

# **Important VAT Rate Change to 17.50%**

## **1<sup>st</sup> January 2010**

The standard rate of VAT was temporarily reduced to 15 per cent on 1 December 2008 and it will return to 17.5 per cent on 1 January 2010.

For any sales of standard-rated goods or services that you make on or after 1 January 2010 you must charge VAT at the rate of 17.5 per cent. If you have a cash business and calculate your VAT using the VAT fraction you must revert to the VAT fraction of seven fortysevenths from 1 January 2010.

The change only applies to the standard VAT rate. There are no changes to sales that are zero-rated or reduced-rated for VAT. Similarly, there are no changes to the VAT exemptions. Any sales you make at these rates are unaffected by this change.

### **Special Rules**

If the goods are provided before the increase in VAT e.g. 22/12/2009 and then billed after the VAT increase e.g. 02/01/2010, the user can opt to apply a 15.0% VAT charge to the Invoice.

This is valid as the issue of stock was made whilst the VAT Rate was 15.0% and the Invoice was raised within 14 days of supply.

This however will not save the customer any money as a lesser amount can be reclaimed as Input Tax therefore HMRC are advising that this is an unlikely working practice.

For further details please see <http://www.hmrc.gov.uk/vat/forms-rates/rates/rate-rise-guidance.pdf>

### **Other issues for consideration**

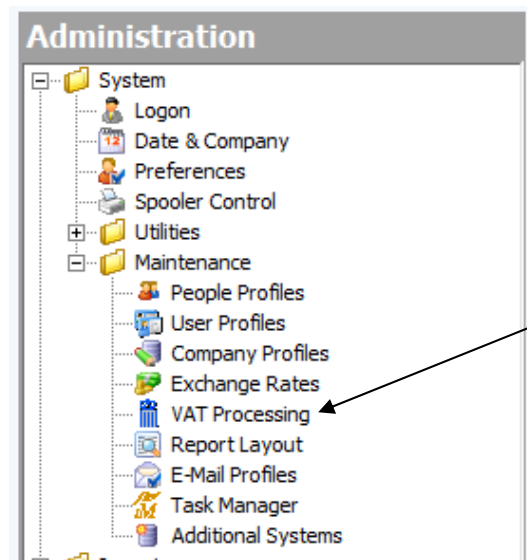
- In Order to minimise disruption to your business, you may elect on the last working day in December 2009 to invoice all possible SOP/Invoicing transactions through your usual means of invoicing. You must process any due Repeat Invoices and any outstanding Credit. This would mean you would pay out VAT at 15% but would ensure a smoother transition to the new rate change.
- We would recommend saving a backup prior to any changes.

## **Please See Instructions Below**

# Opera II and Opera II SQL

## Instructions on How to Create/Amend VAT Rates

1. Go to Administration > System > Maintenance > VAT Processing



2. Edit the existing VAT Codes for Standard Home Sales and Standard Purchases and set Rate 1 to be 17.50% with an effect date of 01/01/2010. Once updated select Save.

The screenshot shows the 'VAT Processing : 1 - Standard Rate' dialog box. The 'General' tab is active. The 'Country Type' is 'H' (Home Country), 'Trans. Type' is 'S' (Sale), and 'VAT Code' is '1'. The 'Description' is 'Standard Rate' and 'Nominal Code' is 'E220'. The 'Rate 1 %' is set to 17.50 and 'Date 1' is set to 01/01/2010. The 'Rate 2 %' is set to 0.00 and 'Date 2' is set to //.

**VAT Return Boxes**

<input checked="" type="checkbox"/> 6 - Total Value of Sales	<input checked="" type="checkbox"/> 1 - Tax Value on Sales
<input type="checkbox"/> 7 - Total Value of Purchases	<input type="checkbox"/> 2 - Tax Value on Acquisitions (EC)
<input type="checkbox"/> 8 - Total Value of Supplies (EC)	<input type="checkbox"/> 4 - Tax Reclaimed on Purchases
<input type="checkbox"/> 9 - Total Value of Acquisitions (EC)	

**EC Sales Listing (ESL)**

<input type="checkbox"/> Goods Value = Supplies
<input type="checkbox"/> Process Item
<input type="checkbox"/> Triangulation
<input type="checkbox"/> Services

**Supplementary Declaration (SD)**

<input type="checkbox"/> Pre-Process Item
<input type="checkbox"/> Post Process Item
<input type="checkbox"/> Goods Value = Supplies

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3. Still within VAT Processing create two new VAT Codes, one for Standard Home Sales and the other for Standard Home Purchases. We would recommend that you give these new VAT codes a description of 15% VAT.

When creating these codes please update Rate 1 with 15.00% and update Date 1 with 01/12/2008.

The screenshot shows a window titled "VAT Processing : 4 - Old VAT Rate". The window has two tabs: "General" (selected) and "List".

**General Tab:**

- Country Type: H (Home Country)
- Trans. Type: S (Sale)
- VAT Code: 4
- Description: Old VAT Rate
- Nominal Code: E220 (VAT)
- Rate 1 %: 15.00
- Date 1: 01/12/2008
- Rate 2 %: 0.00
- Date 2: //

**VAT Return Boxes:**

- 6 - Total Value of Sales
- 1 - Tax Value on Sales
- 7 - Total Value of Purchases
- 2 - Tax Value on Acquisitions (EC)
- 8 - Total Value of Supplies (EC)
- 4 - Tax Reclaimed on Purchases
- 9 - Total Value of Acquisitions (EC)

**EC Sales Listing (ESL):**

- Goods Value = Supplies
- Process Item
- Triangulation
- Services

**Supplementary Declaration (SD):**

- Pre-Process Item
- Post Process Item
- Goods Value = Supplies

At the bottom, there is an "Action" dropdown menu, a "Close" button, and a "View" section with several empty buttons.

4. Once the VAT Codes have been amended and created you will need to edit all Sales Documents, Proformas, Quotations and undelivered Orders to affect the rate change. **Important:-** Every transaction line will need to be changed and saved.

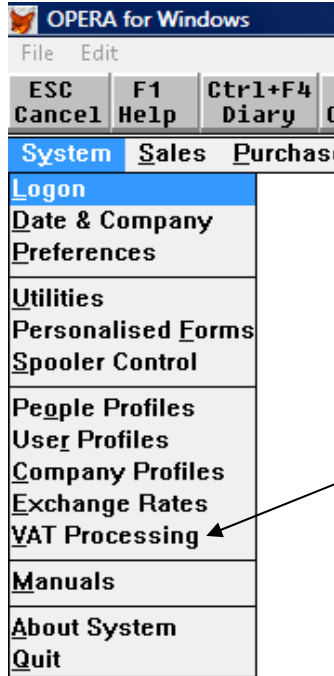
Any transactions that should still use the 15% rate of VAT will need to be updated to use the newly created VAT Codes.

For any un-invoiced, but delivered SOP orders (where stock is issued at point of delivery) you will need to consider the 14 day rule.

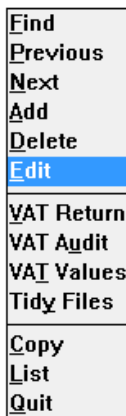
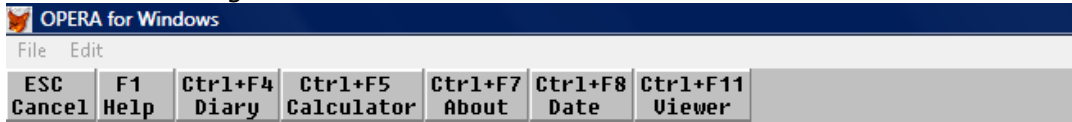
# Opera 16

## Instructions on How to Create/Amend VAT Rates

1. Go to System > VAT Processing



2. Edit the existing VAT Codes for Standard Home Sales and Standard Purchases and set Rate 1 to be 17.50% with an effect date of 01/01/2010. Once updated Save the changes.



Country Type	H	Home Country
Trans. Type	S	Sale
UAT Code	1	
EDI UAT Code	S	
Description	Standard Rate	
Rate 1	17.50	01/01/10
Rate 2	0.00	/ /
Nominal Code	E220	UAT
VAT Return Box	6	7
Goods Value	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	8	9
Tax Value	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1	2
	3	4
<u>EC Sales Listing (ESL)</u>		<u>Supplementary Declaration (SD)</u>
Goods Value = Supplies	<input type="checkbox"/>	Pre-Process Item
Process Item	<input type="checkbox"/>	Post-Process Item
Triangulation	<input type="checkbox"/>	Goods Value = Supplies
Services	<input type="checkbox"/>	

3. Still within VAT Processing create two new VAT Codes, one for Standard Home Sales and the other for Standard Home Purchases. We would recommend that you give these new VAT codes a description of 15% VAT.

When creating these codes please update Rate 1 with 15.00% and update Date 1 with 01/12/2008.

The screenshot shows the OPERA for Windows interface for creating a VAT Code. The window title is "OPERA for Windows" and it has a menu bar with "File" and "Edit". Below the menu bar is a toolbar with buttons for "ESC Cancel", "F1 Help", "Ctrl+F4 Diary", "Ctrl+F5 Calculator", "Ctrl+F7 About", "Ctrl+F8 Date", and "Ctrl+F11 Viewer".

The main form area contains the following fields and options:

- Country Type:** Home Country
- Trans. Type:** Sale
- VAT Code:** 4
- EDI VAT Code:** 4
- Description:** 15% Rate of VAT
- Rate 1:** 15.00 %
- Rate 2:** 0.00 %
- Date:** 01/12/08
- Nominal Code:** E220 VAT
- VAT Return Box:** 6 7 8 9
- Goods Value:**  6  7  8  9
- Tax Value:**  1  2  4
- EC Sales Listing (ESL):**
  - Goods Value = Supplies
  - Process Item
  - Triangulation
  - Services
- Supplementary Declaration (SD):**
  - Pre-Process Item
  - Post-Process Item
  - Goods Value = Supplies

On the left side of the form, there is a vertical menu with the following options: Find, Previous, Next, Add, Delete, Edit (highlighted), VAT Return, VAT Audit, VAT Values, Tidy Files, Copy, List, and Quit.

4. Once the VAT Codes have been amended and created you will need to edit all Sales Documents, Proformas, Quotations and undelivered Orders to affect the rate change. **Important:-** Every transaction line will need to be changed and saved.

Any transactions that should still use the 15% rate of VAT will need to be updated to use the newly created VAT Codes.

For any un-invoiced, but delivered SOP orders (where stock is issued at point of delivery) you will need to consider the 14 day rule.