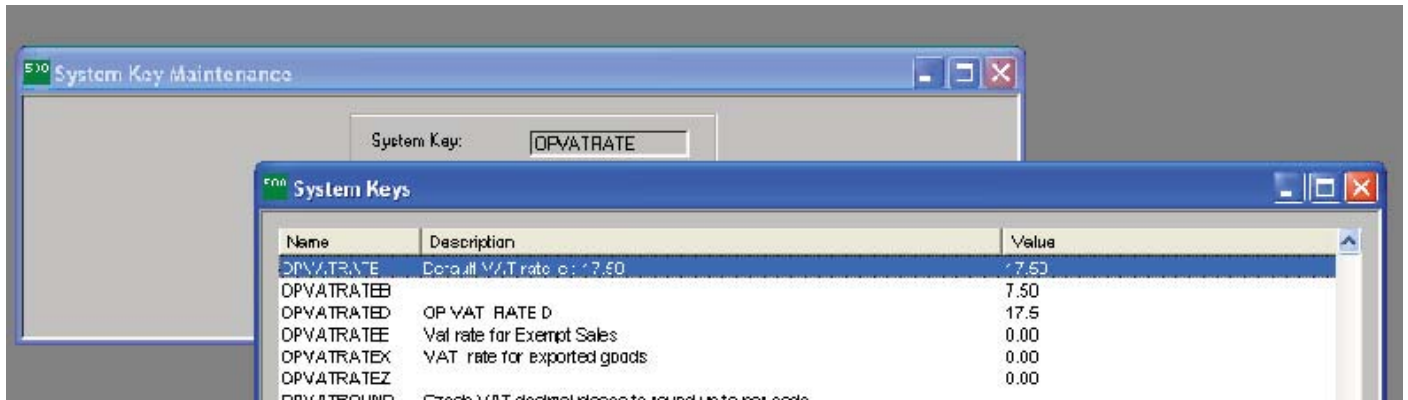
The screenshot shows the same window after modification. The description is now "SALES VAT". The VAT rate has been changed to 15.00. All other fields remain the same as in the previous screenshot.

Description:	SALES VAT		
VAT rate:	15.00	Rounding rule:	R01
G/L control:	9-99-60-04-003	Line code:	SV0
Pending account:	7-00-35-10-003	Ledger:	R
Contra account:	7-00-35-20-003	Normal VAT code:	
Non-recoverable rate:	0.000		
VAT service	: VAT		

2. System Managers Menu – System Key Maintenance – All system Keys.

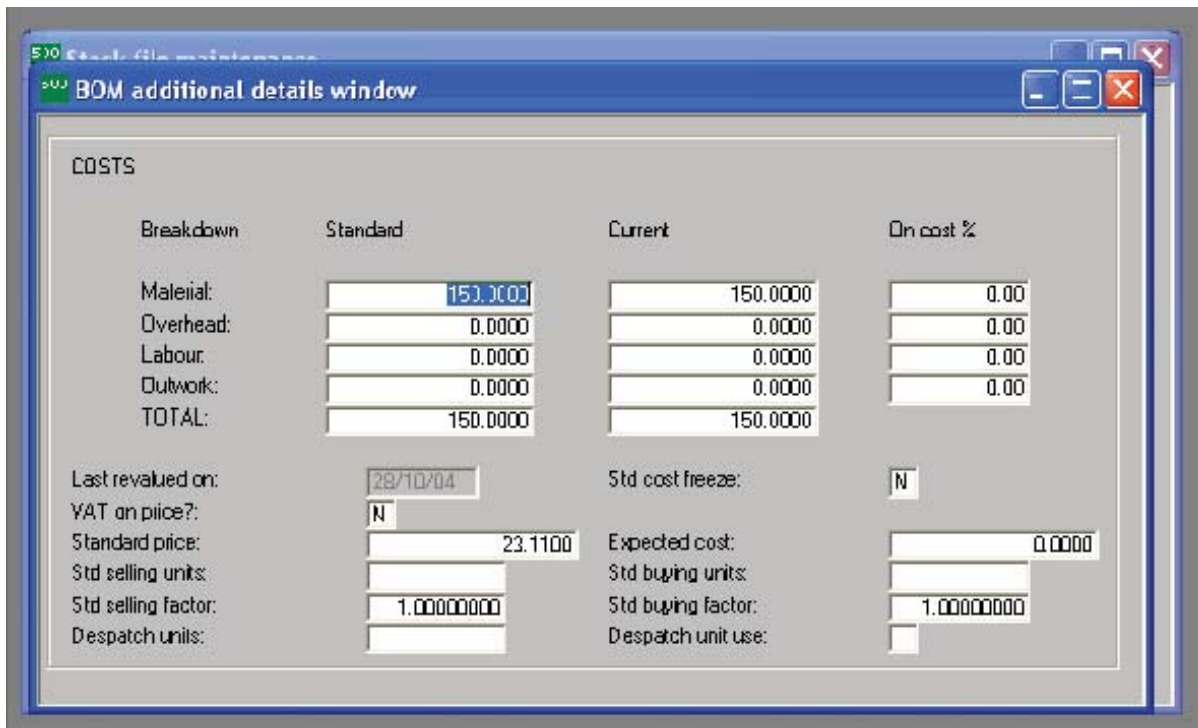
Enter the system key OPVATRATE and press F2 to browse. If you have any default VAT rates setup in OPVATRATE and OPVATRATE? (where '?' is a suffix char) for 17.5% then please change these to 15% where necessary see screen print below. (NOTE: only change the 17.5% rates, no other rates are to be changed.)

Also set the system key POVATCHECK to YES so VAT is recalculated at invoice point when entering Purchase Invoices.



3. You also need to be aware of the 'VAT Inclusive' flag on Stock items.

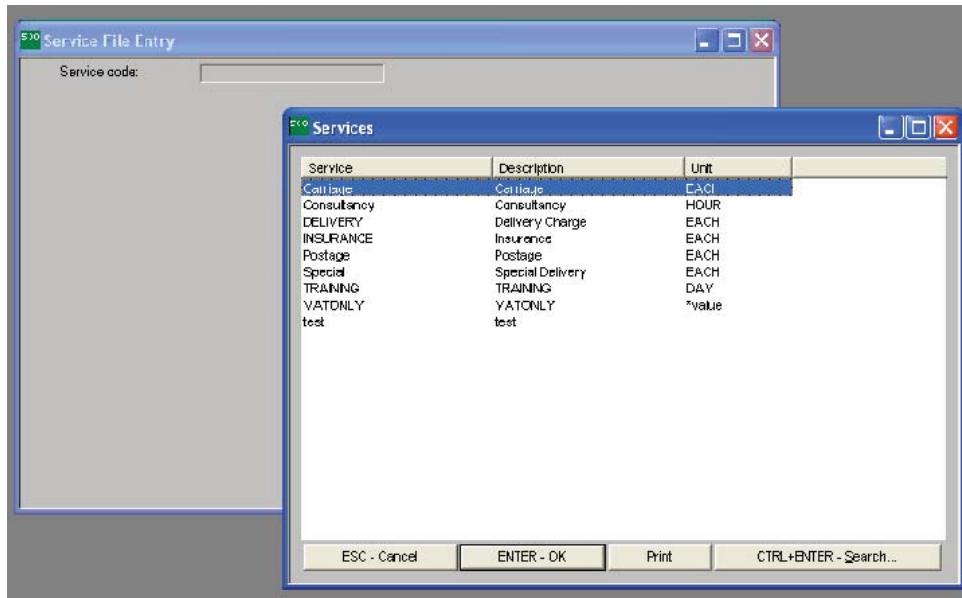
From Sage Menu – Distribution – Inventory Control – Create and Amend Master Files – Costing and Pricing. Be aware of the 'VAT on Price' flag if your prices are inclusive of VAT you may need to consider changing prices.



4. If you are using 'Service items' within Sales Order Processing you need to be aware of the 'VAT Inclusive' flag. If you have this ticked, you are saying that the prices are inclusive of VAT this may be another area that you want to consider changes to.

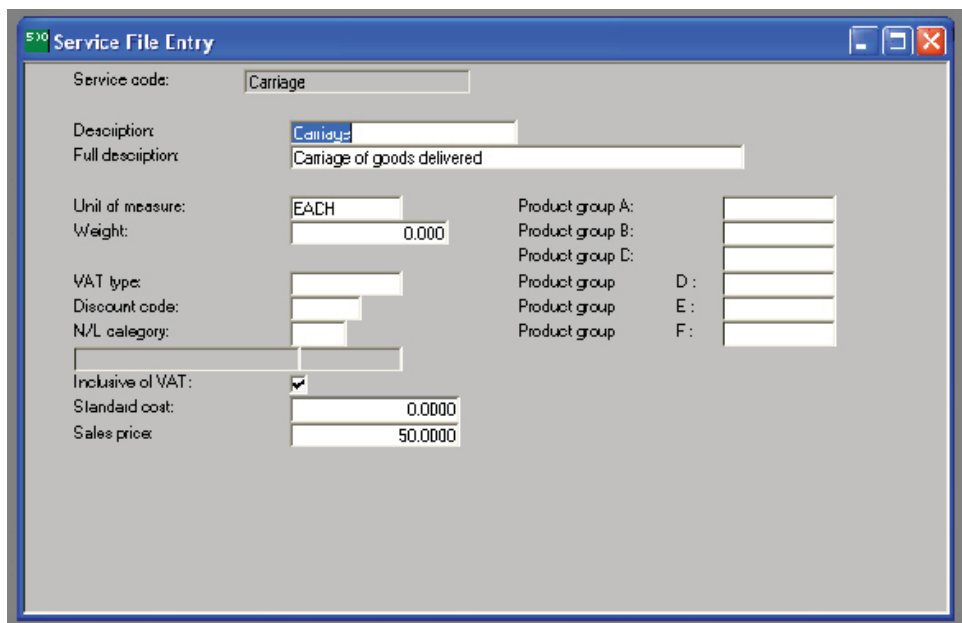
From Sage Menu select: – Distribution – Sales Order Entry and Invoicing – Create and Amend Master Files – Services.

Press F2 to browse the services which will be displayed as follows



Press ENTER on the service you wish to change, note the field 'Inclusive of VAT' and consider any changes you may want to make on the prices.

'Inclusive' of VAT' flag



5. If you are using Price lists within SOP and POP you will need to be aware of the 'Inclusive of VAT' flag on your prices.

Sales Order Processing

From Main Sage Menu select – Distribution – Sales Order Entry and Invoicing – Create and Amend Master Files – Price Lists

Check the VAT flag and consider any price changes that you may need to make if the prices are VAT inclusive

Product/Service	Customer	Price	New price	VAT	Unit	Std price
462-311		17.3400	17.3400	N		0.0000
BIKE		190.0000	0.0000	N		150.0000

Purchase Order Processing

From Main Sage Menu select – Distribution – Purchase Order Processing – Create and amend Master Files – Suppliers Price Lists.

Check the VAT flag and consider any price changes that you need to make if the prices are VAT inclusive

Product/Service	Price	New price	VAT	Unit	Std price	Promo
461-115	3.1000	3.3000	N		3.2000	
469-101	1.2000	1.2000	N		1.2000	
469-102	0.6800	0.6950	N		0.7000	
469-103	0.2700	0.2900	N		0.3000	

ADDITIONAL IMPORTANT POINTS YOU NEED TO CONSIDER:

As per the following extract from the HMRC Document on their website entitled "vat-guide-sum.pdf"

If you are a business that sells mainly to other VAT-registered businesses and have to issue VAT invoices	
<p>You should use the new rate for all VAT invoices that you issue on or after 1 December 2008 ...</p>	<p>... except for where</p> <ul style="list-style-type: none"> • you provided goods or services more than 14 days before you issue the VAT invoice. For example, if you issue a VAT invoice on 1 December for goods or services provided before 18 November 2008, or • you were paid before 1 December. <p>In these cases, your sale took place before 1 December and you must use the old rate of 17.5%.</p>

If possible, invoice all orders up to 30th November 2008 that you need at 17.5%

If you need to invoice any orders from 1st December at 17.5% We advise the setup of a new VAT code via 'General Supporting Files' for 17.5% to be used **ONLY** in these circumstances.

(Advice on whether you need to do this should be sought from HMRC not CIBER UK)

From the Main Sage menu select - Finance – General Supporting Files – Create and Amend Master Files 1 – VAT Codes.

Enter a new VAT code with the same details as your original Standard Rate VAT for Sales that you have just changed to 15% but this new code will be at 17.5%.

Any orders that you need to invoice at 17.5% on or after 1st December with a rate of 17.5% you will need to invoice manually via the Sales Invoice option this can be found as follows.

Before raising an invoice you may also need to amend the system key **OPVATAMEND to YES** to allow you to amend the VAT code on the order.

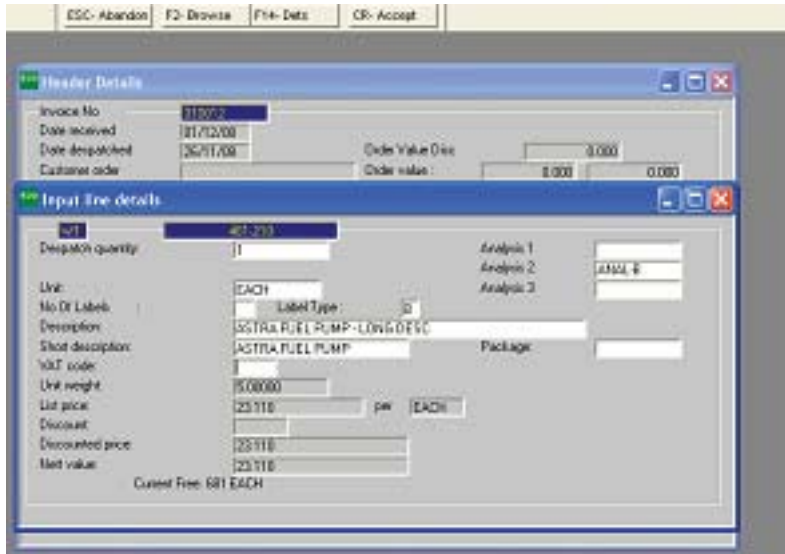
Change this from: Main Sage Menu – System Manager – System Key Maintenance – All system keys.

NOTE: We recommend you set this key to YES just to raise these invoices, and then set it back to NO once completed as this is normally left set at NO.

To enter the Invoices manually once you have set the system key.

From the Main Sage Menu – Distribution – Sales Order Entry and Invoicing – Tasks – Sales Invoices.

You will then be allowed to change the VAT code on the detail lines of the order to the 17.5% new rate you have setup. See the screen print below showing this example



This shows that you are allowed into the VAT code field to select the correct VAT code

CREDIT NOTES

If you need to raise a retrospective credit note for goods supplied prior to 1st December at 17.5% you will also need to use a 17.5% VAT code as described above for invoices.

You can do the same for credit notes as for Invoices (above) from the Main Sage Menu – Distribution – Sales Order Entry and Invoicing – Tasks – Sales Credits.

RETURNS & REPAIRS Module

This module is best dealt with by calling the support desk for specific advice as potential changes in this area could be more complex, especially if it involves bespoke versions.

For instance, if credit notes are generated from the R&R 'aq' module there may be differences based on how you process the orders and credits, so no generic advice can be given on this area.

All the above information is provided on a general advice basis only, specific VAT advice by CIBER UK is neither intended nor implied, we recommend this should be sought from HMRC direct.

If you have any other queries, please contact the Helpdesk in the usual way, either by phone (0870 0000208), email (service@ciber-uk.com) or via the Internet helpdesk link.

Sage Support Helpdesk Team.