

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

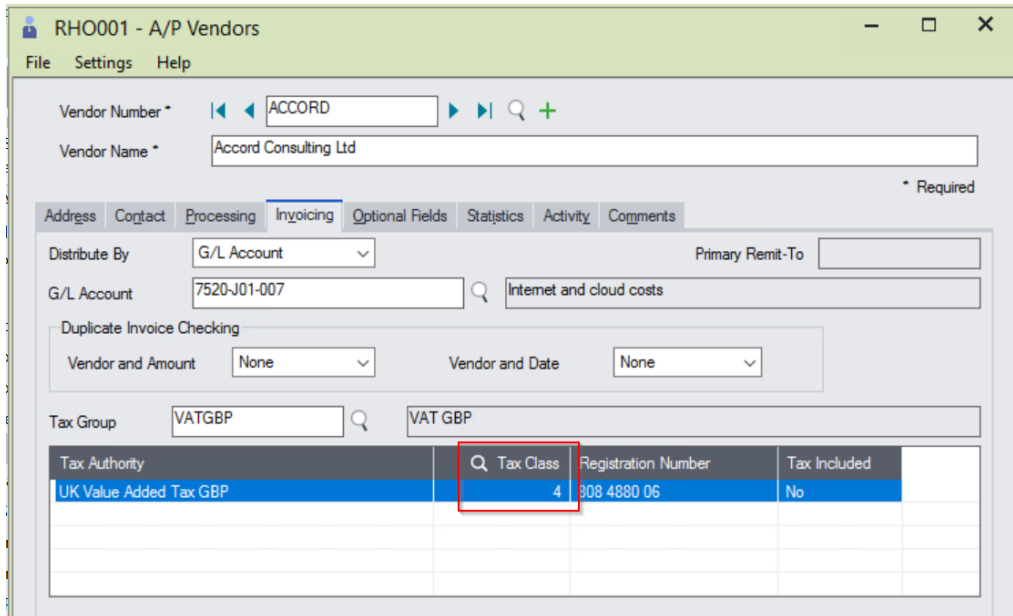
This document covers both options. Option 1 requires less set-up but may not give you visibility of this new reduced rate as distinct from the current reduced rate.

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

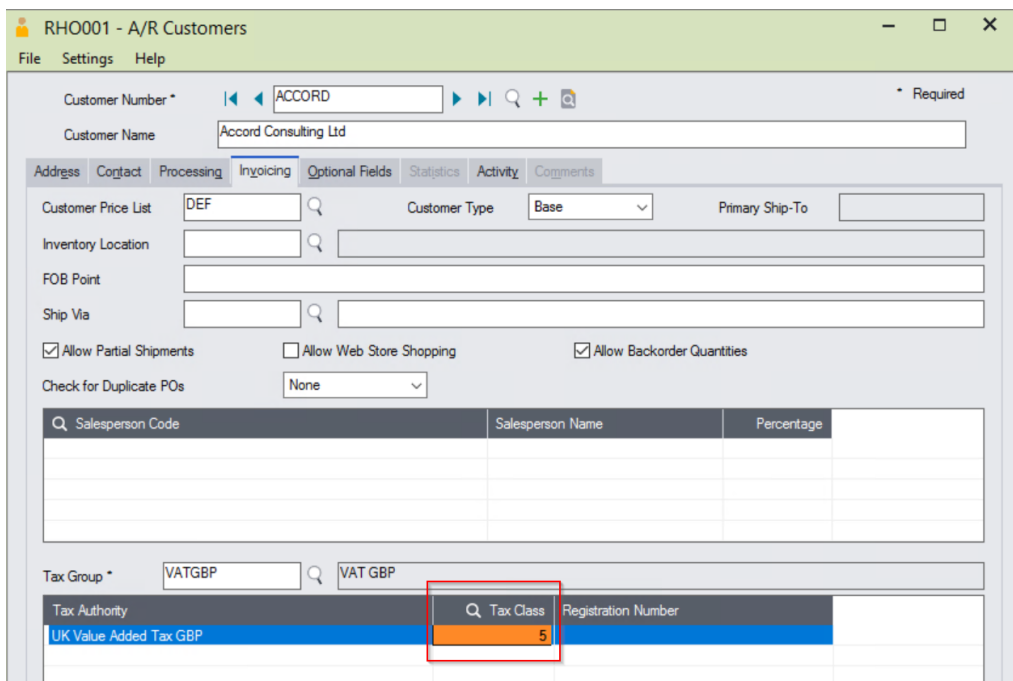
1. Open the AP Vendor screen
2. Navigate to the Invoicing Tab



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



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

Item 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...
1 - Full Rate Item/Service	20.00000	0.00000	0.00000	20.00000	5.00000	0.00000	0.00000
2 - Zero Rate Item/Service	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
3 - Exempt Item/Service	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
4 - Reduced Rate Item/Ser...	5.00000	0.00000	0.00000	5.00000	5.00000	0.00000	0.00000
5 -	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
6 -	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
7 - Non Reportable	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

Item Tax Class	1 - Standard/Lo...	2 - Non-EU Imp...	3 - Eurozone Su...	4 - UK Reduced Rate Supplier	5 -	6 -	7 -
1 - Full Rate Item/Service	20.00000	0.00000	20.00000	5.00000	0.00000	0.00000	0.00000
2 - Zero Rate Item/Service	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
3 - Exempt Item/Service	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
4 - Reduced Rate Item/Service	5.00000	0.00000	5.00000	5.00000	0.00000	0.00000	0.00000
5 -	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
6 -	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
7 - Non Reportable	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

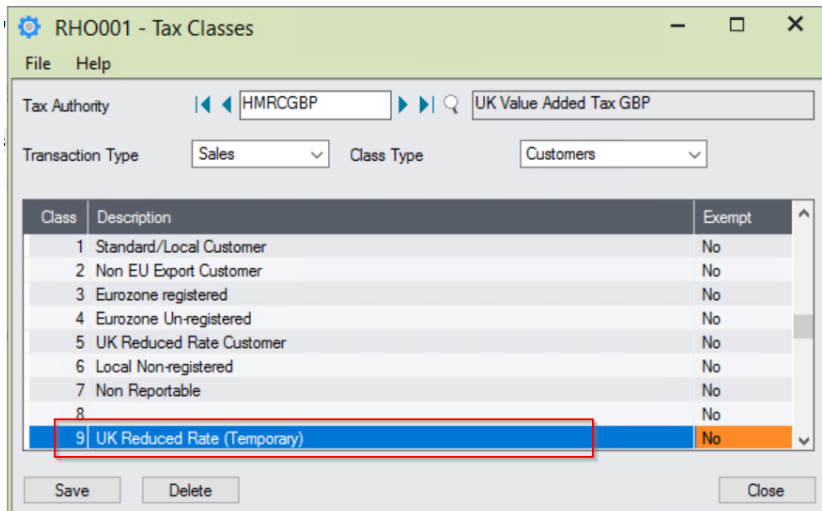
Validate that your setup looks similar to this, in particular ensure that you have the 5% rate set.

If the rate is not 5% then click in the cell and enter 5.00 then press Save.

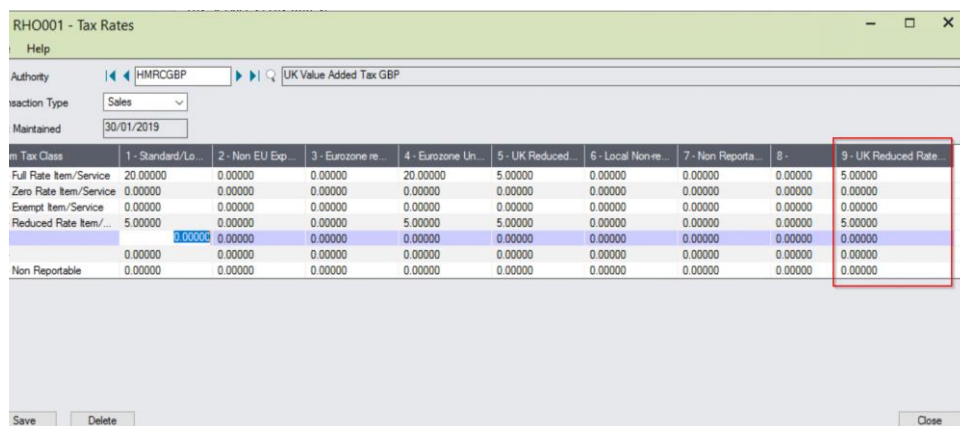
Option 2: Create a new tax class

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



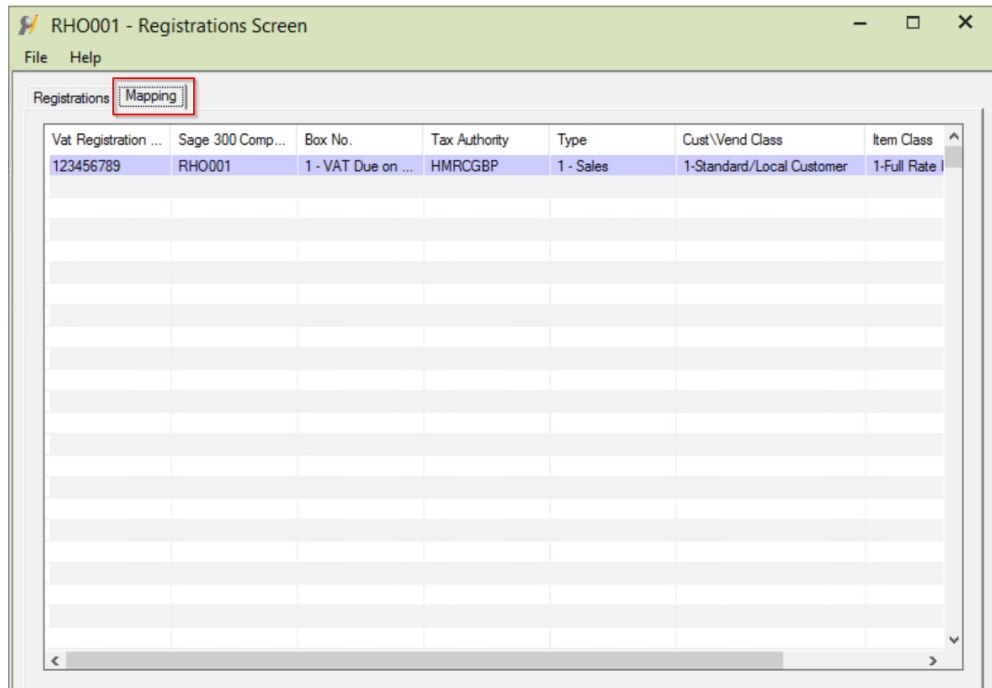
1. Click into the list of Tax Classes and the press Insert until class 9 appears
2. Click into the description of class 9 and type “UK Reduced Rate (Temporary)”
3. Click Save
4. Change the Transaction Type to Purchases and repeat steps 1 to 3
5. Press Close
6. Navigate to Tax Rates



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



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	Type	Cust/Vend Class	Item Class
Enter your VAT No	Enter Your Database	1	HMRCGBP	1 – Sales	9	1
Enter your VAT No	Enter Your Database	1	HMRCGBP	1 – Sales	9	4
Enter your VAT No	Enter Your Database	4	HMRCGBP	2 – Purchases	9	1
Enter your VAT No	Enter Your Database	4	HMRCGBP	2 – Purchases	9	4
Enter your VAT No	Enter Your Database	6	HMRCGBP	1 – Sales	9	1
Enter your VAT No	Enter Your Database	6	HMRCGBP	1 – Sales	9	4
Enter your VAT No	Enter Your Database	7	HMRCGBP	2 – Purchases	9	1
Enter your VAT No	Enter Your Database	7	HMRCGBP	2 – Purchases	9	4

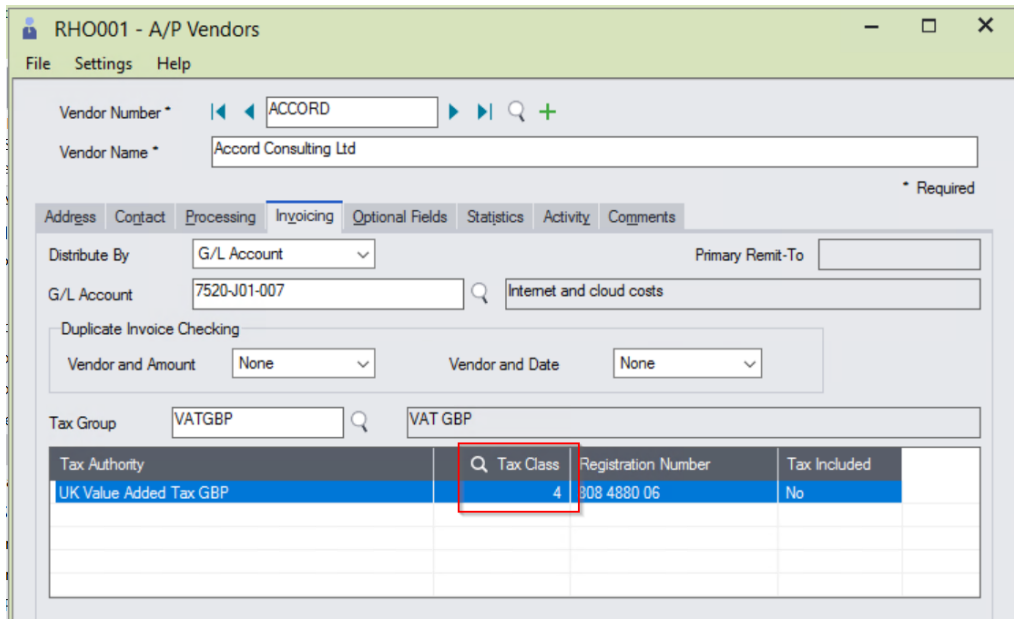
Note if you have multiple Tax Authorities for HMRC due to different currencies then you may also have to add extra mappings based on the above for those Tax Authorities as well.

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

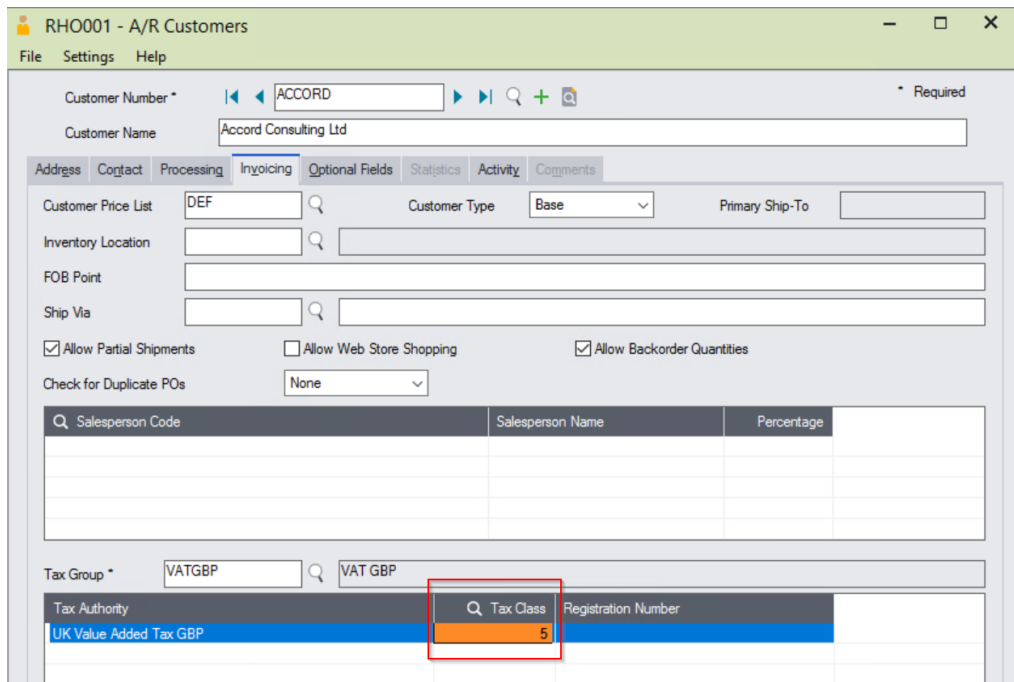
5. Open the AP Vendor screen
6. Navigate to the Invoicing Tab



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

Customer Number * ACCORD

Customer Name Accord Consulting Ltd

Customer Price List DEF Customer Type Base Primary Ship-To

Inventory Location

FOB Point

Ship Via

Allow Partial Shipments Allow Web Store Shopping Allow Backorder Quantities

Check for Duplicate POs None

Salesperson Code	Salesperson Name	Percentage

Tax Group * VATGBP VAT GBP

Tax Authority	Tax Class	Registration Number
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. 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>