

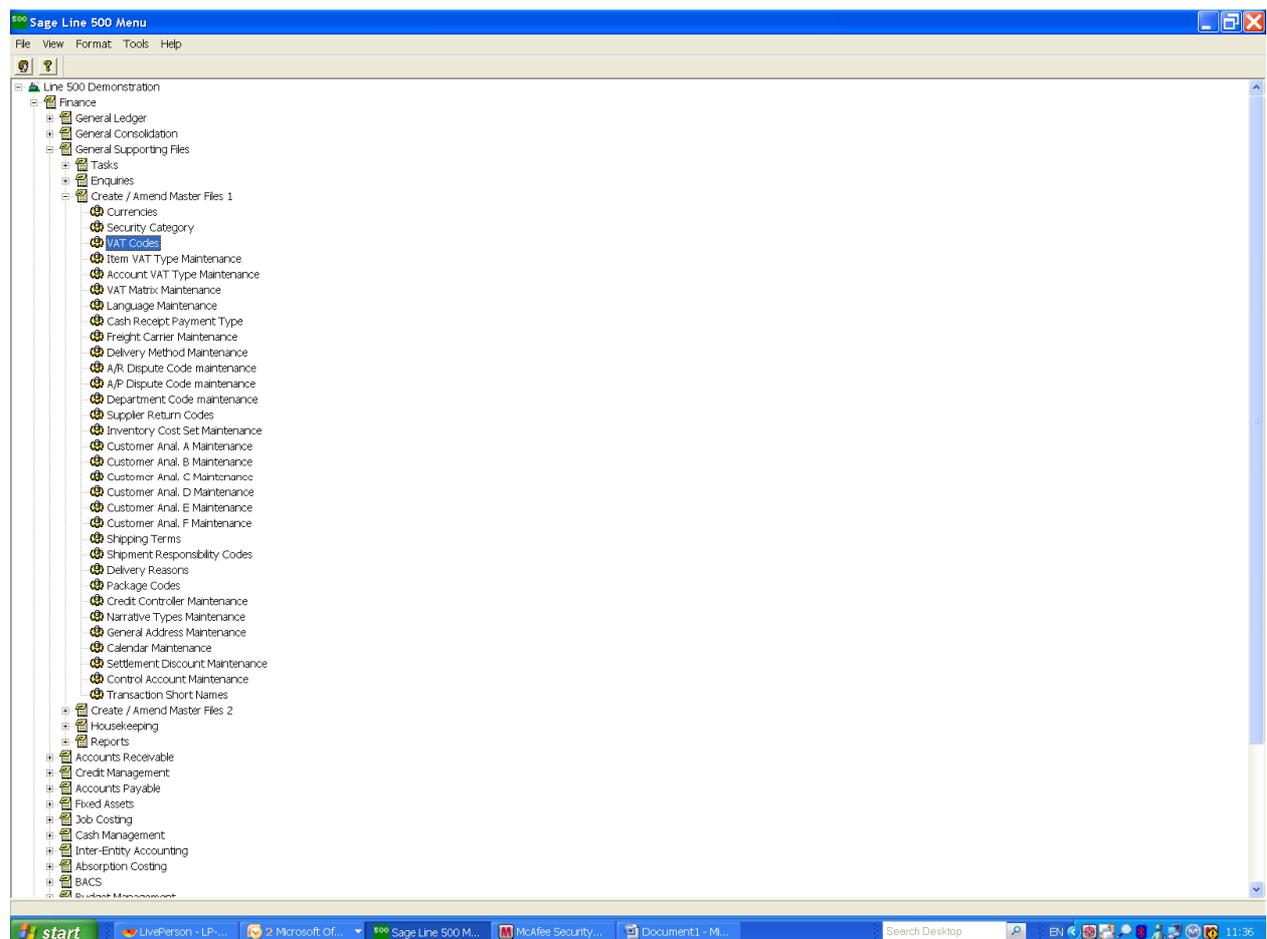
## Changes in VAT legislation

HMRC under direction from the government have decided to implement a change in the VAT rate which is effective as of the 1<sup>st</sup> December 2008 to the 31<sup>st</sup> December 2009.

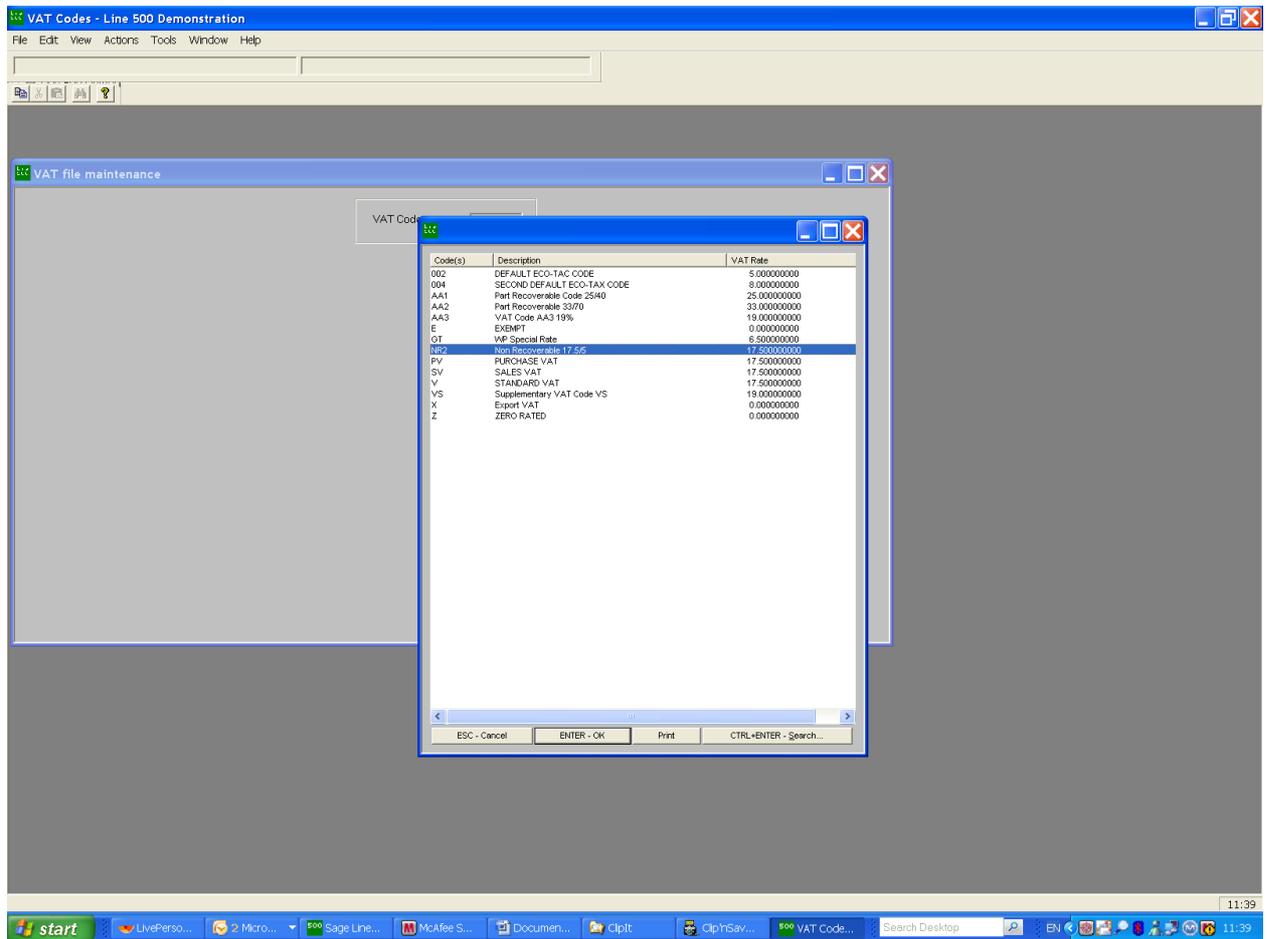
As a result of this your system will currently be set-up for both standard rate Sales and Purchases at present of 17.5%. To amend this you will need to amend the actual Vat rate applicable in your Sage system. Whilst this will vary from Company to Company on how your rates are coded the actual change of rate procedure will be exactly the same.

The main area as a business you have to concern yourself with is Sales VAT as that's what you issue as a business. The purchase Vat whilst you wish to change this, there will be an overlap of differing rates potentially from your suppliers. This you will have to amend on a per invoice basis.

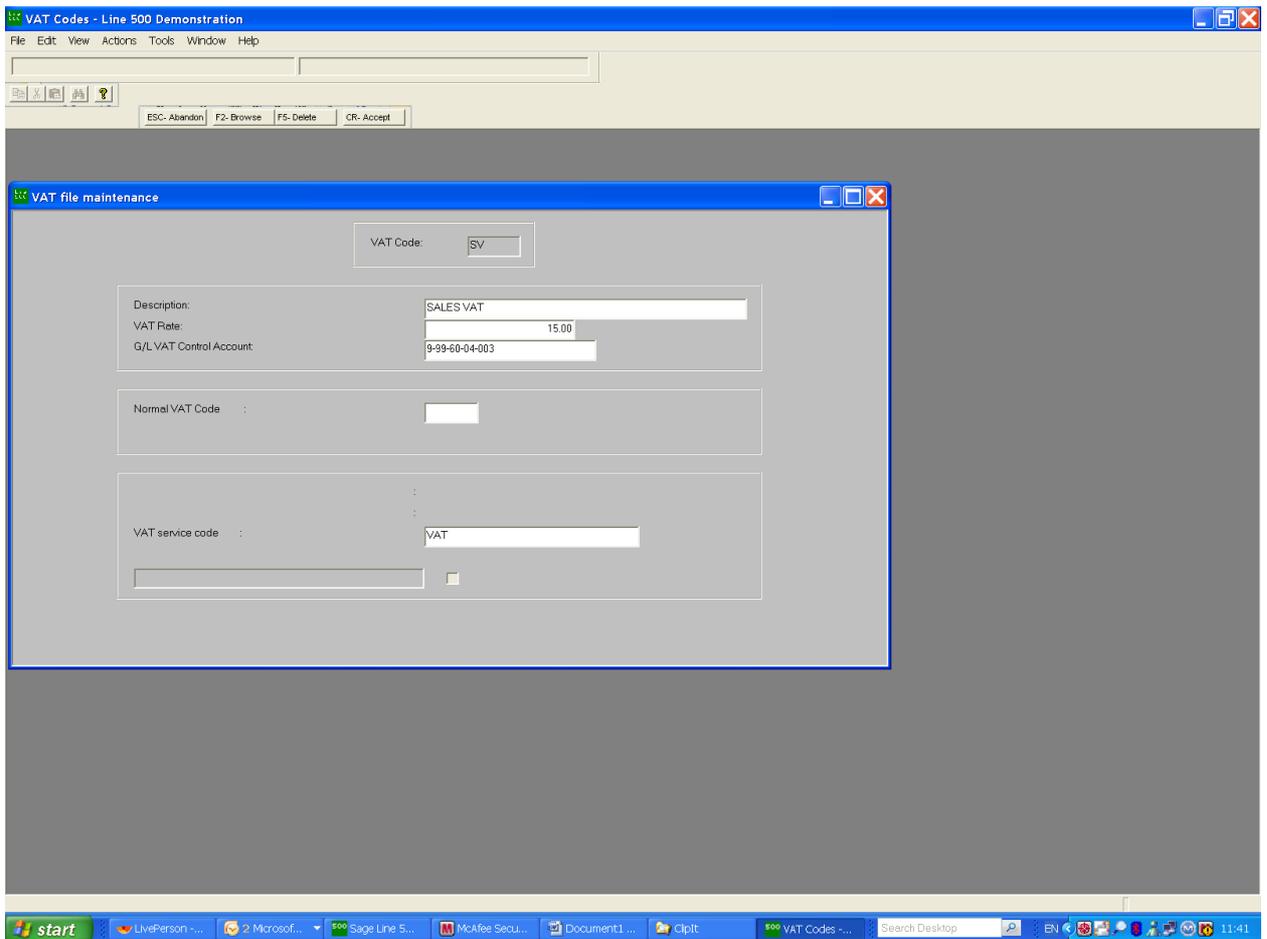
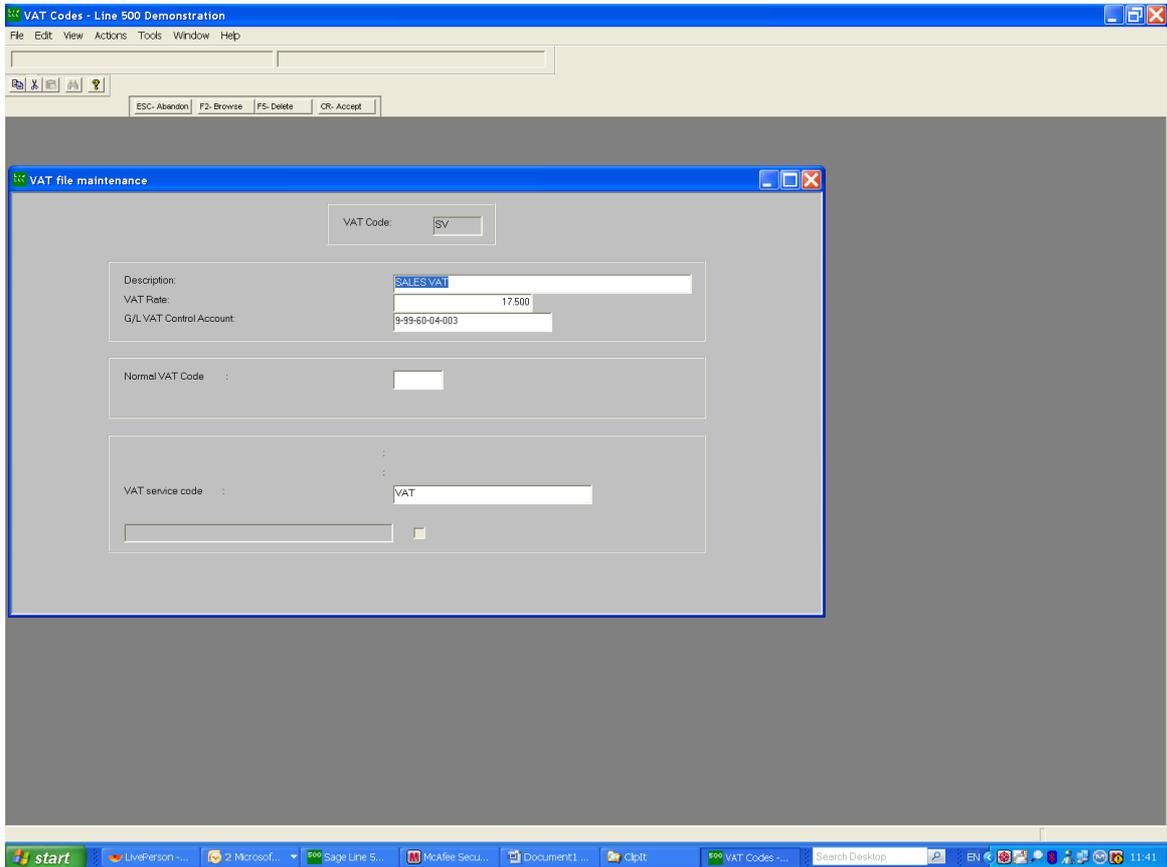
All sales orders whether they were keyed on at the old rate will get recalculated at the new rate based upon the Vat rate in the system at the time the invoice is generated. Vat rates are amended within the general supporting files module.



Select the option from the above menu which is noted : Vat Codes, when prompted for a VAT Code use the F2 to browse existing and you should get something similar to the below :

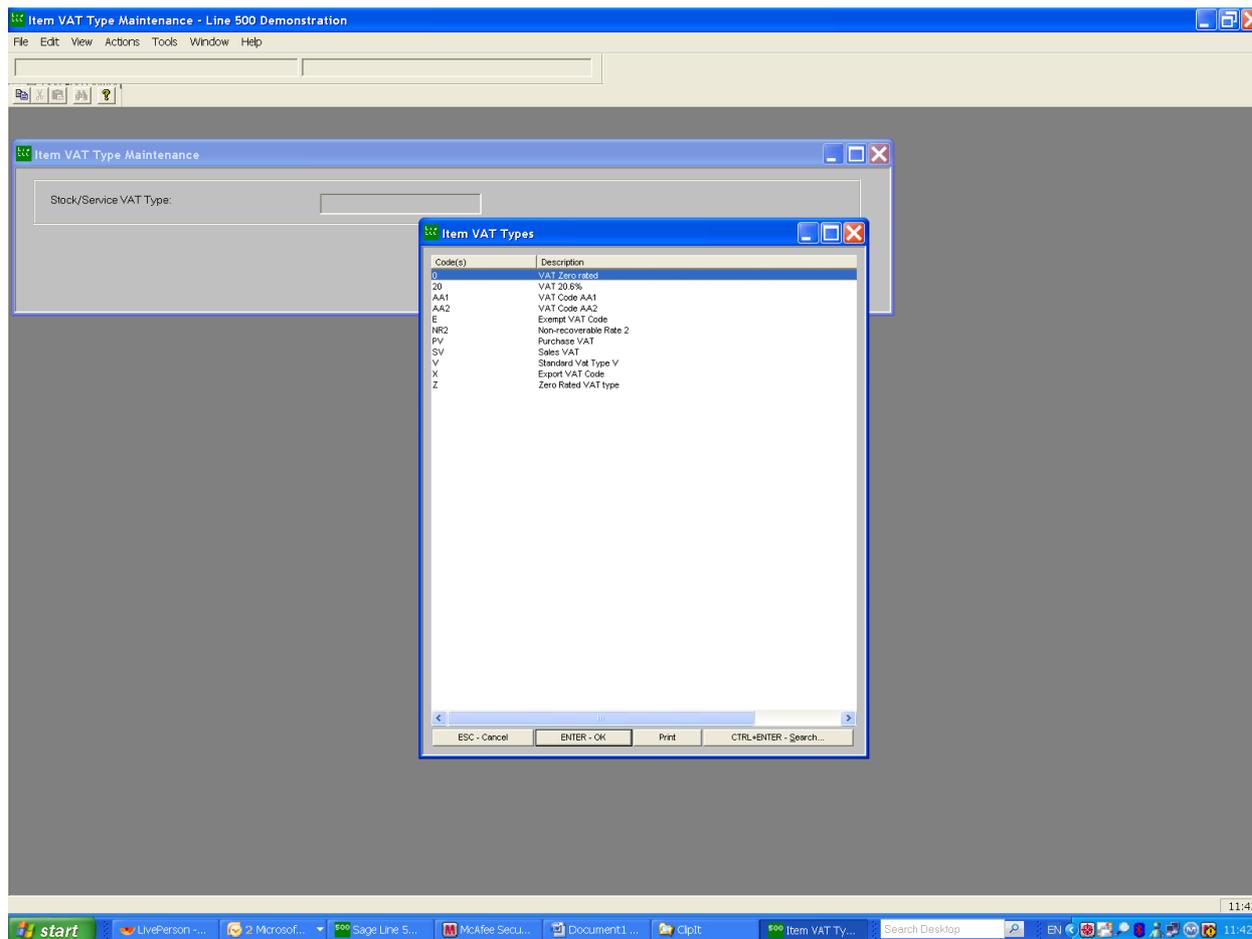


We are interested in amending the VAT codes that have 17.50 in the VAT rate column so make a note of the affected codes. Once you have invoiced all sales orders relating to November invoices, you should effect the necessary rate changes as shown below:

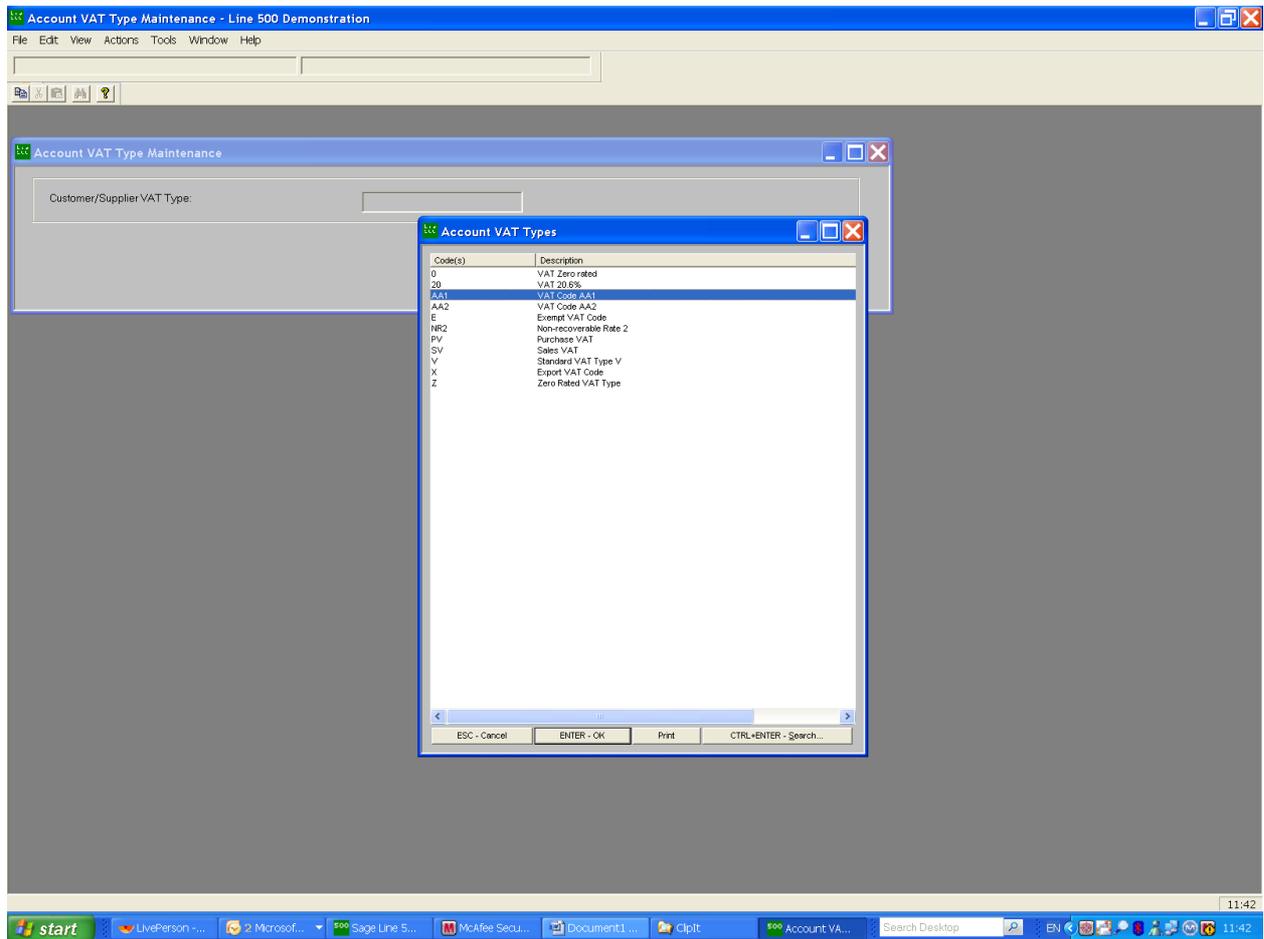


Change the rate as above from 17.50000 to 15.0000 and press return. You need to repeat this for all Sales VAT codes and or purchase VAT codes. From this point on all system calculated VAT will default to 15.0% on any new invoices generated, regardless of the VAT that was originally attached at the order level.

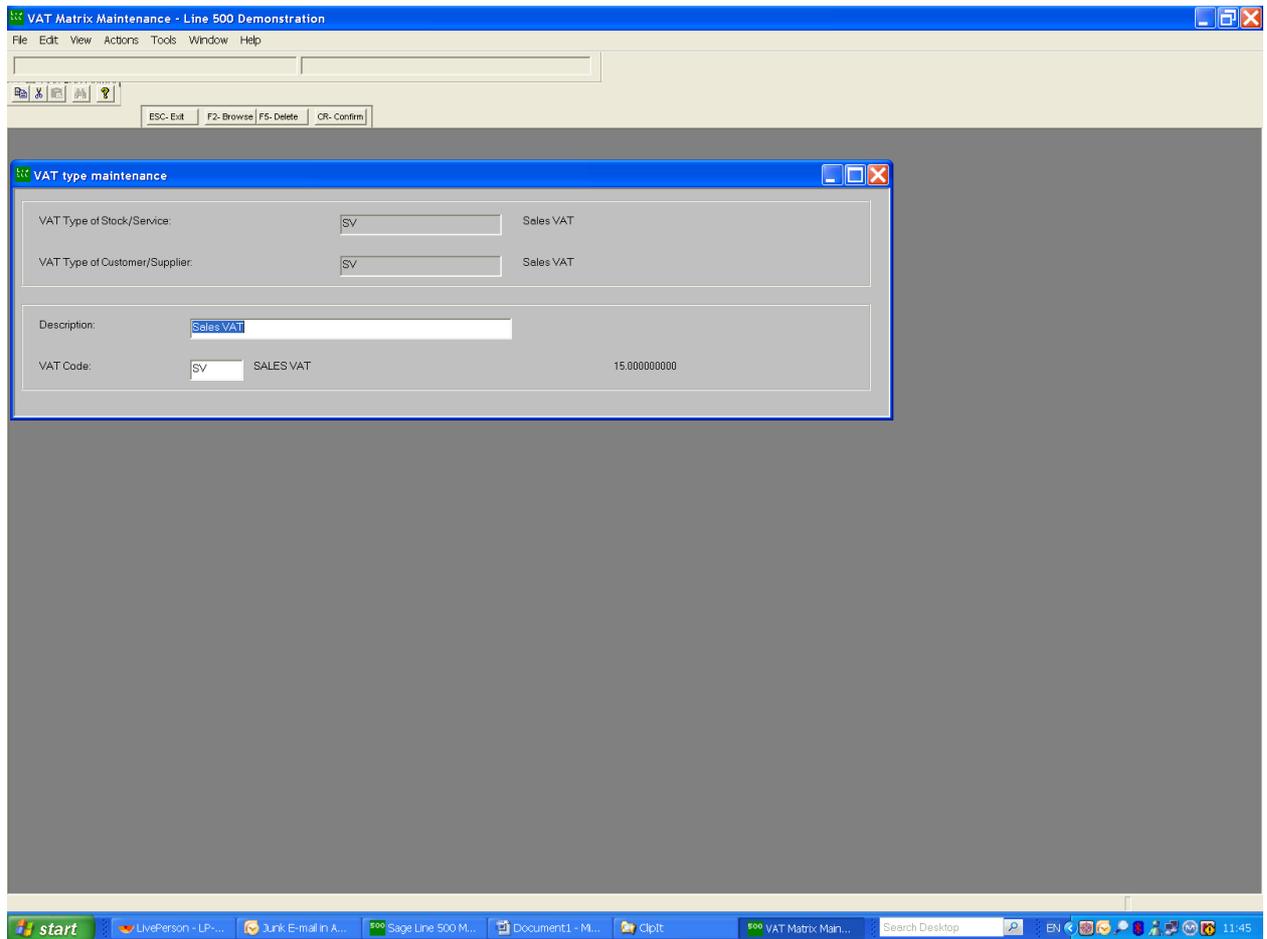
Due to some sites using DBforms or printing the narrative of the VAT code on any external documentation you should ensure that the Item VAT type narrative if it contains a VAT percentage (ie : Std Rate Vat @ 17.5%) should be amended appropriately to reflect 15.00%. The below shows how this is done:



In a similar vein to Vat item narratives the Vat type maintenance may also need to be amended and this is shown below.



Once you have amended the above. If you review the Vat Matrix for the relevant combinations of Vat against the product/service vs the Vat against the customer or supplier then you will see the resultant VAT rate is displayed at the correct rate of 15%



The other area within Sage that may need to be changed is system keys:

Get your system administrator to run a query as below in SQL :

```
select * from scheme.sysdirm where key_value like '%17%'
```

On my system here the values which need to be amended are as follows :

CBVATPCP

CBVATPCR

OPVATRATED

OPVATRATE

This can be done through amend system keys in your systems manager module. If you're unsure on this latter stage then please do call us for any assistance.