

## Standard VAT scheme in Sage 50

### How to account for the decrease in the standard rate of VAT

From 1 December 2008, the standard rate of VAT will decrease from 17.5% to 15%. This sheet explains how this change affects Sage Accounts and what you need to do.

*Note: The following are not affected by the change in VAT rate:*

- Zero-rated goods, for example, basic foodstuffs, children's clothing and children's footwear.
- Goods and services subject to VAT at the reduced rate of 5%.

#### 1. Which VAT rate should I use?

The rate of VAT that you should charge on your goods and services depends on:

- The VAT scheme you are using.
- The tax point of the supply.

*Note: On the Standard VAT scheme, the tax point of the supply is the invoice date.*

To confirm which VAT rate to apply, please contact HMRC.

#### 2. To change the VAT rate in Sage Accounts

***Note: You should make this change on 1 December 2008.***

- Open the Settings menu, choose Configuration then click the Tax Codes tab.  
Sage Accounts v9 and below - Open the Settings menu then choose Tax Codes.
- The tax code information appears.
- Select T1 then click Edit.  
*Note: If you use a different tax code for your standard rate of VAT, select the relevant tax code then click Edit.*
- The Edit Tax Code window appears.
- Enter 15 in the Rate box then click OK.
- The Edit Tax Codes window closes.
- To apply the change, and return to the Sage Accounts desktop, click Apply then click Close.  
*Tip: If you are prompted to save your changes, click No.*

You have successfully changed the standard rate of VAT.

Sage Accounts applies the new rate of VAT to any new transactions that use this tax code. All existing transactions remain unchanged at the old rate of VAT.

### 3. To edit existing invoices and orders

*Note: The steps below refer to invoices only. You should use the same process to amend any relevant sales orders, purchase orders, credit notes or quotes. You should also amend any recurring invoices or orders (See Step 6).*

- Open the Customers module then from the Links pane click Invoice List.  
Sage Accounts v11.xx and below - Open the Invoicing module
- The Invoicing window appears.
- Double-click the required invoice.
- The invoice appears displaying the relevant items.
- Click in the Description column of the first item that uses the standard rate of VAT then press F3 on your keyboard.

*Tip: For service invoices, click in the Details column then press F3.*

- The Edit Item Line window appears.
- From the Tax Code drop-down list, choose the standard rate tax code.

*Note: Although the correct tax code already appears in this box, to recalculate the VAT amount you must select the tax code again.*

- The VAT amount recalculates using the new rate of VAT.
- To close the Edit Item Line window, click OK.
- Repeat steps for any other standard rated items on the invoice.
- To save your changes and return to the Invoicing window, click Save then click Close.

You have successfully updated the VAT amounts on the invoice. If required, repeat the process for any other invoices that need to be updated.

### 4. To credit an invoice at the old VAT rate

*Note: Usually the VAT rate on the Credit Note will be the same as the Invoice you are crediting. However if you are crediting payments received or VAT invoices issued in advance of 1 December 2008, please contact HMRC to determine the correct VAT rate. If you need to apply the VAT rate of 17.5%, you need to create a new tax code.*

- Open the Settings menu, choose Configuration then click the Tax Codes tab.
- Sage Accounts v9 and below - Open the Settings menu and choose Tax Codes.
- The tax code information appears.
- Select the first tax code that is not in use then click Edit.
- The Edit Tax Code window appears.
- Complete the Edit Tax Code window as follows then click OK.
  - Rate Enter 17.5 in this box.
  - Include in VAT return Select this check box.
  - Reverse Charge Do not select this check box.
  - EC Code Do not select this check box.

- Description Old standard VAT rate.
- The Edit Tax Codes window closes.
- To apply the change, and return to the Sage Accounts desktop, click Apply then click Close.  
*Tip: If you are prompted to save your changes, click No.*

You have successfully created a new tax code for the old standard rate of VAT.

## 5. Entering late supplier invoices

- Open the Settings menu, choose Company Preferences, then click the VAT tab.
- Sage Accounts v12 and below - Open the Settings menu, choose Company Preferences, then click the Parameters tab.
- The VAT settings appear.
- Select the Item VAT Amendable check box then to save your changes and return to the Sage Accounts desktop, click OK.

You can now manually amend the VAT amount when you enter your supplier invoice.

## 6. To edit the details on a memorised invoice or order

*Note: If you want to change the details on a memorised invoice or order for just one invoice or order and do not want the change to apply to future invoices or orders raised then the details can be changed on the invoice or order once the recurring entry is processed and before the invoice or order is updated. However, if you want to edit the details on a recurring invoice or order and want these changes to apply to all future invoices or orders raised then the memorised invoice or order must be amended.*

This procedure details how to edit the details on a recurring invoice for all future entries. To edit a recurring sales order, please substitute invoice with sales order. To edit a recurring purchase order, please substitute invoice with purchase order.

Sage Line 50 2007 and above including Sage 50 Accounts

- Open the Customers module, from the Links pane click Invoice List then click Recurring.
- The Memorised Invoices window appears.
- Select the recurring invoice you want to amend then click Edit.
- The Edit Recurring Invoice window appears.
- Make any required amendments then to Save the amendments, click Save.  
*Tip: To update the prices on the invoice based on the current data, click Update Prices.*
- The recurring invoice saves and the Memorised and Recurring Invoices window appears.
- To close the Memorised and Recurring Invoices window and return to the Invoicing window, click Cancel.

Sage Accounts v12.xx and below

- Open the Customers module, from the Links pane click Invoice List, click New/Edit then click Recall.

Sage Accounts v11.xx and below - Open the Invoicing module, click New/Edit then click Recall.

- The Recall window appears.
- Select the invoice you want to amend, note the reference and description then click Frequency.
- The Frequency window appears.
- Note the frequency details then click Cancel.
- The Recall window appears.
- From the Recall window, click Load.
- The invoice details window appears displaying the details of the recurring invoice.
- Amend the details as required then click Memorise and enter the reference, description and frequency details noted earlier. Ensure the start date is entered as the next posting date required then click Save.
- A message window appears advising that a memorised transaction with this name already exists. To save the new details, click Yes or to return to the Memorise window, click No.
- The new details save and the Memorise window closes.
- To return to the Invoicing window, click Discard then click Close.

You have now amended the details of the memorised invoice.

If you have any questions please contact Qi Limited on 01525 243490 or [support@qil.co.uk](mailto:support@qil.co.uk).