

UK VAT Rate Change

Introduction

With effect from 15 July the UK government have introduced a temporary VAT rate change for certain classes of goods. The new rate is 5%. A Frequently Asked Questions section covering the detail of this change can be found on our website from the following link:

http://www.accordonline.co.uk/COVID-19/AdviceforyourBusiness/UKVATRateChanges-FAQs.htm

This document covers the steps required in Sage 300 to handle this change. There are broadly two options:

Option 1: Use the existing Reduced Rate code of 5%

Option 2: Create a new tax class

This document covers both options. Option 1 requires less set-up but may not give you visibility of this new reduced rate as distinct from the current reduced rate.

Option 1 : Use the existing Reduced Rate code 5%

This option only requires you to change the default tax code on the Vendors or Customers who the new Reduced Rate will apply to.

AP Vendors

- 1. Open the AP Vendor screen
- 2. Navigate to the Invoicing Tab



Vendor Number *		► ►I	Q +			
Vendor Name *	Accord Consulting Ltd					
						 Required
Address Contact	Processing Invoicing (ptional Fields Stat <u>i</u>	stics Activity	Comments		
Distribute By	G/L Account	~		Prima	ry Remit-To	
G/L Account	7520-J01-007]Q	Internet and o	loud costs		
-Duplicate Invoice	Checking					
Vender and Am	None	Vandar	and Data	None		
venuor and Am	unic	Veridor	and Date	None	<u> </u>	
Tax Group	VATGBP	VAT GBP				
Tax Authority		_ م	Tax Class Re	gistration Number	Tax Included	
UK Value Added	Tax GBP		4 30	8 4880 06	No	

- 3. Click on the Tax Class and amend it to the Reduced Rate Tax Class
- 4. Press Save

AR Customers

- 1. Open the AR Customers screen
- 2. Navigate to the Invoicing Tab

File Settings Help Customer Number* I A ACCORD Customer Number* I A ACCORD Customer Name Accord Consulting Ltd Addrgss Cogtact Processing Invoicing Qustomer Price List DEF Q Customer Type Base Primary Ship-To Invertory Location FOB Point Ship Via Q Salesperson Code Salesperson Name Percentage
Customer Number* I < ACCORD
Customer Name Accord Consulting Ltd Address Cogtact Processing Ingoicing Optional Rields Statistics Activity Cogments Customer Price List DEF Q Customer Type Base Primary Ship-To Inventory Location Q
Address Cogtact Processing Involcing Optional Fields Statistics Activity Comments Customer Price List DEF Q Customer Type Base Primary Ship-To Inventory Location Q
Customer Price List DEF Q Customer Type Base Primary Ship-To Inventory Location Q Inventory Location Q Inventory Location Inventory Location FOB Point Inventory Location Q Inventory Location Inventory Location Inventory Location FOB Point Inventory Location Q Inventory Location Inventory Location Inventory Location Ship Via Q Inventory Location Inventory Location Inventory Location Inventory Location Allow Partial Shipments Allow Web Store Shopping Inventory Location Inventory Location Inventory Location Check for Duplicate POs None Viant Viant Inventory Location Inventory Location Q Salesperson Code Salesperson Name Percentage Inventage Inventory Inventory Inventory Inventory Inventory Inventory
Inventory Location Q FOB Point
FOB Point Ship Via Q Allow Partial Shipments Allow Web Store Shopping Allow Backorder Quantities Check for Duplicate POs None Q Salesperson Code Salesperson Name Percentage
Ship Via Q Allow Partial Shipments Allow Web Store Shopping Check for Duplicate POs None Q Salesperson Code Salesperson Code Salesperson Name Percentage
Allow Partial Shipments Allow Web Store Shopping Allow Backorder Quantities Check for Duplicate POs None ✓ Q. Salesperson Code Salesperson Name Percentage
Check for Duplicate POs Q. Salesperson Code Salesperson Name Percentage
Q Salesperson Code Salesperson Name Percentage
Tax Group • VATGBP Q VAT GBP
Tax Authority Q, Tax Class Registration Number
UK Value Added Tax GBP



- 1. Click on the Tax Class and amend it to the Reduced Rate Tax Class
- 2. Press Save

Validate Tax Class %

To ensure the correct % is in place now check that the VAT % are correct.

- 1. Navigate to Common Services > Tax Services > Tax Rates
- 2. Select the relevant Tax Authority
- 3. Select Sales

x Authority	HMRCGBP		lue Added Tax GBP				
ansaction Type S	ales 🗸						
st Maintained 30	/01/2019						
tem Tax Class	1 - Standard/Lo	2 - Non EU Exp	3 - Eurozone re	4 - Eurozone Un	5 - UK Reduced	6 - Local Non-re	7 - Non Reporta.
- Full Rate Item/Service	20.00000	0.00000	0.00000	20.00000	5.00000	0.00000	0.00000
Zero Rate Item/Service	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Exempt Item/Service	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Reduced Rate Item/Se	5.00000	0.00000	0.00000	5.00000	5.00000	0.00000	0.00000
	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
-	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
New Desetable	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

Validate that your setup looks similar to this, in particular ensure that you have the 5% rate set. If the rate is not 5% then click in the cell and enter 5.00 then press Save.

4. Change the Transaction Type to Purchases

8 RHO001 - Tax Rates						-		×
File Help								
Tax Authority	IRCGBP	I Q UK Value Ad	ided Tax GBP					
Transaction Type Purchase Last Maintained 30/01/20	s 🗸							
Item Tax Class	1 - Standard/Lo	2 - Non-EU Imp	3 - Eurozone Su	4 - UK Reduced Rate Supplier	5-	6-		7-1
1 - Full Rate Item/Service	20.00000	0.00000	20.00000	5.00000	0.00000	0.00000		0.00
2 - Zero Rate Item/Service	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000		0.00
3 - Exempt Item/Service	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000		0.00
4 - Reduced Rate Item/Service	5.00000	0.00000	5.00000	5.00000	0.00000	0.00000		0.00
5-	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000		0.00
6 -	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000		0.00
7 - Non Reportable	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000		0.00
<								>
Save Delete							Clo	ise

Validate that your setup looks similar to this, in particular ensure that you have the 5% rate set. If the rate is not 5% then click in the cell and enter 5.00 then press Save.



Option 2: Create a new tax class

In this option you will create a new Tax Class for temporary VAT rate.

- 1. Navigate to Common Services > Tax Services
- 2. Open Tax Classes

1	RHO001 - Tax Classes	-		×
	File Help			
	Tax Authority I 4 HMRCGBP FIGURE Added Tax GBP			
	Transaction Type Sales V Class Type Customers	\sim		
	Class Description	Б	empt	^
	1 Standard/Local Customer	No)	
	2 Non EU Export Customer	No)	
	3 Eurozone registered	No)	
	4 Eurozone Un-registered	No)	
	5 UK Reduced Rate Customer	No)	
	6 Local Non-registered	No)	
	7 Non Reportable	No)	
	. 8	No)	
	9 UK Reduced Rate (Temporary)	No)	~
	Save Delete		Clo	se

- 1. Click into the list of Tax Classes and the press Insert until class 9 appears
- 2. Click into the description of class 9 and type "UK Reduced Rate (Temporary)"
- 3. Click Save
- 4. Change the Transaction Type to Purchases and repeat steps 1 to 3
- 5. Press Close
- 6. Navigate to Tax Rates

RHO001 - Tax R	ates								-		×
Help											
Authority I saction Type	A HMRCGBP Sales	► ►I Q ШК	Value Added Tax GB	P							
Maintained 3	1 - Strodard / e	2. Neo El LEvo	2 - 5: 10 10 10 10	4 - European I In	5 . LIK Reduced	C. Local Non-m	7 Neo Deports	0.	9 LIK Ped	uced Dat	-
Full Rate Item/Service Zero Rate Item/Service	20.00000	0.00000	0.00000	20.00000	5.00000	0.00000	0.00000	0.00000	5.00000	uceu nai	
Exempt Item/Service Reduced Rate Item/	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000		1
	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000 0.00000	0.00000	0.00000 0.00000	0.00000		
Non Reportable	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000		
Save Dele	te									Clo	se .

- 7. Click into the field where the row is Class 1 and the Column is Class 9 and enter 5.00 do the same in the field where the row is Class 4 and the column is Class 9. Press Save
- 8. Change the Transaction Type to Purchases and set the 5.00 rate.
- 9. Press Save & then Close





You now need to update your mapping in the MTD module.

- 1. Navigate to Making Tax Digital
- 2. Open the Registration Screen and click on the VAT Registration number once
- 3. Click on the Mapping Tab

Help	istrations Scree	'n				
egistrations Mappin	9					
Vat Registration	Sage 300 Comp	Box No.	Tax Authority	Туре	Cust\Vend Class	Item Class
123456789	RH0001	1 - VAT Due on	HMRCGBP	1 - Sales	1-Standard/Local Customer	1-Full Rate I
						~

- 4. Navigate to the end of the list of mapping and click on the next available row
- 5. Add the following rows to the mapping:

Vat Registration	Sage 300 Company	Box No	Tax Authority	Туре	Cust/Vend Class	ltem Class
Enter your VAT	Enter Your	1	HMRCGBP	1 – Sales	9	1
No	Database					
Enter your VAT	Enter Your	1	HMRCGBP	1 – Sales	9	4
No	Database					
Enter your VAT	Enter Your	4	HMRCGBP	2 – Purchases	9	1
No	Database					
Enter your VAT	Enter Your	4	HMRCGBP	2 – Purchases	9	4
No	Database					
Enter your VAT	Enter Your	6	HMRCGBP	1 – Sales	9	1
No	Database					
Enter your VAT	Enter Your	6	HMRCGBP	1 – Sales	9	4
No	Database					
Enter your VAT	Enter Your	7	HMRCGBP	2 – Purchases	9	1
No	Database					
Enter your VAT	Enter Your	7	HMRCGBP	2 – Purchases	9	4
No	Database					

<u>Note</u> if you have multiple Tax Authorities for HMRC due to different currencies then you may also have to add extra mappings based on the above for those Tax Authorities as well.



6. Press Save & then Close

You will now need to change the default tax code on the Vendors or Customers who the new Reduced Rate will apply to.

AP Vendors

- 5. Open the AP Vendor screen
- 6. Navigate to the Invoicing Tab

Vendor Nam	e * Accord (Consulting Ltd		Q +				
Addr <u>e</u> ss Co <u>n</u>	tact Processing	Invoicing Option	nal Fields Stati	stics Activity	Comments			* Required
Distribute By	G/L Accou	int ~				Primary Remit-To	,	
G/L Account	7520-J01-0	07	Q	Internet and	cloud costs			
Duplicate Inv Vendor and	voice Checking Amount None	e ~	Vendor	and Date	None	~		
Tax Group	VATGBP	Q	VAT GBP					
Tax Authority	/		Q	Tax Class R	egistration Nur	nber Ta	ax Included	
UK Value Ad	ded Tax GBP			4 30	08 4880 06	No)	

- 7. Click on the Tax Class and amend it to the Reduced Rate Tax Class
- 8. Press Save

AR Customers

- 1. Open the AR Customers screen
- 2. Navigate to the Invoicing Tab



RHO001 - A/R Customers File Settings Help	-		×
Customer Number - I ACCORD + I Q +	•	Required	
Customer Name Accord Consulting Ltd			
Address Contact Processing Invoicing Optional Fields Statistics Activity Comments			
Customer Price List DEF Customer Type Base V Primary Ship-To			
Inventory Location			
FOB Point			
Ship Via			
Allow Partial Shipments			
Check for Duplicate POs None ~			
Q Salesperson Code Salesperson Name Percentage			
			-
Tax Group * VATGBP Q VAT GBP			ר
Tax Authority Q, Tax Class Registration Number			Ī
UK Value Added Tax GBP 5			

- 3. Click on the Tax Class and amend it to the Reduced Rate Tax Class
- 4. Press Save

If you require some additional help and support with these changes, please contact support:

p. +44 1732 868765

e. <a>support@accord-consulting.com

For a comprehensive set of FAQ's relating to this UK VAT Rate change visit our website:

http://www.accordonline.co.uk/COVID-19/AdviceforyourBusiness/UKVATRateChanges-FAQs.htm