

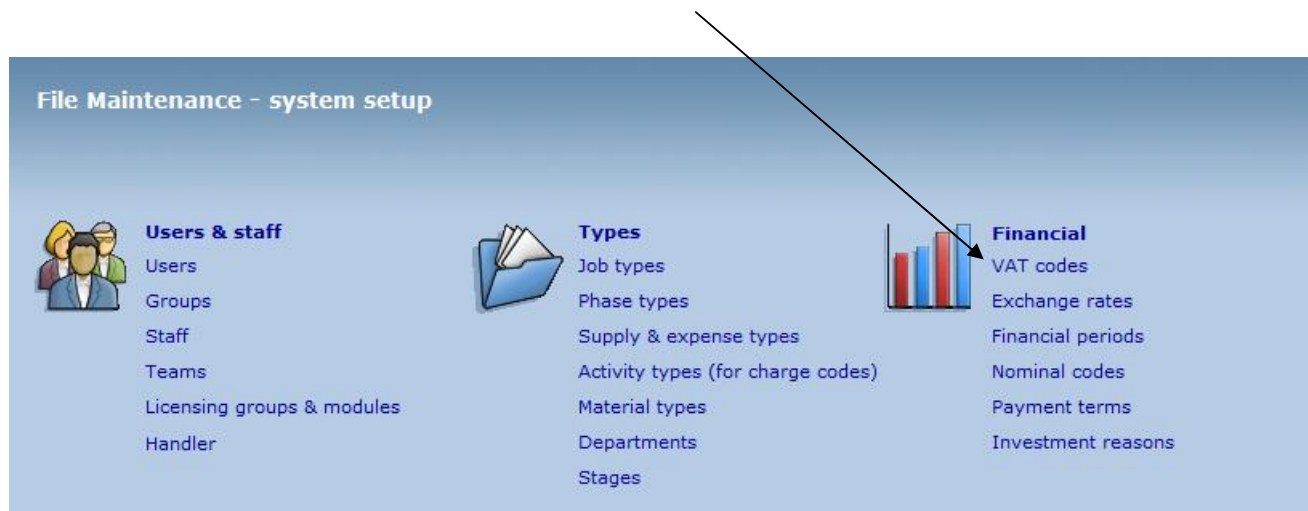
## Standard VAT rate change 4<sup>th</sup> January 2011

The standard rate for UK VAT is changing from 17.5% to 20% as of 04/01/2011.  
Any sales invoices raised on or after this date which attract VAT will need to use the new rate.  
Any invoices you receive from your suppliers on or after this date may use the new rate.  
Any expenses incurred on or after this date should attract VAT at the new rate.

This document relates to Synergist version 10 onwards.

### **What you should do.**

Synergist VAT codes are created or amended in File Maintenance:



You have 2 options, which are discussed in the following pages.

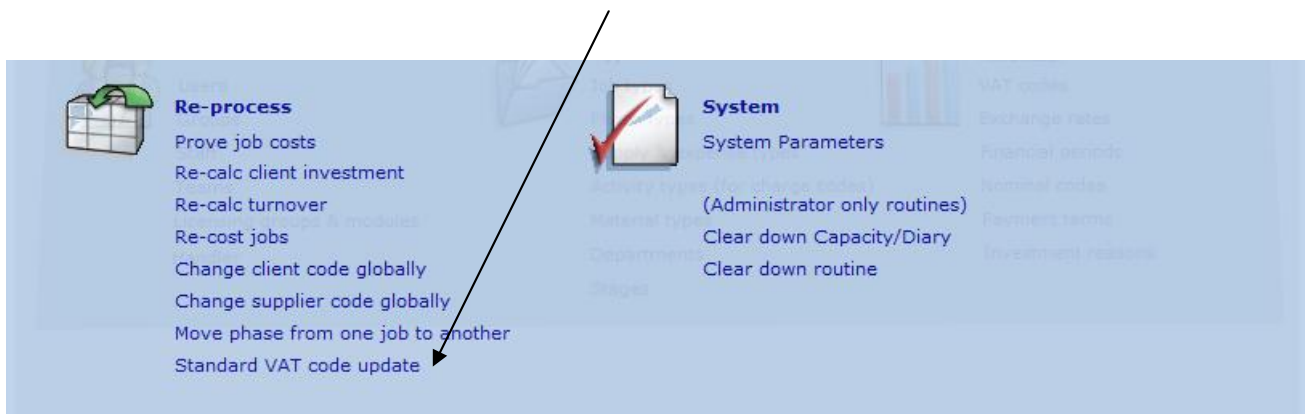
## Option 1

Create a new VAT code for the 20% rate.  
The new code will also need to be set up in your accounts system.

The standard VAT rate update utility allows you to update items in your Synergist database to use this new code, replacing the old standard VAT code. You can run the utility as many times as required, for example you may wish to update clients, jobs and sales invoices first, and then later in your process update suppliers, purchase orders and expenses. The following steps are an indication of what might be involved. This should be treated as an example only, your circumstances may differ:

- Create the new VAT code
- Process all December dated draft sales invoices, including media invoices where applicable, into real sales invoices
- Run the utility to update clients, jobs, and remaining draft sales invoices to the new VAT code
- Process all December dated supplier invoices through the PIR (purchase invoice register)
- Run the utility to update suppliers, open purchase orders to the new VAT code
- Ensure all expenses incurred in December and before have been entered onto expense sheets
- Run the utility to update expense types to use the new VAT code

The utility is available in the Re-process section of utilities in Synergist (accessed from the main navigation under tools & settings):-



Here is a screenshot showing the available options in the utility:-

**Standard VAT rate update utility**

**select VAT codes**

current standard rate code

new standard rate code

**select what to update**

<input type="checkbox"/> clients VAT default	
<input type="checkbox"/> job and phase VAT default	ensure all December billing has been completed prior to selecting these options
<input type="checkbox"/> draft sales invoices and media sales invoices	
<input type="checkbox"/> materials	
<input type="checkbox"/> companies	
<hr/>	
<input type="checkbox"/> suppliers VAT default	ensure all December supplier invoices have been processed prior to selecting these options
<input type="checkbox"/> un-invoiced purchase orders	
<hr/>	
<input type="checkbox"/> expense types	ensure all expenses incurred prior to end December have been entered to expense sheets prior to selecting these options

Expenses entered after this process that attract old rate (17.5%) VAT will need to have the VAT code adjusted manually either on entry or during approval.

Any sales credits to be raised relating to work done (and invoiced) prior to 04/1/2011 should be amended to use the old standard rate VAT code.

For any supplier invoices received after this process using the old standard rate code, the PO should be amended to use the old standard rate VAT code, prior to allocation to the purchase invoice. This will ensure that if you use the purchase invoice analysis page "Auto" button, the analysis will be done correctly for you. Alternatively, if you don't amend the VAT code on the PO, the purchase invoice analysis will need to be entered/adjusted manually prior to posting.

## Option 2

Amend the rate for the existing standard VAT code from 17.5% to 20%. Once this has been done you should note the following:

- Any existing draft sales invoices will use the new VAT rate when made real. The VAT amount cannot be amended manually.
- Any existing draft media sales invoices will use the new VAT rate when made real. The VAT rate can be amended manually.
- You will not be able to back-date any sales invoices prior to 04/1/2011 once you have changed the VAT rate. If this does become necessary you will have to create a new VAT code for 17.5% VAT (follow the advice given in option 1).
- You will not be able to raise a sales credit note for work done (and invoiced) prior to 04/1/2011. If this does become necessary you will have to create a new VAT code for 17.5% VAT (follow the advice given in option 1).
- Any purchase orders that are not supplier final invoiced will use the new rate by default when allocated to a supplier invoice. The VAT amount can be amended manually.
- Any new expenses will use the new VAT rate. The VAT amount can be amended manually either by the submitter or the approver.
- VAT analysis / audit may be more time consuming as you will need visibility of every transaction using "standard" VAT to establish the rate used.