

1. Add 2 new VAT codes for 15% sales and 15% purchases. **We suggest you use codes “1A” and “5A”** respectively (letters are allowed in a VAT Code). Do not just edit the existing vat codes as these need to remain for historical transactions. If you have set codes up already with different codes you can change the codes in the VAT Rates Edit program. Timing: On or before 1st December.

Make a note of the details for the existing standard rate VAT Codes and use the same details when adding the new codes (apart from the code, description and rate).

Accounts – Utilities – VAT Rates – Enquiry. Choose SEARCH. Select the old code. Choose OK. Make a note of the details. Choose CANCEL.

Accounts – Utilities – VAT Rates – Add. Enter the details for the new VAT codes.

2. Purchase Invoices – If you have more supplier invoices at the old VAT Rate than the new rate (this will be the case in early December):-

If posting an “old VAT rate” invoice through the Supplier Posting Program or POP Invoice Program there is no change.

If posting a “new VAT rate” invoice through the Supplier Posting Program then the VAT rate should be edited when you ADD the line.

If posting a “new VAT rate” invoice through the POP Invoice Program then you need to use the EDIT facility for each line on the invoice and change the VAT code to the new code.

3. Purchase Invoices – If you have more supplier invoices at the new VAT Rate than the old rate (this may not be the case until later in December). You need to change the VAT rate associated with suppliers as follows:-

Accounts – Suppliers – Reports – Supplier List. Gives a list of suppliers.

Accounts – Suppliers – Maintenance – Edit. Each supplier has a VAT Rate in their static details. Change suppliers at the old rate to the new rate. Note: we are hoping to release a program to automate this process. Check back on our website.

Now, if posting an “old VAT rate” invoice through the Supplier Posting Program then the VAT rate should be edited to the old VAT rate when you ADD the line.

Now, if posting an “old VAT rate” invoice through the POP Invoice Program then there is no change as the VAT rate will be the old VAT rate already.

Now, if posting a “new VAT rate” invoice through the Supplier Posting Program there is no change.

Now, if posting a “new VAT rate” invoice through the POP Invoice Program then you need to use the EDIT facility for each line on the invoice and change the VAT code to the new code.

4. Sales. The new sales VAT rate requires to be adopted for new sales orders from 1st December. The VAT rate used in sales orders is held against the product group that an item belongs to which is changed as follows:-

Products – Reports – Sub-Groups List. Gives a list of groups.

Products – Utilities – Product Groups – Edit. Use this to change the VAT code for each group that is currently at standard rate. Your new “sales” VAT rate should be entered here. Note: we are hoping to release a program to automate this process. Check back on our website.

5. **(OPTIONAL)** If you currently sell in a retail environment and intend to change your selling prices (Optimise retail only), change the normal – VAT inclusive – selling price of products on 1st December. Your customers will be expecting this **but it is optional**. If you retain the previous prices then your profit margin will increase slightly as you will have less VAT to pay. Note: current price of £999 would be changed to £977.74.

Administration – Toolbox – Option 5. Export all products. Open the spreadsheet. Create a new column alongside the selling price (column R). In the new column(column S), enter a formula to calculate the new inc. VAT price, e.g. =ROUND(R3*1.15/1.175,2). Copy this formula down to all items. These new prices can be pasted over the current selling prices or the Calc_SPBasic prices using “paste special” (on column R) as required.

Administration – Toolbox – Option 5. Import the spreadsheet with new prices.

Re-print display tickets for any items with new prices.

6. Late Sales for previous VAT Rate. The VAT Rate may be overridden in sales order entry. For retail sales the selling price must be edited as necessary. The order should be invoiced as November’s financial period.
7. Sales orders that are on-going over the change date 1st December. Any lines un-invoiced need to have the VAT code changed to the new code. For retail sales, the selling price should also be reduced. To calculate the new retail selling price multiply by 1.15 and divide by 1.175 (or multiply by 0.9787234).

SOP – Reports – Incomplete Sales Orders. Run this first thing on 1st December. Gives a list of all orders in progress.

Accounts – Customer – Enquiry. Find the customer, choose ORDERS, drill into each line of orders in progress and change the VAT code. For retail sales the selling price should also be changed. Note: we are hoping to release a program to automate this process. Check back on our website.

(Retail) Goods Unpaid Summary Report. Gives a list of orders invoiced where the amount paid is not the same as the order value. This can be used to see which customers require a refund.

(Retail) New Deposits Report. Gives a list of orders in progress where there has been a payment. Customers who have paid in full will have paid more than the order value and will require a refund.

If you have any further queries check with HMRC web site <http://www.hmrc.gov.uk/pbr2008/measure1.htm> , contact the helpdesk on 0131-448-0483 or email support@oltd.co.uk.

PLEASE CHECK BACK TO OUR WEBSITE REGULARLY FOR ANY FURTHER UPDATES.