



VAT Rate changes – January 1st 2010

What's changed?

Following the Governments announcement in April 2009 regarding the return of standard rate VAT from 15% to 17.5%, this document has been produced to ensure you have all the relevant information to apply this rate change to your IRIS Exchequer system.

When should I apply the change?

You will need to make the change to the VAT setup after end of business on 31st December 2009 and prior to the start of business on 1st January 2010.

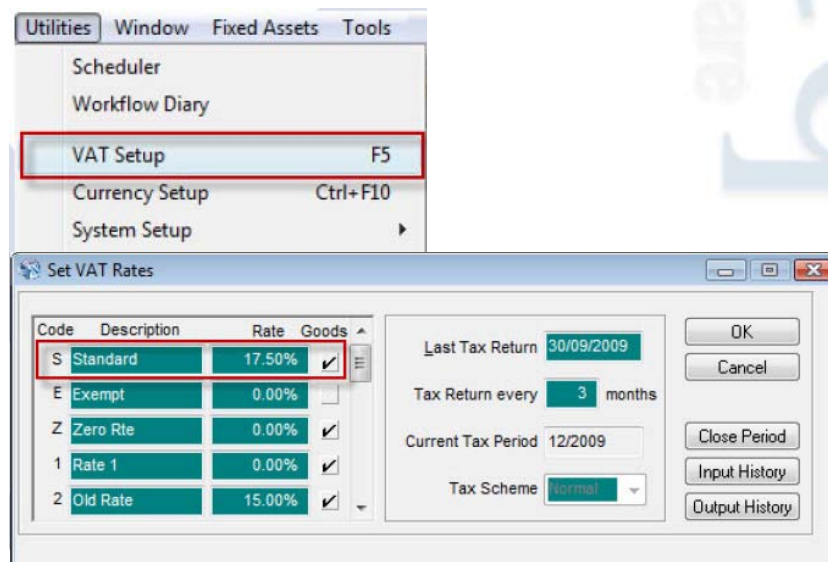
What changes do I need to make to my IRIS Exchequer system?

You will need to change the standard VAT rate from 15% to the new rate of 17.5% and update the temporary VAT rate code from 17.5% to 15% that you would have created in December 2008. For those customers who installed the IRIS Exchequer system post December 2008, you will need to create a temporary VAT rate for any transactions that still attract the VAT rate of 15% in the transitional period.

For any customer who has included any additional MCM companies to their system post 2008 where standard VAT was set at 15% will you will need to create a temporary VAT rate for any transactions that still attract the VAT rate of 15% in the transitional period and update the S rate to 17.5%

How do I apply the change?

To change the default standard rate you will need to access the 'Set VAT Rates' option in IRIS Exchequer from the 'Utilities' menu, 'VAT Setup', or by using the IRIS Exchequer hot key 'F5'.



Exchequer Support: 01724 400301 **Email:** exchequersupport@hbpsystems.com



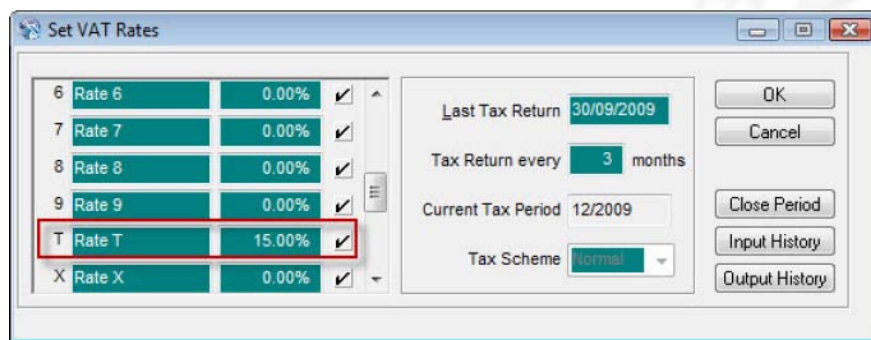


Following the last working day of 2009, 31st December, and before users log into IRIS Exchequer and add transactions on Friday 1st January 2010, a system administrator should open the 'Set VAT Rates' option and locate the VAT rate code marked 'S'. Click into the 'Rate' edit box and enter the new VAT rate of 17.5%.

There may be occasions where invoices are created or received for work done for or by your organisation prior to 1st January and where the VAT should be stated at the previous rate of 15%. To accommodate this, HBP Systems recommend that customers add a VAT rate of 15% to a spare VAT code (suggested VAT rate 'T' for temporary) in the IRIS Exchequer system and apply this code to transaction lines when and where appropriate.

For legislative advice on VAT processing please contact your local HMRC office.

Note: Please avoid using rate codes 3 and 4 for the new rate as these codes as there codes are reserved for specific features in Iris Exchequer relating to EU trading activity.



IMPORTANT NOTE:

For those customers who previously used the T rate to allow for VAT transactions to be entered at 17.5% to accommodate the revision of standard rate VAT implemented in December 2008 will be required to update the T rate value from 17.5% to 15%

Click OK to store the changes and then log-out of IRIS Exchequer. All transactions added to IRIS Exchequer that attract a standard VAT calculation will now be calculated at 17.5% unless Customer / Supplier / Stock code VAT code overrides are set.

How will these changes affect my VAT return?

Your VAT return may contain a combination of transactions calculated at both rates for standard items. When running the VAT Return Report the title of Standard VAT will show at 17.5% but will include a combination of both 17.5% and 15% VAT Rated transactions.

Month End – December 09

We would recommend that as far as is possible, all transactions that attract VAT at 15% be posted by the end of December 2009. If this is not possible care should be taken when

Exchequer Support: 01724 400301 **Email:** exchequersupport@hbpsystems.com





viewing these transactions after the VAT Rate S has been changed as existing transaction lines edited or new transaction lines added will be calculated at the new rate of 17.5%.

Part Delivered Orders

After applying the VAT rate change, subsequent processing of part delivered Purchase and Sales orders will be automatically calculated at the new system default rate of 17.5%.

Copy / Reverse Transactions

Care should be taken when using the copy transaction features in IRIS Exchequer where copied transactions entered prior to the Government changes will initially retain their previous VAT rate.

Opening and choosing 'OK' to store a transaction line will constitute an edit and will therefore recalculate the standard rate of VAT using the new VAT rate from the VAT setup table. In some instances it will be necessary for you to edit each transaction line in order to attract the standard rate of VAT to recalculate the VAT at 17.5%. Editing of lines may also be required when reversing transactions.

When viewing transactions calculated at 15% the user must take care to cancel the transaction line and not 'OK' the line as this will reapply the calculation of VAT at the current standard rate.

Auto Transactions

If you use 'Auto' transactions, it is important that all auto transaction lines that use the standard rate of VAT are edited from the Auto Daybooks and stored to force the recalculation of VAT at the new rate of 17.5%.

Forms and Reports – Form Designer/Visual Report Writer

Should you have any Form Designer forms or Visual Report Writer reports that include hard coded VAT calculations or text labels, please ensure these are updated with the new VAT rate details to avoid confusion or overstated results.

Transactions external to IRIS Exchequer

Should your IRIS Exchequer system have integration links with other systems that generate transactions to import into IRIS Exchequer, please check that the VAT rate change is applied at the same time as the VAT rate change is applied to your IRIS Exchequer system.

Exchequer Support: 01724 400301 **Email:** exchequersupport@hbpsystems.com



VAT Rate Increase Checklist

- Post all VAT transactions at the close of December 2009
- Print and store month end reports as reference
- Implement VAT rate changes in IRIS Exchequer
- Implement VAT rate changes in any external systems that link to IRIS Exchequer
- Update Auto transactions (if applicable)
- Check forms / reports for hard coded VAT calculations (if applicable)
- Be sure all of your staff are aware of the changes made to IRIS Exchequer
- Contact your IRIS Exchequer support provider if you require assistance with applying these changes
- Contact your local HMRC office for specific VAT enquires

Exchequer Support: 01724 400301 **Email:** exchequersupport@hbpsystems.com



Kamarin Computers Ltd
www.kamarincomputers.co.uk



HBP Montpellier Ltd
www.monpellier.co.uk



HBP Systems Ltd
www.hbpsystems.co.uk