

VAT Standard Accounting from 1st January 2010

(Not VAT Cash Accounting)

Upgrading Sage

Please refer to sage for full instructions and download their "Ask Sage Article 22856" any sage cover customers using Sage 50 Accounts 2007 and above or Sage Instant Accounts V14 and above will be able to download a utility to automatically amend the VAT rates in your software to 17.5%. The following is a basic guide.

To Change the VAT rate in Sage which should be done on 1st January 2010 before any transactions for the 1st January 2010 are generated, please follow the following instructions:

Changing The VAT Rate

Open Sage as usual and log on as "Manager"

From the drop down menu's at the top of program select "Help">"About" and note the version number, if you are on version 9 or less as the instructions will differ slightly below.

- 1) From the drop down menu's at the top of program select "Settings" > "Configuration" then click the "Tax Codes" Tab.

Sage accounts *version 9* and below is Settings > "Tax Codes".

- 2) Select T1 then click "Edit". The "Edit Tax Window" appears.
- 3) Where it displays 15.00 in Rate box, type in "17.50" and select "OK" (the "Edit Tax Window" closes)
- 4) Select "Apply" and then click "Close"
- 5) Do not select "Save Changes" if prompted
- 6) Once you are back on your Sage Desktop repeat step one to confirm the rate says 17.50 and not 15.00

To edit existing Orders and Invoices

The following steps refer only to sales invoices prepared but not issued that require changing to the new rate:

- 1) From the drop down menu at the top of the program select "Modules">"Invoicing"
- 2) The "Invoice Window" should appear
- 3) Double click/select and edit the relevant invoice
- 4) Once the invoice appears click on the first item that uses the standard VAT Rate then press "F3" on the keyboard (above the row of numbers on the keyboard)
- 5) Once the details window appears from the "Tax Code" drop down lists, choose the standard rate tax code again (T1).

- 6) **The VAT amount recalculates** using the new rate of VAT i.e. The VAT amount should increase
- 7) To close the details window click “OK”.
- 8) Repeat steps 4-7 above for any other items on the invoice that are standard rated items
- 9) Save the changes made by clicking “Save” then “Close”.

To raise a credit note against an invoice at the old VAT Rate

- 1) From the drop down menu’s at the top of program select “Settings” > “Configuration” then click the “Tax Codes” Tab.

Sage accounts *version 9* and below “Settings” > “Tax Codes”.

- 2) Select the first tax code that is not in use then click edit. (the Edit tax window appears)
- 3) Complete the “Edit Tax Code Window” as follows:

Rate	Enter 15.00 in this box
Include in VAT return	✓ Select this box
Reverse Charge	Do not select this box
EC Code	Do not select this box
Description	Old standard VAT rate

- 4) Once completed select “OK” and the window closes
- 5) Select Apply and then click “Close”
- 6) Do **not** select “Save Changes” if prompted

Purchase Invoices received with the Old VAT Rate

Simply enter the invoice onto the system but you will have to type over the VAT figure that is automatically generated by sage to reflect the VAT amount on the invoice.