Tech. Info Sheet		Rev.	
AB0057		**C**	
Creation Date	27/11/08	Current Rev. Date	23/12/10
Pages	4		

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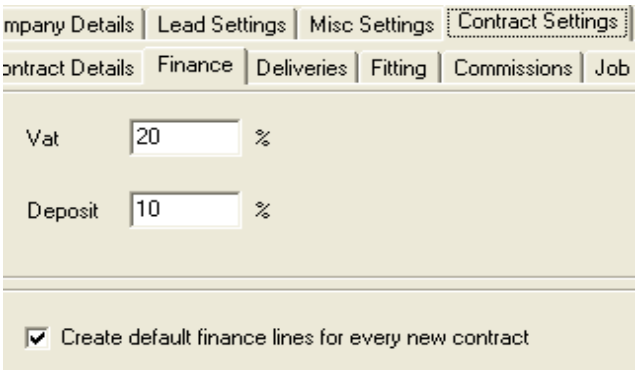
VAT CHANGE F.A.Q.

If you use AdminBase to export Sales Invoices to your accounts package please read and note question 6 before making changes as detailed in questions 1 to 5.

1. How do I change the Default VAT value that will be used by any new Finance Lines?

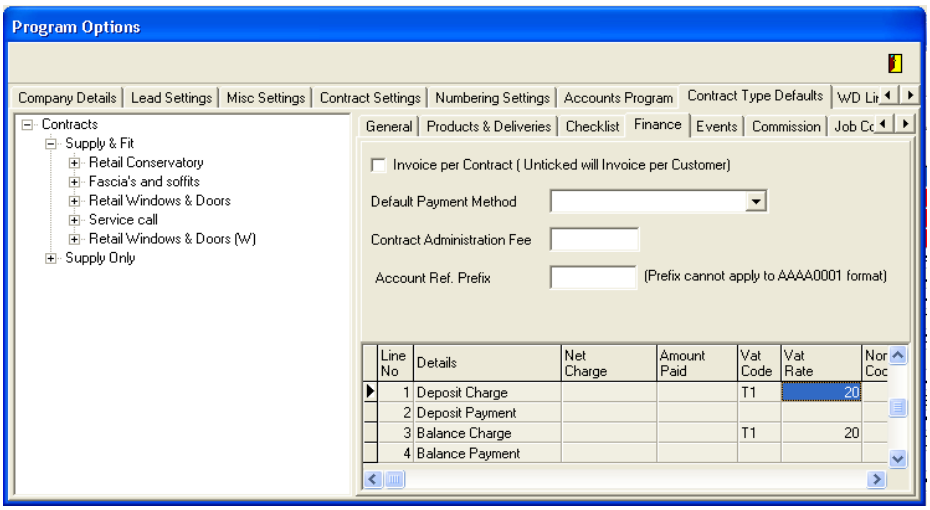
Options > Contract Settings > Finance



If you also have the checkbox “Create default finance lines for every new contract” (see above) ticked, then you will also need to ensure that the default finance lines for your contract types have the correct VAT rate defined.

Options > Contract Type Defaults

Expand the Contract Type tree in the left hand pane until you reach the Contract Types. Then, in the right hand pane, click on the Finance tab, where you can change the VAT rates.



Note that if you have fixed charges set up in your Contract Type Defaults finance lines; such as a Callout Charge for a Chargeable Service Call, you will need to manually split the VAT for the new VAT Code.

Line No	Details	Net Charge	Amount Paid	Vat Code	Vat Rate	Vat Amount
1	Service Call Out Charge	25		T1	20	5
2	Contract Value			T1	20	0
3	Final Payment					

2. What do I need to do for contracts where I have already entered the Contract Value and that will be invoiced after the change in the VAT rate?

For each of the Finance Lines that have not yet been invoiced, simply change the value in the **% VAT** column. Selecting a different line will recalculate the **£ VAT** value, and as a consequence, the **£ Gross** value. Make sure that you use an invoice date of 4th Jan 2011 or later when you raise invoice the item if you are not doing that at this point.

BEFORE

Line No	Date	Details	£ Charged	£ Paid	Vat Code	% Vat	£ Vat	£ Gross
1	23/12/2010	Contract Value	£4,347.83		T1	15	£652.17	£5,000.00
2	23/12/2010	Deposit Paid		£500.00		0	£0.00	£500.00

AFTER

Line No	Date	Details	£ Charged	£ Paid	Vat Code	% Vat	£ Vat	£ Gross
1	23/12/2010	Contract Value	£4,166.67		T1	20	£833.33	£5,000.00
2	23/12/2010	Deposit Paid		£500.00		0	£0.00	£500.00

3. I have a contract with Stage Payments in the Finance Lines. How do I handle this?

If you are accounting for VAT at each stage payment you need to make sure that payments received before 4/1/2011 are invoiced at 17.5% and payments received after 4/1/2011 need to be invoiced at 20%. This may mean that you have the two VAT rates on one contract. We recommend that if the contract you are editing has additional stage payments after the one you are editing that you update these too.

BEFORE

Date	Details	£ Charged	£ Paid	% Vat	£ Vat	£ Gross	Inv No/ CB Ref
23/12/2010	Deposit Charge	£425.53		17.5	£74.47	£500.00	12345
23/12/2010	Deposit Received		£500.00	0	£0.00	£500.00	
23/12/2010	Survey Charge	£851.06		17.5	£148.94	£1,000.00	
23/12/2010	2nd Stage Payment	£1,702.13		17.5	£297.87	£2,000.00	
23/12/2010	Final Stage Charge	£1,276.60		17.5	£223.40	£1,500.00	

AFTER

Date	Details	£ Charged	£ Paid	% Vat	£ Vat	£ Gross	Inv No/ CB Ref
23/12/2010	Deposit Charge	£425.53		17.5	£74.47	£500.00	12345
23/12/2010	Deposit Received		£500.00	0	£0.00	£500.00	
10/01/2011	Survey Charge	£851.06		20	£170.21	£1,021.27	12357
10/01/2011	2nd Stage Payment	£1,702.13		20	£340.43	£2,042.56	
10/01/2011	Final Stage Charge	£1,276.60		20	£255.32	£1,531.92	

4. We use stage payments and account for VAT at each stage but raise the invoice for all the stages at the end.

In this case follow the instructions above and amend your lines as above. You will however have one invoice number in all the lines. AdminBase can handle different VAT rates on one invoice so the invoice total will be adjusted automatically. You must however make sure you have a charged line for each of the stages rather than a single line for the total contract value.

5. I have raised an invoice already for a job that will be fitted after 1/12/2008. What do I need to do?

Raise a credit note to reverse the incorrect invoice and re invoice with the new VAT Rate.

Line No	Date	Details	£ Charged	£ Paid	% Vat	£ Vat	£ Gross
1	23/12/2010	Contract Value	£851.06		17.5	£148.94	£1,000.00
2	23/12/2010	Credit For Incorrect VAT	-£851.06		17.5	-£148.94	-£1,000.00
3	23/12/2010	Contract Value	£833.33		20	£166.67	£1,000.00

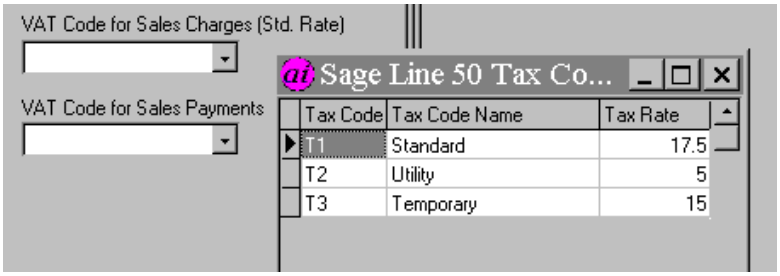
6. How does the change affect exporting to my Accounts Package?

You must check with your accountant and the accounts software that you use for their recommendations but **IF THEY RECOMMEND A SEPARATE TAX CODE** for the temporary VAT rate you will need to use the an AdminBase update dated on or after 27/11/08.

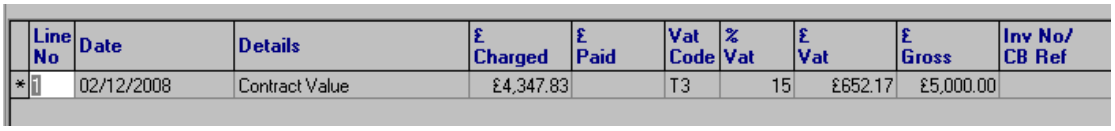
IF YOU ARE NOT CHANGING TO A DIFFERENT TAX CODE then you do not need to apply the update before your next export of sales invoices and can instead update when most convenient to you.

In the update we have made some adjustments to AdminBase to cater for exporting sales invoices with different VAT Codes. The new version will enable you to make use of the VAT codes already provided for Purchase Invoice exporting and these will be able to be set against individual lines in the Finance page. This means that you can set a different tax code in your accounts package for the temporary rate and reflect this in AdminBase. This will also make it easier to switch back to the 17.5% rate if required in the future. When following the instructions above in questions 1 to 5 selecting the appropriate tax code from the new drop down in the finance lines will update the VAT rate.

i) After applying the update you need to set the default tax codes in Options Accounts Program. Right click on the default fields will give access to the tax code table. If you have default Finance lines that are created for new contracts these will also need to be edited and a Tax Code added to the default lines.

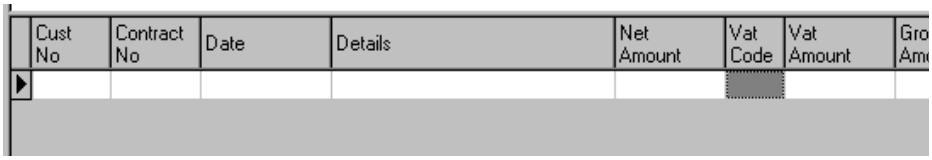


ii) There will be a new field in the Finance page for the VAT code. You may need to drag this field from the end into the position that is most convenient to you. New lines will use the default set in Options or can be changed here.



Line No	Date	Details	£ Charged	£ Paid	Vat Code	% Vat	£ Vat	£ Gross	Inv No/ CB Ref
* 1	02/12/2008	Contract Value	£4,347.83		T3	15	£652.17	£5,000.00	

iii) When you export your Sales Invoices there may be some lines that do not have a Tax Code set against them. You can enter one in the export screen so long as the invoice was created with the correct VAT rate. If not you need to exit the Export screen and amend the line in the finance page before continuing with the export.



Cust No	Contract No	Date	Details	Net Amount	Vat Code	Vat Amount	Gro Am

Tech. Sheet Revision History			
Revision	**Rev. Date**	**Rev. Author**	**Description**
Original	27/11/08	Rhonda Ridge	Tech Sheet Created
A	28/11/08	Darren Ball	Contract Type Defaults added to 1.
B	29/11/08	Rhonda Ridge	Clarification on need to update in 6.
C	23/12/10	Darren Ball	Modifications for 17.5% to 20% VAT rate change