



**N I C O L S O N**  
a c c o u n t a n c y

## **CHANGING THE VAT RATE ON YOUR COMPUTER**

The reduction of the VAT Rate from 17.5% to 15% is temporary—the thirteen months to 31 December 2009.

Any changes in the VAT Rate should therefore be seen as temporary, and it is recommended that the changes to the computer reflect this reality.

In essence, we recommend that you add an additional VAT Rate, which is treated as the default from 1 December 2008, and will be replaced by the default rate on 1 January 2010.

If you want more advice, or are unsure what to do, please call us.

## **QUICKBOOKS**

In Lists add an additional VAT Code of “F” (for 15%) and ensure that it is set-up in the same as the current standard rate and is posted to the same nominal account. The exact set-up differs between QB2006 and QB2008. In the former it is a matter of just adding a Code; in the latter you need to set-up an additional group.

From 1 December, if you use invoicing, you will have to go into Lists and then Items and for each sales item, change the VAT code from “S” to “F”. Thereafter all invoices will have the correct VAT rate, and if you need to issue a backdated invoice, then you can still override the default VAT Rate on the invoice screen.

## **SAGE**

In Settings, Configurations go to Tax Codes. Edit VAT Code “T3” (if not already in use) and include a 15% rate, giving a suitable description.

From 1 December, in Settings, go into Customer Defaults and change the default VAT Rate to 15%, and after all the purchase invoices to the end of November have been received, change the Supplier Defaults in a similar fashion.

As all transactions require a tax code to be entered, it is possible to override the default rates that are set in the above instructions.



### **CHECKING THE NEXT VAT RETURN**

For either piece of software, when the next VAT Return needs to be prepared, it will be important to carefully review the reports to ensure that the correct rate has actually been applied to the invoices—both in and out.

### **SEEKING ADVICE**

If you are in any doubt, or if you need advice about other software packages, please telephone either Angus or Sue on 01851 700362.

We can help you avoid problems before they arise.