QuickBooks Get Ready for the VAT Change

4th January 2011





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Disclaimer:

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1 Overview

In his 2010 Emergency Budget, the Chancellor announced an increase in the Standard Rate VAT from 17.5% to 20% effective 4th January 2011. If you track VAT, you will need to make the necessary changes in QuickBooks. For more details regarding the Standard Rate VAT changes, please visit the <u>HMRC Web site</u>.

2 Updating QuickBooks

You can choose from two options when implementing this change in QuickBooks 2010 Pro & Premier:

Option 1: Create a new Standard Rate VAT code

Option 2: Edit your existing Standard Rate VAT Code

2.1 Pros and Cons

The Pros & Cons of each method are:

2.1.1 Option 1

Create a new Standard Rate VAT code

Positives	Negatives
Preferred HMRC solution	Not applicable to SimpleStart
Quick – With the new VAT wizard, you can set up and assign a new VAT code in under 10 minutes	
The VAT Wizard automatically creates your VAT Items and Groups for you.	
Manual VAT calculations will not be required when editing transactions created before 4 January, 2011 using 17.5% Standard Rate VAT	
Best solution for VAT reporting and audit purposes	

2.1.2 Option 2

Edit your existing Standard Rate VAT Code

Positives	Negatives
VAT reports will be correct (if applicable, manual calculations on transactions have been completed)	Not the preferred solution of HMRC
Audit possible but relies on use of VAT code description to identify % rate used in the calculation shown on the Audit Trail report	Relies on employee vigilance when entering and modifying transactions to ensure that the correct VAT % has been calculated (manual VAT calculation may have to be performed when entering transactions)
Applicable to SimpleStart	Requires a good knowledge of VAT reporting to check the new VAT codes have been set up correctly
	The VAT summary on the invoice displays the % set up in the VAT code (this will display at 20% for current and historical invoices)

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3 Option 1: Create a new Standard Rate VAT code

3.1 Checklist

Here is a checklist of steps you must follow to update your VAT to 20% by creating new VAT codes. As you follow the steps, check them off here when you've completed them

Steps	Standard	EC Goods	EC Services	EC Reverse Charge ¹	
Create new VAT codes					
Enter code you have used here					
Create new VAT items	The V	The VAT Wizard will set these up automatically			
Create new VAT groups					
Update sales items					
Update purchase items					
Update customer VAT codes (if needed)					
Update supplier VAT codes (if needed)					
Update accounts					
update default VAT code in the VAT Preferences section					
update memorised transactions					
Update progress invoices and other business forms					

3.2 VAT Codes

Here is a table of required new VAT codes. The VAT codes shown are suggested codes. You may create your own.



The EC VAT codes are not required for Cash Accounting.

VAT code	Description	VAT Return boxes	Required for Cash Accounting?
S4	Standard (20%)	Sales <1,6> VAT on Sales / Net Sales Purchases <4,7> VAT on Purchases / Net Purchases	Yes
EG4	EC Goods Std (20%)	Purchases <2,9> VAT EC Acquisitions / NET EC Acquisitions <4,7> VAT on Purchases / Net Purchases	No
ES4	EC Services Std 20 %	Purchases <1,6> VAT due on Sales / Total net value of EC purchase of services <4,7> VAT on Purchases / Net Purchases	No
RC4 ⁻¹	Reverse Charge 20 %	Sales <n,6> None, Net Reverse Charge Sales Purchases <1,N> VAT on Sales, None <4,7> VAT on Purchases / Net Purchases</n,6>	No

¹ Code RC4 is used for EC transactions as per Notice 735 (mobile phones and computer chips). You only need create this code if you deal with these types of transactions.

3.3 Create new VAT codes

3.3.1 Creating the new Standard Rate VAT Code

Refer to the table in section 3.2 (above) for recommended VAT codes.

- 1. Go to the VAT menu and click Manage VAT.
- 2. Click Change VAT Setup.



3. Select the Add a new VAT rate radio button and click Next.

🔟 VAT Setup Wizard		X
QuickBooks VAT Setup	Welcome to the VAT Setup Wizard What would you like to do?	
Your progress Make a selection Select the VAT agency	 Set up VAT for an additional country that QuickBooks supports. (For example, your business is registered for both UK and Irish VAT.) Change an existing VAT rate. (For example, the standard VAT rate increases or decreases.) 	
Name the VAT rate	 Add a new VAT rate. (For example, HMRC introduces a new VAT rate for certain services or products.) 	
Fill in the purchases rate Apply a VAT code	 Add a new tax, including a new agency and accounts. (For example, an agency other than HMRC introduces a new environmental tax.) 	
View a summary of changes		
Back Next	Finish Help	Cancel

4. Check that the VAT agency is set to HMRC VAT, or select from the drop down list, and click Next.

🔟 VAT Setup Wizard		X
Apply a VAT code View a summary of changes	Which VAT agency will you pay this VAT to? Click the drop-down arrow and select a VAT agency. VAT agency HMRC VAT	
Back Next	Finish	Help Cancel

5. Enter a name for the item. The name is for your own use. Click Next.

🔟 VAT Setup Wizard		×
QuickBooks VAT Setup	What would you like to call this VAT rate?	
Your progress Make a selection Select the VAT agency Name the VAT rate Fill in the sales rate	VAT name Standard (20%)	
Fill in the purchases rate Apply a VAT code View a summary of changes		
Back Next	Einish Help C	ancel

6. Enter the applicable VAT Rate % you charge on your sales e.g. 20.

📶 VAT Setup Wizard	
QuickBooks	Fill in the sales rate
VAT Setup	I don't apply this rate to SALES.
Your progress	Create a rate for sales:
Make a selection	What is the rate (%) when you make a sale? 20 %
Select the VAT agency	Specify which lines on your VAT return should be affected by a sale:
Name the VAT rate	Show domestic return line combinations only.
Fill in the sales rate	Select Description
Fill in the nurchases	
rate	Control Con
Apply a VAT code	Image: Image: A state of the
	Classical and the second se
changes	
Back Next	Finish Help Cancel

7. From the options displayed, select which VAT Return Boxes the sales must be reported in. Refer to the table in section <u>3.2</u> above, for the applicable combination/s. Click Next.

🔟 VAT Setup Wizard		×			
QuickBooks	Fill in the sales rate				
VAT Setup	I don't apply this rate to SALES.				
Your progress	Create a rate for sales:	ĩ			
Make a selection	What is the rate (%) when you make a sale? 20 %				
Select the VAT agency	Specify which lines on your VAT return should be affected by a sale:				
Name the VAT rate	Show domestic return line combinations only. Show all return line combinations.				
Fill in the sales rate	Select Description				
Fill in the purchases	I <n, 6=""> None, Net Sales</n,>				
rate	< <n, 6=""> None, Net EC Sales of Goods and Services</n,>				
Apply a VAT code	I < N. 6> None. Net Reverse Charge Sales				
View a summary of	I, 5> VAT on Sales, Net Sales				
changes					
		9			
Back Next	Finish Help Cancel	5			

7

8. Enter the applicable VAT Rate % you pay on your purchases e.g. 20 and Click Next.

🛄 VAT Setup Wizard	×
QuickBooks	Fill in the purchases rate
VAT Setup	I don't apply this rate to PURCHASES.
Your progress	Create a rate for purchases:
Make a selection	What is rate (%) when you make a purchase? 20 %
Select the VAT agency	Specify which lines on your VAT return should be affected by a purchase:
Name the VAT rate	• Show domestic return line combinations only. O Show all return line combinations.
Fill in the sales rate	Select Description
Fill in the	
purchases rate	<4, N> VAT on Purchases, None
Apply a VAT code	<4, 7> VAT on Purchases, Net Purchases
View a summary of changes	
Back Next	Finish Help Cancel

9. From the options displayed, select which VAT Return Boxes the purchases must be reported in.. Refer to the table in section <u>3.2</u> above, for the applicable combination/s. Click Next.

🛄 VAT Setup Wizard		×
QuickBooks VAT Setup	Fill in the purchases rate	
Your progress Make a selection Select the VAT agency Name the VAT rate Fill in the sales rate Fill in the sales rate Fill in the purchases rate Apply a VAT code View a summary of changes	Create a rate for purchases: What is rate (%) when you make a purchase? 20 % Specify which lines on your VAT return should be affected by a purchase: • Show domestic return line combinations only. • Show all return line combinations. Select Description	
Back Next	Finish Help Cancel]

10. Enter a code, up to 3 characters, that you will recognise on a form such as an invoice. Click Next.

🔟 VAT Setup Wizard		×
QuickBooks VAT Setup VAT Setup Var progress Make a selection Select the VAT agency Name the VAT rate Fill in the sales rate Fill in the purchases rate Apply a VAT code View a summary of changes	Assign a VAT code Please enter a 1- to 3- letter code for this rate. You'll use this VAT code to apply VAT to items you buy or sell. VAT code 54	
Back Next	Finish Help Cancel	

11. A Summary of changes made is displayed. Review the changes for correctness. Click Finish.

🔟 VAT Setup Wizard							×
QuickBooks VAT Setup	Summan You've succe: Finish to comp	y of changes in ssfully updated the info olete this task.	made	shown below. Review yo	our ch	anges and	click Back to modify it or click
Your progress Make a selection	VAT Name:	Standard (20%)		Agency Name: HMP	RC VA	л	
Select the VAT	VAT Codes			VAT Sales Items			
agency	Code	Description		Name	VAT	Rate	VAT Return Line
Name the VAT rate	S4	Standard (20%)	6	Standard (20%) Sales	20.0	ю	<1, 6> VAT on Sales, Net Sales
Fill in the sales rate Fill in the purchases rate Create S4 VAT Code				VAT Purchase Items	5		
				Name		VAT Rate	VAT Return Line
view a summary of changes				Standard (20%) Purch	ases	20.00	<4, 7> VAT on Purchases, [
Back Mevt	Einist			<		111	Help Caprel

- 12. You will be back at the Manage VAT screen.
- 13. If you need to create VAT codes for EC Goods, EC Services and Reverse Charge (for mobile phones & computer chips), please continue to section 3.3.2, or
- 14. If you have finished creating all your VAT codes, please continue to section 3.4 <u>Assign the new</u> <u>VAT codes</u>.

3.3.2 Creating the new EC VAT Code – Acquisitions

From the Manage VAT screen:

1. Click Change VAT Setup.



2. Select the Add a new VAT rate radio button and click Next.

🛄 VAT Setup Wizard		×
QuickBooks VAT Setup	Welcome to the VAT Setup Wizard What would you like to do?	
Your progress Make a selection Select the VAT agency	 Set up VAT for an additional country that QuickBooks supports. (For example, your business is registered for both UK and Irish VAT.) Change an existing VAT rate. (For example, the standard VAT rate increases or decreases.) 	
Name the VAT rate Fill in the sales rate Fill in the purchases rate	 Add a new VAT rate. (For example, HMRC introduces a new VAT rate for certain services or products.) Add a new tax, including a new agency and accounts. (For example, an agency other than HMRC introduces a new environmental tax.) 	
Apply a VAT code View a summary of changes		
Back Next	Finish Help	Cancel

3. Check that the VAT agency is set to HMRC VAT, or select from the drop down list, and click Next.

🔟 VAT Setup Wizard				X
QuickBooks VAT Setup	Which VAT	agency will yo Iown arrow and select	u pay this VAT to t a VAT agency.	?
Make a selection				
Select the VAT agency				
Name the VAT rate				
Fill in the sales rate				
Fill in the purchases rate				
Apply a VAT code				
View a summary of changes				
Back Next	Finish			Help Cancel

4. Enter a name for the item. The name is for your own use. Click Next.

🔟 VAT Setup Wizard		
QuickBooks VAT Setup	What would you like to call this VAT rate?	
Your progress Make a selection	VAT name EC Goods Std (20%)	
Select the VAT agency		
Name the ¥AT rate Fill in the sales rate		
Fill in the purchases rate Apply a VAT code		
View a summary of changes		
Back Next	Finish Help	Cancel

5. Click the check box I don't apply this rate to SALES. (The other fields of the screen will disappear from view) Click Next.



6. Enter the applicable VAT Rate % you pay on your EC purchased e.g. 20.

🛄 VAT Setup Wizard		X
QuickBooks VAT Setup	Fill in the purchases rate	
Your progress Make a selection Select the VAT agency Name the VAT rate Fill in the sales rate Fill in the sales rate Apply a VAT code View a summary of changes	Create a rate for purchases: What is rate (%) when you make a purchase? 20 % Specify which lines on your VAT return should be affected by a purchase: • Show domestic return line combinations only. • Show all return line combinations. Select Description • <1, 7> None, Net Purchases • <4, N> VAT on Purchases, None <4, 7> VAT on Purchases, Net Purchases	
Back Next	Finish Help Cancel	



7. Select the radio button Show all return line combinations. The selection of VAT return combinations will expand to include EU transactions.

QuickBooks	Fill in the purchases rate	
VAT Setup	I don't apply this rate to PURCHASES.	
Your progress	Create a rate for purchases:	
Make a selection	What is rate (%) when you make a purchase? 20	%
Select the VAT agency	Specify which lines on your VAT return should be affected by a pu	irchase:
Name the VAT rate	Show domestic return line combinations only.	Show all return line combinations.
Fill in the sales rate	Select Description	<u>^</u>
Fill in the	<n, 6=""> None, Net Sales</n,>	
purchases rate		
Apply a VAT code	<n, 6=""> None, Net Reverse Charge Sales</n,>	
	<n, 7=""> None, Net Purchases</n,>	
View a summary of changes	<n. 8=""> None. Net EC Supplies</n.>	~

8. From the options displayed, select which VAT Return Boxes the purchases must be reported in. Refer to the table in section <u>3.2</u> above, for the applicable combination/s. Click Next.

🔟 VAT Setup Wizard		×
QuickBooks	Fill in the purchases rate	
VAT Setup	I don't apply this rate to PURCHASES.	
Your progress	Create a rate for purchases:	Ť
Make a selection	What is rate (%) when you make a purchase? 20 %	
Select the VAT agency	Specify which lines on your VAT return should be affected by a purchase:	
Name the VAT rate	O Show domestic return line combinations only. O Show all return line combinations.	
Fill in the sales rate Fill in the purchases rate	Select Description Image: Comparison of the second secon	
Create EG4 VAT Code View a summary of changes	4, 9> VAT on Purchases, Net EC Acquisitions	
Back Next	Finish Help Cance	

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9. Enter a code, up to 3 characters, that you will recognise on a form such as an invoice. Click Next.

🛄 VAT Setup Wizard		X
QuickBooks VAT Setup	Assign a VAT code Please enter a 1- to 3- letter code for this rate. You'll use this VAT code to apply VAT to items you buy or sell.	
Your progress	VAT code EG4	
Make a selection		
Select the VAT agency		
Name the VAT rate		
Fill in the sales rate		
Fill in the purchases rate		
Apply a VAT code		
View a summary of changes		
Back Next	Finish Cancel	5

10. A Summary of changes made is displayed. Review the changes for correctness. Click Finish.

🔟 VAT Setup Wizard						
QuickBooks VAT Setup	Summary of char You've successfully updated Finish to complete this task.	nges made the information sh	nown belou	w. Review your c	hanges and click B	ack to modify it or click
Your progress Make a selection	VAT Name: EC Goods Std	l (20%)	Agency N	lame: HMRC V	4T	
Select the VAT	VAT Codes		VAT Sale:	s Items		
agency	Code Description		Name	VAT Rate	VAT Return Line	
Name the VAT rate Fill in the sales rate Fill in the purchases rate	EG4 EC Goods Std ((20%)		There	are no VAT sales iti	ems.
Create EG4 VAT Code			VAT Purc	hase Items		
View a summary of			Name		VAT Rate	VAT Return Line
changes			EC Goods	Std (<2,9> Purc	hases -20.00	<2, 9> VAT EC Acquis
			EC Goods	Std (<4,7> Purc	hases 20.00	<4, 7> VAT on Purcha
			<	10	1	<u>></u>
Back Next	Finish				Н	elp Cancel

- 11. You will be back at the Manage VAT screen.
- 12. If applicable, continue to section 3.3.3 and/or section 3.3.4., or
- 13. If you have finished creating all your VAT codes, please continue to section 3.4 <u>Assign the new VAT codes</u>.

3.3.3 Creating the new EC VAT Code – Services

This is used for services supplied from abroad. Notice 741 refers.

From the Manage VAT screen:

1. Click Change VAT Setup.

File Edit				C Edition [hit	In Post III 1										
	View Lists Accountant Company VAT C	ustomers Suppliers Employee	es Banking Reports	Window Help	8/8	2	2		2	1	۶.	A			
Home C	Company Snapshot Customer Centre Supplier C	Centre Employee Centre On	line Banking Centre	Report Centre	Live Community	Help Feedt	back	Services	Payro	l Credit C	Cards 3	Search			
VAT Acc Click the P Agency HMRC VA	counts and Payments ay Now kcon, or View to make payments and see Accounts T VAT Liability	VAT reports. Amount	As Of 0.00 12/11/:	2010	Pay Now	Summary Rep View	w balar Today port 1	ces as of: O etail Repo <u>View</u>	End of	last period xception Rep <u>View</u>	port	VAT Adji Change the Make interior Claim bad of Adjust for a Claim VAT of How to adji Scale Chan	USTMENTS VAT you owe n VAT paymen ebt relief shange in use laid before re- ust your VAT F 185	: of capital good; <u>listration</u> teturn for Fuel	
VAT Con	fee and Bates											Make other	Adjust VAT C	wing	
Click a VAT	F code in the table below to view its VAT rates.	lick Change VAT Setup to make	changes.			NAT 100 /1W	1 D - Lu					VAT Set Make chang correspond	Jp Jes to your VA Ing VAT rates	T codes and	
Click a VAT	f code in the table below to view its VAT rates, o Description	Lick Change VAT Setup to make VAT Sales Items	changes.	VAT Dato	Your	VAT 100 (UK) Retu	m				VAT Set	4 p ges to your VA ing VAT rates	T codes and	
Click a VAT VAT Code Code	f code in the table below to view its VAT rates. o s Description Evenot	Lick Change VAT Setup to make VAT Sales Items Name Standard Sales	changes.	VAT Rate	Your	VAT 100 (UK Descri	() Retu	rn Jes and ot	ther ou	itouts		VAT Set	4 p jes to your VA ing VAT rates Change VAT S	T codes and	
Click a VAT VAT Code Code E E	f code in the table below to view its VAT rates. (s Description Exempt EC Goods Standard (17,5%)	Click Change VAT Setup to make VAT Sales Items Name Standard Sales	changes.	VAT Rate 17.50	Your	VAT 100 (UK Descri 1 VAT du 2 VAT du	() Retu iption ue on s	rn iles and ot	ther ou	itputs	mber 1	VAT Set	IP Jes to your VA ing VAT rates Change VAT S	T codes and	
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Click a VA1 VAT Code E EGS EGS EGZ ESS	code in the table below to view its VAT rates. (s Exempt Exempt EC Goods 2transfer (17.5%) EC Goods 2transfer (17.5%) EC Goods 2transfer (17.5%) EC Services Standard	Liick Change VAT Setup to make VAT Sales Items Name Standard Sales	changes.	VAT Rate 17.50	Box	VAT 100 (UK Descri 1 VAT du 2 VAT du 3 Total d 4 VAT re	() Retu iption ue on s ue on a output \ eclaimed	rn des and ot quisitions 'AT due on purcha	ther ou from o	tputs ther EC Men	mber 1	VAT Set	IP jes to your VA ing VAT rates Change VAT S dit VAT codes and Customers	T codes and etup for Items,	
Click a VAT VAT Code E EGS EGZ ESS ESZ	Code in the table below to view its VAT rates. (Code in the table below to view its VAT rates. (Est Description Eccempt Ec Goods Standard (17.5%) EC Goods Zero-Rated (0%) EC Services Standard EC Services Standard	Lick Change VAT Setup to make VAT Sales Items Name Standard Sales	changes.	VAT Rate	Box	VAT 100 (UK Descri 1 VAT du 2 VAT du 3 Total d 4 VAT re 5 Net VA	() Retu iption ue on a output \ eclaimed AT to pa	rn des and ot quisitions 'AT due on purcha	ther ou from o ases am)	tputs ther EC Men	mber 1	VAT Sett Make chan correspond View and e Suppliers, a	IP jes to your VA ing VAT rates Change VAT S dit VAT codes ind Customers Assign VAT Co	T codes and etup for Items, :: ades	
Click a VAT VAT Code E EGS EGS ESS ESZ N	Code in the table below to view its VAT rates. (Description Exempt EC Goods Standard (17.5%) EC Goods Zero-Rated (0%) EC Services Zero-Rated Nat Residered	Lick Change VAT Setup to make VAT Sales Items Name Standard Sales	changes.	VAT Rate	Your	VAT 100 (UK) Descri 1 VAT du 2 VAT du 3 Total d 4 VAT re 5 Net VA 6 Total d	() Retu iption ue on s ue on a output \ eclaimed AT to pa net val	rn cquisitions AT due on purcha y (or recla	ther ou from o ases aim)	tputs ther EC Men	mber :	VAT Sett Make chan correspond View and e Suppliers, a	IP jes to your VA ing VAT rates Change VAT S dit VAT codes ind Customers Assign VAT Co estions:	T codes and etup for Items, ::	
Click a VAT VAT Code E EGS EGZ ESS ESZ N R	Code in the table below to view its VAT rates. (Code in the table below to view its VAT rates. (E Exempt Exempt Exempt Exempt ExGoods Standard (17.5%) EC Goods Zero-Rated (0%) EC Services Zero-Rated Not Registered Bedrund (7%)	Lick Change VAT Setup to make VAT Sales Items Name Standard Sales	changes.	VAT Rate	Your	VAT 100 (UK) Descri 1 VAT du 2 VAT du 3 Total d 4 VAT re 5 Net VA 6 Total d	() Retu iption ue on s ue on a output V aclaimed AT to pa net valu	rn ites and ot cquisitions AT due on purcha on purcha o purcha o f sales o f Sales	ther ou from o ases aim)	tputs ther EC Men	mber :	VAT Sett Make chan correspond View and e Suppliers, a	IP jes to your VA ing VAT rates Change VAT S dit VAT codes ind Customers Assign VAT Co iestions:	T codes and etup for Items, ::	
Click a VAT VAT Code E EGS EGZ ESS ESZ N R R RC	Code in the table below to view its VAT rates. (Es Description EC Goods 2ren-Reted (0%) EC Services Standard EC Services Zero-Rated Not Registered Reduced (5%) EXempt Composition Reverse (Service) Reverse (Serv	Lick Change VAT Setup to make VAT Sales Items Name Standard Sales	changes.	VAT Rate	Box	VAT 1UU (UK Descri 2 VAT du 3 Total c 4 VAT re 5 Net VA 6 Total r 6 Total r 6 Total r	() Retu iption ue on a output v eclaimed AT to pa net valu net valu	rn cquisitions AT due on purcha y (or recla e of sales e of EC sa	ther ou from o ases aim) iles of o	tputs ther EC Men goods and se	mber : ervice	VAT Sett Make chan correspond View and e Suppliers, a Common qu Why is the and RC coo	IP Jes to your VA Ing VAT rates Change VAT S Change VAT S dit VAT codes and Customers Assign VAT Co estions: e a negative (es2)	T codes and etup for Items, :: ades	
Click a VAT VAT Code E EGS EGZ ESS ESZ N R R RC	Code in the table below to view its VAT rates. (Lick Change VAT Setup to make VAT Sales Items Name Standard Sales	changes.	VAT Rate	Box	VAT 1UU (UK Descri VAT du 2 VAT du 3 Total c 4 VAT re 5 Net VA 6 Total r 6 Total r 6 Total r 6 Total r	() Retu iption ue on s output \ aclaimed AT to pa net valu net valu net valu	rn cquisitions (AT due on purcha y (or recla e of sales e of EC sa e of EC pu e of Reven	ther ou from o ases aim) iles of o urchase rse Cha	tputs ther EC Men goods and se so of services area sales	mber 5 service	VAT Sett Make chan correspond View and e Suppliers, e Common qu Why is there and RC corr	IP jes to your VAT rates ing VAT rates Change VAT S dt VAT codes and Customers Assign VAT Co estions: e a negative J est?	T codes and etup for Items, :: ades	
Click a VAT VAT Code E EGS EGS ESS ESS R R R R S S4	Code in the table below to view its VAT rates. (Code in the table below to view its VAT rates. (ES EC conds Standard (17.5%) EC Conds Standard (17.5%) EC Conds Standard EC Services Standard EC Services Standard EC Services Standard Reduced (19%) Reverse Charge (Carouse)(MTIC) Standard (17.5%) Standard (17.5%)	Lick Change VAT Setup to make VAT Sales Items Name Standard Sales	changes.	VAT Rate 17.50	Your Box	VAT 100 (UK Descri 1 VAT di 2 VAT di 3 Total d 4 VAT re 5 Net VA 6 Total r 6 Total r 6 Total r 6 Total r 7 Total r	C) Retu iption ue on a output V eclaimed AT to pa net valu net valu net valu	rn iquisitions AT due on purcha y (or recla e of sales e of EC sa e of EC pu e of Rever e of nurch	ther ou from o ases aim) ales of o archase rse Cha	tputs ther EC Men goods and so so of services arge sales	mber 5	VAT Set Make chan correspond View and e Suppliers, a Common qu Why is there and RC corr	IP es to your VA ing VAT rates Change VAT S dit VAT codes and Customers Assign VAT Co estions: e a negative r ess?	T codes and etup for Items, :: ades	
Click a VAT VAT Code E EGS EGS ESS ESS R R R R S 4 S 4	Code in the table below to view its VAT rates. (state Description EX Goods 2xero-Rated (17.5%) EC Sonds 2xero-Rated (0%) EC Services Standard EC Services Carousel/MITC) Reduced (5%) Reverse Charge (Carousel/MITC) Standard (17.5%)	Lick Change VAT Setup to make VAT Sales Items Name Standard Sales VAT Purchase Itt	changes.	VAT Rate 17.50		VAT 100 (UK Descri 1 VAT dt 2 VAT dt 3 Total d 3 Total d 4 VAT re 5 Net VA 6 Total d 6 Total d 6 Total d 7 Total d 7 Total d	Retuing in the second sec	rn iquisitions AT due on purcha y (or recla e of sales e of EC sa e of EC pu e of Rever e of purch e of purch	ther ou from o ases ases aim) eles of (urchase trace the back	tputs ther EC Men goods and se is of service arge sales	mber 5 ervice	VAT Set Make chan correspond View and e Suppliers, a Common qu Why is there and RC cos	IP es to your VA ing VAT rates Change VAT S dit VAT codes dit VAT codes	T codes and etup for Items, :: ades	
Click a VAT VAT Code E EGS EGZ ESS ESZ N R R RC S S4 Z O	Code in the table below to view its VAT rates. (Code in the table below to view its VAT rates. (Exempt Ecopota Ecoods 2aro-Rated (17.5%) EC Services Standard EC Services Zaro-Rated Not Registered Reduced (5%) Reverse Charge (Carousel/MTIC) Standard (20%) Sandard (20%) Zeno-Rated (0%) Outside the Scope of VAT	Lick Change VAT Setup to make VAT Sales Items Name Standard Sales VAT Purchase Itt Name Standard Purchase	changes.	VAT Rate 17.50 VAT Rate 17.50	Your Box	VAT 100 (UK) Descri 1 VAT dk 2 VAT dk 3 Total a 4 VAT ak 5 Net VA 6 Total a 6 Total a 7 Total a 7 Total a 8 Total a 9 Total a	() Retu iption iption ue on s ue on s output 1 cataimec actaimec valu net valu	A s and ot equisitions (AT due on purcha on purcha of sales e of Sales e of EC sa e of EC purch e of Rever e of purch e of suppli e of acquis	ther ou from o ases aim) ales of (archase rse Cha ases ies to c sitions	tputs ther EC Men goods and se is of services arge sales ther EC Men from other E	mber \$	VAT Set Make chan correspond View and e Suppliers, a Common qu Why is the and RC cor	40 esto your VA ing VAT rates Change VAT S th VAT codes ind Customers Assign VAT C estions: e a negative i est?	T codes and etup for Items, :: addes	

2. Select the Add a new VAT rate radio button and click Next.

📶 VAT Setup Wizard		×
QuickBooks VAT Setup	Welcome to the VAT Setup Wizard	
Your progress Make a selection Select the VAT agency	 Set up VAT for an additional country that QuickBooks supports. (For example, your business is registered for both UK and Irish VAT.) Change an existing VAT rate. (For example, the standard VAT rate increases or decreases.) 	
Name the VAT rate	 Add a new VAT rate. (For example, HMRC introduces a new VAT rate for certain services or products.) 	
Fill in the purchases rate Apply a VAT code	 Add a new tax, including a new agency and accounts. (For example, an agency other than HMRC introduces a new environmental tax.) 	
View a summary of changes		
Back Next	Finish	p Cancel

3. Check that the VAT agency is set to HMRC VAT, or select from the drop down list, and click Next

🔟 VAT Setup Wizard		×
QuickBooks VAT Setup	Which VAT agency will you pay this VAT to? Click the drop-down arrow and select a VAT agency.	
Your progress Make a selection Select the VAT agency Name the VAT rate Fill in the sales rate Fill in the purchases rate Apply a VAT code View a summary of changes	VAT agency HMRC VAT	
Back Next	Finish	Cancel

4. Enter a name for the item. The name is for your own use. Click Next

🔟 VAT Setup Wizard		X
QuickBooks VAT Setup	What would you like to call this VAT rate?	
Your progress Make a selection Select the VAT agency Name the VAT rate Fill in the sales rate	VAT name EC Services Std 20%	
Fill in the purchases rate Apply a VAT code View a summary of changes Back Next	Finish Cancel	

5. Click the check box I don't apply this rate to SALES. (The other fields of the screen will disappear from view) Click Next



6. Enter the applicable VAT Rate % you pay on your EC purchased e.g.. 20

🛄 VAT Setup Wizard		×
	Fill in the purchases rate	
VAT Setup	I don't apply this rate to PURCHASES.	
Your progress	Create a rate for purchases:	
Make a selection	What is rate (%) when you make a purchase? 20 %	
Select the VAT agency	Specify which lines on your VAT return should be affected by a purchase:	
Name the VAT rate	• Show domestic return line combinations only. O Show all return line combinations.	
Fill in the sales rate	Select Description	
Fill in the	N, 7> None, Net Purchases	
purchases rate	<4, N> VAT on Purchases, None	
Apply a VAT code	<4, 7> VAT on Purchases, Net Purchases	
View a summary of changes		
Back Next	t Finish Help Cancel	

intuit

7. Select the radio button Show all return line combinations. The selection of VAT return combinations will expand to include EU transactions.

QuickBooks	Fill in the purchases rate	
VAT Setup	I don't apply this rate to PURCHASES.	
Your progress	Create a rate for purchases:	
Make a selection	What is rate (%) when you make a purchase? 20 %	
Select the VAT agency	Specify which lines on your VAT return should be affected by a purchase:	
Name the VAT rate	O Show domestic return line combinations only.	inations.
Fill in the sales rate	Select Description	^
Fill in the	N, 6> None, Net Sales	
purchases rate	<td></td>	
Apply a VAT code	<th></th>	
18		
changes	<n. 8=""> None. Net EC Supplies</n.>	~

8. From the options displayed, select which VAT Return Boxes the purchases must be reported in. Refer to the table in section <u>3.2</u> above, for the applicable combination/s. Click Next

🔟 VAT Setup Wizard			×
QuickBooks	Fill i	n the purchases rate	
VAT Setup	🔲 I dor	't apply this rate to PURCHASES.	
Your progress	Creat	e a rate for purchases:	1
Make a selection		What is rate (%) when you make a purchase? 20 %	
Select the VAT agency		Specify which lines on your VAT return should be affected by a purchase:	
Name the VAT rate		○ Show domestic return line combinations only.	
Fill in the sales rate		Select Description	
Fill in the		<1. 6> VAT on Sales. Net Sales	
purchases rate	1.	<1, 6> VAT on Sales, Net EC Purchases of Services	
Apply a VAT code		<1, 8> VAT on Sales, Net EC Supplies	
View e compensation		<2, N> VAT EC Acquisitions, None	
changes		<2, 7> VAT EC Acquisitions. Net Purchases	
		1 1 1 ST. 192 VAL OD FUTURISES, 19005	9
	2.	<4, 7> VAT on Purchases, Net Purchases	
-		I I I I I I I I I I I I I I I I I I I	
Back Next		Finish Help Cance	

9. Enter a code, up to 3 characters, that you will recognise on a form such as an invoice. Click Next

🔟 VAT Setup Wizard		X
QuickBooks VAT Setup Your progress Make a selection Select the VAT agency	Assign a VAT code Please enter a 1- to 3- letter code for this rate. You'll use this VAT code to apply VAT to items you buy or sell.	
Name the VAT rate Fill in the sales rate Fill in the purchases rate Apply a VAT code View a summary of changes		
Back Next	Finish Help Cancel	

10. A Summary of changes made is displayed. Review the changes for correctness. Click Finish.

🔟 VAT Setup Wizard						×
QuickBooks VAT Setup	Summary of changes made You've successfully updated the information shown below. Review your changes and click Back to modify it or click Finish to complete this task.					
Your progress Make a selection	VAT Name:	EC Services Std 20%	Agency Na	ame: HMRC VAT		
Select the VAT	VAT Codes		VAT Sales	Items		
agency	Code	Description	Name	VAT Rate VAT	Return Line	
Name the VAT rate	ES4	EC Services Std 2	-	There are no	o VAT sales ite	ms,
Fill in the sales rate						
Fill in the purchases rate			VAT Purch	ase Items		5
Create ES4 VAT Code						1
View a summary of			Name		VAT Rate	VAT Return Line
changes			EC Service:	s St <1,6> Purchases	-20.00	<1, 6> VAT on Sales,
			EC Service:	s St <4,7> Purchases	20.00	<4, 7> VAT on Purcha
	-		<	101		>
Back Next	Finist				Не	lp Cancel

- 11. You will be back at the Manage VAT screen.
- 12. If applicable, continue to section 3.3.4, or
- 13. If you have finished creating all your VAT codes, please continue to section 3.4 <u>Assign the new VAT codes</u>.

3.3.4 Creating the new EC VAT Code - RC

This is used for EC transactions relating to computer chips and mobile phones. Notice 735 refers.

From the Manage VAT screen:

1. Click Change VAT Setup.

B2010	- New Company File from R2 - Defau	ilt settings	s - QuickBooks: P	remier acco	ountant Edition - [Manag	je VAT]				
nie Edit	View Lists Accountant Company VAI	Customers	5 Suppliers Employe	es Banking	Reports Window Help	828	?	-	2	-
me (Company Snapshot Customer Centre Suppli	er Centre E	Imployee Centre Or	nline Banking C	entre Report Centre Live	e Community	Help Feedback	Services P	ayroll Credit Cards	Search
AT Ace ick the P	counts and Payments Pay Now icon, or View to make payments and s	see VAT repo	orts.				Show ba	lances as of: / O En	d of last period	VAT Adjustments Change the VAT you owe:
Agency	Accounts		Amount		As Of	Pay Now	Summary Report	Detail Report	Exception Report	Make interim VAT payments
MRC VA	T VAT Liability			0.00	12/11/2010	5	View	View	View	Claim bad debt relief
										Make other adjustments Adjust VAT Owing
ΔΤ Γοι	des and Rates									VAT Setun
AT Co ick a VA1 AT Code	des and Rates T code in the table below to view its VAT rate es	s. Click Chan	VAT Setup to make	e changes. s	UAT Data	Your	/AT 100 (UK) Re	turn		VAT Setup Make changes to your VAT codes and corresponding VAT rates:
AT Co ck a VA1 AT Code iode	des and Rates T code in the table below to view its VAT rate es Description	s. Click Chan	nge VAT Setup to make VAT Sales Items Name Stradard Sales	e changes. s	VAT Rate	Your V Box	/AT 100 (UK) Re Description	turn	an sector des	VAT Setup Make changes to your VAT codes and corresponding VAT rates: Change VAT Setup
AT Code tk a VA1 T Code ode	des and Rates T code in the table below to view its VAT rate es Description Exempt EC Conde Randword (17.5%)	s. Click Chan	nge VAT Setup to make VAT Sales Items Name Standard Sales	e changes. s	VAT Rate 17.50	Your V Box	VAT 100 (UK) Re Description VAT due or	turn I sales and othe	er outputs	VAT Setup Make changes to your VAT codes and corresponding VAT rates: Change VAT Setup Unum und edb VAT codes for These
AT Coo k a VA1 T Code ode S	des and Rates T code in the table below to view its VAT rate Es Description Exempt EC Goods Standard (17.5%) EC Goods 72m 0 4bed (09/)	s. Click Chan	nge VAT Setup to make VAT Sales Items Name Standard Sales	e changes. s	VAT Rate 17.50	Your V Box 1 2	VAT 100 (UK) Re Description VAT due or VAT due or	turn h sales and othe acquisitions fro	er outputs om other EC Member	VAT Setup Make changes to your VAT codes and corresponding VAT rates: Change VAT Setup View and edit VAT codes for items, Suppliers, and customers:
k a VAT t Code ode S Z	des and Rates T code in the table below to view its VAT rate Es Description Exempt EC Goods Zero-Rated (17,5%) EC Goods Zero-Rated (0%) EC Goods Zero-Rated (0%)	s. Click Chan	nge VAT Setup to make VAT Sales Items Name Standard Sales	e changes. s	VAT Rate 17.50	Your V Box 1 2 3	VAT 100 (UK) Re Description VAT due or VAT due or Total outpu	turn a sales and othe a acquisitions fro it VAT due and on purchase	er outputs om other EC Member	VAT Setup Make changes to your VAT codes and corresponding VAT rates: Change VAT Setup Wew wind edit VAT codes for Items, Suppliers, and Customers:
AT Cook k a VA1 T Cook ode S S Z S	des and Rates T code in the table below to view its VAT rate es Description Exempt EC Goods Standard (17.5%) EC Goods Zero-Rated (0%) EC Services Standard EC Services Tero-Rated	s. Click Chan	ige VAT Setup to make VAT Sales Items Name Standard Sales	e changes. 5	VAT Rate 17.50	Your V Box 1 2 3 4	VAT 100 (UK) Re Description VAT due or VAT due or Total outpu VAT redain	turn sales and othe acquisitions fro it VAT due ied on purchase pay (or reclaim	er outputs om other EC Member as	VAT Setup Make changes to your VAT codes and corresponding VAT rates: Change VAT Setup View and edit VAT codes for Items, Suppliers, and Customers: Assign VAT Codes
kT Code bde s z z z	des and Rates T code in the table below to view its VAT rate tes Description Exempt EC Goods Standard (17.5%) EC Goods Zero-Rated (19%) EC Services Standard EC Services Zero-Rated Note Devidement	s. Click Chan	ige VAT Setup to make VAT Sales Items Name Standard Sales	e changes s	VAT Rate 17:50	Your V Box 1 2 3 4 4	VAT 100 (UK) Re Description VAT due or VAT due or VAT total outpu VAT reclam NAT reclam Net VAT to	turn a sales and othe a cquisitions fro it VAT due vied on purchase pay (or reclaim) due of cales	er outputs om other EC Member as)	VAT Setup Mele changes to your VAT codes and corresponding VAT rates: Change VAT Setup View and edit VAT codes for filems, Supplers, and clustomers: Assign VAT Codes Common a wethers:
AT Coo k a VA1 T Code ode iS iZ S Z	des and Rates T code in the table below to view its VAT rate Es Description Ec Goods Standard (17.5%) EC Goods Zero-Rated EC Services Standard EC Services Standard	s. Click Chan	inge VAT Setup to make VAT Sales Items Name Standard Sales	e changes. s	VAT Rate 17:50	Your V Box 1 2 3 4 5 5	VAT 100 (UK) Re Description VAT due or VAT due or VAT due or VAT reclaim Net VAT hot Total net v Total net v	turn a sales and othe a cquisitions fro # VAT due wed on purchase pay (or reclaim) alue of FC sales	er outputs om other EC Member 35) a of coords and service	VAT Setup Make changes to your VAT codes and corresponding VAT rates: Change VAT Setup View wind edit VAT codes for Items, Suppliers, and customers: Assign VAT Codes Common questions:
NT Coo k a VA1 T Code ode S Z S Z	des and Rates T code in the table below to view its VAT rate Es Description Exempt EC Goods Zero-Rated (0%) EC Services Standard EC Services Standard EC Services Caro-Rated Not Registered Reduced (%) Reverse Charge (carousel/MTIC)	s. Click Chan	ige VAT Setup to make VAT Sales Items Name Standard Sales	e changes. s	VAT Rate 17:50	Your V Box 1 2 3 4 4 5 6 6 6 6	VAT 100 (UK) Re Description VAT due or VAT due or VAT reclaim Net VAT ro Total net v Total net v Total net v	turn a sales and othe a cquisitions fro it VAT due led on purchase pay (or reclaim alue of FC sales alue of FC sales	er outputs om other EC Member 35) s of goods and service	VAT Setup Make changes to your VAT codes and corresponding VAT rates: Change VAT Setup We wild edit VAT codes for Items, Suppliers, and Customers: Assign VAT Codes Common questions: Why is there a negative rate in the EC and RC code2
AT Coo k a VAT T Code is is is is z z	des and Rates T code in the table below to view its VAT rate es Exempt EC Goods Standard (17.5%) EC Goods Zero-Rated (0%) EC Services Standard EC Services Zero-Rated Not Registered Reduced (5%) Reverse Charge (Carousel/MTIC) Standard (2 5%)	s. Click Chan	nge VAT Setup to make VAT Sales Items Name Standard Sales	e changes. s	VAT Rate 17,50	Your V Box 3 4 4 5 6 6 6 6	AT 100 (UK) Re Description VAT due or Total output VAT reclaim Net VAT reclaim Total net v Total net v Total net v Total net v	turn a sales and othe a equisitions fro it VAT due due of purchase pay (or reclaim alue of sales alue of Sales alue of Ecc purch alue of Ecc purch alue of Ecc purch	er outputs om other EC Member es)) s of goods and servic hases of services	VAT Setup Make changes to your VAT codes and corresponding VAT rates: Change VAT Setup View and edt. VAT codes for Items, Supplers, and Customers: Assign VAT Codes Common questions: Why is there a negative rate in the EC and BC codes2
NT Code tk a VAT T Code ode S S Z Z	des and Rates T code in the table below to view its VAT rate Es Description Exempt EC Goods Zero-Rated (17.5%) EC Services Standard EC Services Standard EC Services Standard EC Services Standard Reduced (5%) Reduced (5%) Reverse Charge (Carousel/MTIC) Standard (17.5%) Standard (17.5%)	s. Click Chan	VAT Setup to mark VAT Sales Items Name Standard Sales VAT Purchase It	e changes. s	VAT Rate 17.50	Your V Box 1 2 3 4 4 5 6 6 6 6 6 6 6 6	VAT 100 (UK) Re Description VAT due or VAT due or VAT reclaim VAT reclaim Net VAT to Total net v Total net v Total net v Total net v Total net v	turn a sales and othe a caquisitions fro k VAT due do n purchase pay (or reclaim alue of sales alue of EC purch alue of PC sales alue of PC sales alue of PC sales alue of purchase	r outputs om other EC Member as) s of goods and servic hases of services C harge sales ec	VAT Setup Make changes to your VAT codes and corresponding VAT rates: (change VAT Setup) View and edit VAT codes for Items, Suppliers, and customers: Assign VAT Codes Common questions: Minu is the an anather rate in the EC and RC codes?
AT Code ode is z z	des and Rates T code in the table below to view its VAT rate Es Exempt EC Goods Zero-Rated (0%) EC Services Standard EC Services Zero-Rated Not Registered Reduced (5%) Reverse Charge (Carousel/MTIC) Standard (17.5%) Standard (1%)	s. Click Chan	VAT Setup to make VAT Setup to make Name Standard Sales VAT Purchase It	e changes. s	VAT Rate 17:50 VAT Rate	Your 1 Box 1 3 4 5 6 6 6 6 6 6 7 7	VAT 100 (UK) Re Description VAT due or VAT due or VAT due or VAT due or VAT reclaim Net VAT to Total net v Total net v Total net v Total net v	turn a sales and othe a capuisitions fro # VAT due ed on purchase alue of sales alue of EC purch alue of EC purch alue of purchase alue of purchase	er outputs om other EC Member as) s of goods and servic hases of services e Charge sales es to other EC Member	VAT Setup Make changes to your VAT codes and corresponding VAT rates: Change VAT setup Change VAT setup Suppliers, and Customers: Assign VAT Codes Common questions: Why is there a negative rate in the EC and RC codes2
VAT Coole Code E EGS EGZ ESS ESZ N R R C S 54 Z O	des and Rates T code in the table below to view its VAT rate E E E C Goods Standard (17.5%) EC Goods Standard (17.5%) EC Goods Standard (0%) EC Services Standard EC Services Standard EC Services Carousel/MTIC) Reduced (5%) Reverse Charge (Carousel/MTIC) Standard (17.5%) Standard (0%) Cutside the Scope of VAT	s. Click Chan	VAT Setup to make VAT Setup to make Name Standard Sales VAT Purchase It Name Standard Purchase It	e changes. s	VAT Rate 17.50 VAT Rate 17.50	Your 1 Box 2 3 4 5 6 6 6 6 6 7 7 8 9	AT 100 (UK) Re- Description VAT due or VAT due or VAT due or VAT due or VAT reclaim VAT reclaim VAT reclaim Net VAT to Total net v Total net v Total net v Total net v Total net v	turn sales and othe a acquisitions fro k VAT due ed on purchase pay (or reclaim alue of EC purch alue of EC purch alue of FC purch alue of FC purch alue of Purchase alue of acquisità alue of acquisità	r outputs om other EC Member as) of goods and servic hases of services c Charge sales es to other EC Member ions from other EC Member	VAT Setup Make changes to your VAT codes and corresponding VAT rates: (change VAT Setup) View and edit VAT codes for Tenns, Suppliers, and customers: (Assign VAT Codes) Common questions: While theme a negative rate in the EC and RC codes2

2. Select the Add a new VAT rate radio button and click Next.

🛄 VAT Setup Wizard		×
QuickBooks VAT Setup	Welcome to the VAT Setup Wizard	
Your progress Make a selection Select the VAT agency	 Set up VAT for an additional country that QuickBooks supports. (For example, your business is registered for both UK and Irish VAT.) Change an existing VAT rate. (For example, the standard VAT rate increases or decreases.) 	
Name the VAT rate	 Add a new VAT rate. (For example, HMRC introduces a new VAT rate for certain services or products.) 	
Fill in the purchases rate Apply a VAT code	 Add a new tax, including a new agency and accounts. (For example, an agency other than HMRC introduces a new environmental tax.) 	
View a summary of changes		
Back Next	Finish Help (Cancel

20

3. Check that the VAT agency is set to HMRC VAT, or select from the drop down list, and click Next.

🔟 VAT Setup Wizard			×
QuickBooks VAT Setup	Which VAT agency will Click the drop-down arrow and s	you pay this VAT to?	
Your progress Make a selection Select the VAT agency Name the VAT rate Fill in the sales rate Fill in the purchases rate Apply a VAT code View a summary of changes	VAT agency HMRC VAT		
Back Next	Finish		Help Cancel

4. Enter a name for the item. The name is for your own use. Click Next.

🔟 VAT Setup Wizard		×
QuickBooks VAT Setup	What would you like to call this VAT rate?	
Your progress	VAT name Reverse Charge 20%	
Make a selection		
Select the VAT agency		
Name the ¥AT rate		
Fill in the sales rate		
Fill in the purchases rate		
Apply a VAT code		
View a summary of changes		
Back Next	Finish	alp Cancel

5. Enter the applicable VAT Rate % you charge on your sales e.g. 0 Click Next.

🔟 VAT Setup Wizard		×
QuickBooks	Fill in the sales rate	
VAT Setup	I don't apply this rate to SALES.	
Your progress	Create a rate for sales:	
Make a selection	What is the rate (%) when you make a sale?	
Select the VAT agency	Specify which lines on your VAT return should be affected by a sale:	
Name the VAT rate	Show domestic return line combinations only. Show all return line combinations.	
Fill in the sales rate	Select Description	
Fill in the purchases	<n, 6=""> None, Net Sales</n,>	
rate	<in a="" and="" coords="" of="" p="" sector="" services<=""></in>	
Apply a VAT code		
	<1, 6> VAT on Sales, Net Sales	
changes		
-		
Back Next	Finish Help Canc	el

6. Select the radio button Show all return line combinations. The selection of VAT return combinations will expand to include EU transactions.

QuickBooks	Fill in the sales rate	
VAT Setup	I don't apply this rate to SALES.	
Your progress	Create a rate for sales:	
Make a selection	What is the rate (%) when you make a sale? 0 %	
Select the VAT agency	Specify which lines on your VAT return should be affected by a sale:	
Name the VAT rate	Show domestic return line combinations only. Show all return line combinations.	
Fill in the sales rate	Select Description	
Fill in the purchases	<n, 6=""> None, Net Sales</n,>	
rate	<n, 6=""> None, Net EC Sales of Goods and Services</n,>	
Apply a VAT code	<n, 6=""> None, Net Reverse Charge Sales</n,>	
View a cummary of	N, 7> None, Net Purchases	
changes	None. Net EC Supplies	

7. From the options displayed, select which VAT Return Boxes the purchases must be reported in. Refer to the table in section <u>3.2</u> above, for the applicable combination/s. Click Next.

🔟 VAT Setup Wizard	Σ
QuickBooks	Fill in the sales rate
VAT Setup	I don't apply this rate to SALES.
Your progress	Create a rate for sales:
Make a selection	What is the rate (%) when you make a sale? 0 %
Select the VAT agency	Specify which lines on your VAT return should be affected by a sale:
Name the VAT rate	○ Show domestic return line combinations only.
Fill in the sales rate	Select Description
Fill in the purchases rate	
Apply a VAT code	Image: King And American Am
View a summary of	Image: An and Amage: An and Amage:
changes	N. 8> None. Net EC Supplies
Back Next	Einish Help Cancel

8. Enter the applicable VAT Rate % you charge on your sales e.g. 20 Click Next.

🔟 VAT Setup Wizard		×
	Fill in the purchases rate	
VAT Setup Your progress Make a selection Select the VAT agency Name the VAT rate	I don't apply this rate to PURCHASES. Create a rate for purchases: What is rate (%) when you make a purchase? Specify which lines on your VAT return should be affected by a purchase: Show domestic return line combinations only. Select Description	
Fill in the sales rate purchases rate Apply a VAT code View a summary of changes	<n, 7=""> None, Net Purchases <4, N> VAT on Purchases, None <4, 7> VAT on Purchases, Net Purchases</n,>	
Back Next	Finish Help Cancel	

9. Select the radio button Show all return line combinations. The selection of VAT return combinations will expand to include EU transactions.

🔟 VAT Setup Wizard		X
QuickBooks	Fill in the purchases rate	
VAT Setup	I don't apply this rate to PURCHASES.	
Your progress	Create a rate for purchases:	
Make a selection	What is rate (%) when you make a purchase? 20 %	
Select the VAT agency	Specify which lines on your VAT return should be affected by a purchase:	
Name the VAT rate	Show domestic return line combinations only.	
Fill in the sales rate	Select Description	
Fill in the	<n, 6=""> None, Net Sales</n,>	
purchases rate	<in cont<="" content="" of="" td=""><td></td></in>	
Apply a VAT code	<in, 6=""> None, Net Reverse Charge Sales</in,>	
view a summary or changes	<n. 8=""> None. Net EC Supplies</n.>	
		_
Back Next	Finish Help Cancel	

10. From the options displayed, select which VAT Return Boxes the purchases must be reported in. Refer to the table in section <u>3.2</u> above, for the applicable combination/s. Click Next.

🔟 VAT Setup Wizard		×
QuickBooks VAT Setup	Fill in the purchases rate	
Your progress Make a selection Select the VAT agency Name the VAT rate Fill in the sales rate Fill in the sales rate Apply a VAT code View a summary of changes	Create a rate for purchases: What is rate (%) when you make a purchase? 20 % Specify which lines on your VAT return should be affected by a purchase: Show domestic return line combinations only. Image: Show all return line combinations. Select Description Image: Show all return line combinations Image: Show all return line combinations. Select Description Image: Show all return line combinations Image: Show all return line combinations. Select Description Image: Show all return line combinations Image: Show all return line combinations. Select Description Image: Show all return line combinations. Image: Show all return line combinations. Select Description Image: Show all return line combinations. Image: Show all return line combinations. Select Description Image: Show all return line combinations. Image: Show all return line combinations. Image: Show all return line combinations. Image: Show all return line combinations. Image: Show all return line combinations. Image: Show all return line combinations. Image: Show all return line combinations. Image: Show all return line combinations. Image: Show all return line combinations. Image: Show all return line combinations. Image: Show all return line combi	
Back Next	Finish Help Cancel	5

11. Enter a code, up to 3 characters, that you will recognise on a form such as an invoice. Click Next.

📶 VAT Setup Wizard		×
QuickBooks VAT Setup Your progress Make a selection	Assign a VAT code Please enter a 1- to 3- letter code for this rate. You'll use this VAT code to apply VAT to items you buy or sell.	
Select the VAT agency Name the VAT rate		
Fill in the sales rate Fill in the purchases rate		
Apply a VAT code View a summary of changes		
Back Next	Finish Help Cancel	

12. A Summary of changes made is displayed. Review the changes for correctness. Click Finish.

🔟 VAT Setup Wizard				×
QuickBooks	Summary of changes ma	ade		
VAT Setup	You've successfully updated the informa Finish to complete this task.	ation shown below. Review your changes	and click Ba	ck to modify it or click
Your progress	VAT Name: Reverse Charge 20%	Agency Name: HMRC VAT		
Make a selection				
Select the VAT	VAT Codes	VAT Sales Items		
agency	Code Description	Name VA1	r Rate	VAT Return Line
Name the VAT rate	RC4 Reverse Charge 20%	Reverse Charge <n,6> Sales 0.0</n,6>	D ·	<n, 6=""> None, Net EC Sal</n,>
Fill in the sales rate				
Fill in the purchases		<		>
rate		VAT Purchase Items		
Create RC4 VAT Code				
View a summary of		Name	VAT Rate	VAT Return Line
changes		Reverse Charge <1,N> Purchases	-20.00	<1, N> VAT on Sale:
		Reverse Charge <4,7> Purchases	20.00	<4, 7> VAT on Purc
	< >	<		>
Back Next	Finish		Hel	p Cancel

13. You will be back at the Manage VAT screen.

You will now have completed creating your new VAT Codes. You will need to assign the new VAT codes. We recommend that you only assign the VAT codes when you need to process transactions at the new 20% rate.

3.4 Assign the new VAT codes

After you have created your new VAT codes, you will need to assign each new code to your sales items, purchase items, customers, suppliers and accounts. You can either do this following the creation of your new VAT code/s, or you can come back to this step later.

We recommend that you only assign the VAT codes when you need to process transactions at the new 20 $\%\,$ rate.

Using the check list in section 3.1, simply check each VAT code once you have assigned it. That way you'll know that you've updated them all

To access this screen go to the VAT menu and click Manage VAT.

1. Click Assign VAT Codes.

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ick the F	ay Now icon, or View to make payments	and see VAT repo	rts.				Toda	O Enc	d of last period	Change the VAT you owe:
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2. Click on Bulk Change.

🛾 Assign VAT (Codes				
Change VAT codes	; for: Suppliers	OR Bulk Change			
Name	Currency	VAT Code		Close	
HM Revenue &	GBP		<u> </u>		_
HMRC VAT	GBP			Help	
			*		

- 3. A message is displayed recommending a backup. Click Yes to backup your files.
- 4. After the backup is completed, the VAT Bulk Assignment screen is displayed.

VAT Code Bulk Assignment	×
Select each list you want to update. Then choose the VAT code you want to change and the one you are changing it to. Click Next to continue.	
Sales Items	
Change all sales items with the VAT code to 🔽	
Purchase Items	
Change all purchase items with the VAT code v to v	
Customers	ins. La
Change all customers with the VAT code 🛛 🗸 to 🔽	
Suppliers	
Change all suppliers with the VAT code 🛛 🗸 to 🔽	
Accounts	n na Airtí
Change all accounts with the VAT code 🛛 🔽 to 🔽	
On the next window, QuickBooks asks you to confirm the changes.	1
Cancel Next	

- 5. Select each list that you want to change by clicking on the checkbox.
- 6. From the drop down list, select the VAT code to be changed from.
- 7. From the next drop down list, select the VAT code you are changing it to.
- 8. When you have finished selecting the VAT codes, your screen will look similar to the example shown (this will depend on your particular options).

	continu	5,			
✓ Sales Items					
Change all sales items with the VAT code	s	~	to	54	~
✓ Purchase Items					
Change all purchase items with the VAT code	s	*	to	54	~
Customers					
Change all customers with the VAT code	s	*	to	54	~
Suppliers					
Change all suppliers with the VAT code	S	*	to	54	~
Accounts	A				
Change all accounts with the VAT code	s	~	to	54	~

- 9. Click Next.
- 10. A screen is displayed showing a summary of the changes to be completed. If any changes are required, click Go Back to return to the previous screen and correct. If the changes are correct, click Next.

VAT Co	de Bulk Assignment
2	QuickBooks is going to edit the following records. Click Go Back to make changes or click Next to continue.
	Sales Items Changing 40 items to 54 VAT code
	Purchase Items Changing 10 items to 54 VAT code
	Customers Changing 80 customers to 54 VAT code
	Suppliers Changing 18 suppliers to S4 VAT code
	Accounts Changing 18 accounts to 54 VAT code
	Go Back Next

- 11. A summary of the changes made is displayed. Review the changes for correctness. Click OK.
- 12. Click Close.
- 13. You will return to the Manage VAT screen.
- 14. Repeat this process for all the new VAT codes created.

Historical invoices will not be affected, they will still use the 17.5 % VAT rate.

3.5 Update your Company Preferences

- 1. Go to the Edit menu and click Preferences.
- 2. In the Preferences window, click VAT in the list on the left.
- 3. Click the Company Preferences tab.
- 4. Update the default VAT codes where required (your new 20% VAT code).
- 5. Click OK.

🛍 Accounting	My Preferences	Preferences	ОК
📶 Banking	Do you charge VAT? () Yes		Cancel
Bills	Customer and Supplier VAT Codes Display VAT		Help
Finance Charge	Use Customer VAT Codes	Allow VAT inclusive (gross) prices and costs to be entered.	Default
🔺 General	Use Supplier VAT Codes		
Integrated Applications			Also See:
Items & Stock	Assign VAT Codes		General
7 Jobs & Estimates	Choose the VAT code you use most often for		
Multiple Currencies	Taxable items 5 🗸 T	ax exempt items 🛛 🔽 🔽	
Payroll & Employees			
Reports & Graphs	Customer & Supplier Default VAT Code	es VAT Rounding Adjustments	
Sales & Customers	different currency transactions	QuickBooks should adjust:	
	Country/Area Customers Sunnliers	Either net or gross	
Send Forms			
Send Forms Service Connection	Domestic 5 S	(most accurate)	
Send Forms Service Connection Spelling	Domestic S S Other Z Z	(most accurate) O Net amount always	

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Option 2: Edit your existing Standard Rate VAT code 4

41 Checklist

Complete the following checklist of required changes:



Update the Standard Rate VAT Code

Modify invoices or purchases created prior to 4 January 2011

Entering historical transactions after 4 January 2011 using the old rate of 17.5 %

Note: EC codes, items, and groups are not required for cash accounting.

4.1.1 Update the Standard Rate VAT Code

We recommend that you update your VAT rates in your previous version of QuickBooks before you upgrade your company file to QuickBooks 2008. However, if you have not done so, you can still update your VAT rates as follows.

- 1. Go to the Lists menu and click Item List.
- 2. In the Item List window, click the Type column header to sort the list by item type.
- 3. Scroll to the items of type VAT Item and adjust the window so that you can see both the Name and the Price columns.
- 4. Look for VAT Items that have "Standard" in the Name AND that have a Price of 17.5%

There should be two of them—one for the VAT you charge on sales and the other that you pay on purchases. If you have EC VAT items (EC Purch Goods Standard and EC Purch Services Standard), make sure that you change those items to 20% as well.

For each of these items:

- a) Double-click the item in the list.
- b) Change the VAT rate to the new 20% value.
- c) Click OK.

In the Item List, identify the VAT groups "EC Purch Goods 17.5% Group" and "EC Purch Services 17.5%", and then edit the description to change the reference from 17.5% to 20%.

4.1.2 Modify Invoices or Purchases created prior to 4 January 2011

Any invoices or purchases you edit will use whatever VAT rate that you have set in your company file. For example, if you changed the VAT rate to 20%, any invoices that you edit will use a VAT rate of 20%. Therefore, if you need to edit an invoice, bill, or other form created prior to 4 January, 2011, then you must recalculate the VAT manually.

- 1. Highlight the VAT field.
- 2. Press the Delete key.
- 3. Use QuickMath to calculate the total VAT: Type a plus sign (+). The VAT field will change to look like a ragged-topped strip of calculator tape.
 - a) Enter the amount from the first line with a standard VAT code.
 - b) Press the plus sign, and then repeat for every line with a standard VAT code.
 - c) Press the equals sign to total it.
 - d) Then type an asterisk (*) for multiply, then apply the correct historical VAT rate 0.175.
 - e) Press the Enter key to calculate the VAT amount and end QuickMath mode.
- 4. Remember to save the transaction when you're done.

The VAT field has now been manually recalculated.

Once you have manually recalculated the VAT, and you need to change any items or amounts on the transaction, you MUST manually recalculate the VAT again. Otherwise QuickBooks will automatically recalculate the total using the current rates on the VAT codes.

4.1.3 Entering historical transactions after 4 January 2011 using the old rate of 17.5%

A historical transaction is a bill, invoice, or other transaction that takes place in the past, before the VAT rate change on 4 January, 2011.

Entering a large number of historical transactions.

If you have many historical transactions to enter with the 17.5 % VAT rate, do the following: First, before entering the transactions, change the VAT rate to 17.5 % in your VAT codes:

- 1. Go to the Lists menu and click Item List.
- 2. In the Item List window, click the **Type** column header to sort the list by item type.
- 3. Scroll to the items of type VAT Item and adjust the window so that you can see both the Name and the Price columns.
- 4. Look for VAT Items that have "Standard" in the Name AND that have a Price of 20.

There should be two of them—one for the VAT you charge on sales and the other that you pay on purchases.

For each of these items:

- a) Double-click the item in the list.
- b) Change the VAT rate to the historical value:
- c) Change the VAT Rate (%) or Amt field to 17.5%.
- d) Click OK.

Second, enter all the necessary transactions with the 17.5 % VAT rate, using the standard business forms (invoices and so on) as you normally would.

Third, when you've finished entering the historical transactions, change the VAT rate back to 20%.

- 1. Go to the Lists menu and click Item List.
- 2. In the Item List window, click the **Type** column header to sort the list by item type.
- 3. Scroll to the items of type VAT Item and adjust the window so that you can see both the Name and the Price columns.
- 4. Look for the two VAT Items that you edited earlier. These will be VAT Items that have "Standard" in the Name AND that have a Price of 20%.
- 5. For each of these items:
- 6. Double-click the item in the list.
- Change the VAT rates back to the new value:
 Change the VAT Rate (%) or Amt field to 17.5%.
- 9. Click OK.

After you change the VAT rate back to the new rate, if you need to change any items or amounts on these transactions, you MUST manually recalculate the VAT. Otherwise QuickBooks will automatically recalculate the total using the current rates on the VAT codes. For more details, click here.

Entering a small number of historical transactions.

If you only have a few historical transactions to enter, you can manually adjust the VAT amount on the transaction. Use the standard business forms (invoices and so on) as you normally would, but for each transaction:

- 1. Highlight the VAT field.
- 2. Press the **Delete** key.
- 3. Use QuickMath to calculate the total VAT:
 - a) Type a plus sign (+). The VAT field will change to look like a ragged-topped strip of calculator tape
 - b) Enter the amount from the first line with a standard VAT code.
 - c) Press the plus sign, and then repeat for every line with a standard VAT code.
 - d) Press the equals sign to total it.
 - e) Then type an asterisk (*) for multiply, then apply the correct historical VAT rate 0.175.
 - f) Press the Enter key to calculate the VAT amount and end QuickMath mode.
- 4. Remember to save the transaction when you're done.

Once you have manually recalculated the VAT, and you need to change any items or amounts on the transaction, you MUST manually recalculate the VAT again. Otherwise QuickBooks will automatically recalculate the total using the current rates on the VAT codes. For more details, click here.