

A large, thick red circular graphic that is partially cut off on the right side, framing the central text.

VAT
Changes ~
1st Jan 2010

Forthcoming VAT Changes – 1st January 2010

Please find below details of forthcoming changes to VAT and the actions that you may need to consider with regard to updating your Access software. It is important that you advise your Access supplier of the software that you will need as soon as possible. This will enable them to allocate resources to assist you.

In summary the changes are :

Reversion of the standard VAT rate to 17.5%

Access software, in its current form, can address this requirement by simply changing the VAT rate, within the software, on 1st January. If this is your only requirement, and you are happy to edit any outstanding orders at the date of the changeover – then you will not need any changes to your software.

However, you may want to benefit from software enhancements that enable the automatic conversion of part-processed orders sitting in the batch. If this is a facility that you need, (rather than manually editing the orders), then you may want to consider a software upgrade.

Change in the format of the EC Sales List

Any company that submits an EC Sales List electronically using Access software will need to have their software upgraded. This is because the format of the electronic return will change from 1st Jan.

However, if you only provide goods to the EC and either manually complete an HMRC printed form, or you transpose your EC Sales List data onto an HMRC on-line form, then you will not need to have your Access software upgraded.

New Reverse Charge VAT on services traded with the EU

If you buy or sell services with other business, in other EU countries, then the whole process for charging, accounting, and reporting on VAT has been changed. Your company will need an upgrade or a service pack and will have to implement a new process using a new VAT rate.

Note for users with customised software :

If you run customised versions of Access software or have complex integration with other applications then you should consult with your Account Manager about the availability of the options above.

Further details on each of the changes can be found detailed below :

1. Reversion of the VAT rate to 17.5% VAT rate.

You can manually change the VAT rate within the software on 1st January. This affects all new transactions that you enter after making the change. You will also need to edit each outstanding order on the 1st January 2010 in order that the new VAT rate is adopted. For those companies that are likely to have significant volumes of part-processed orders on 1st January we will be providing additional tools within both Horizons and Dimensions software to enable the automatic conversion of the VAT rate on Sales Orders that are sitting in the “batch”. The new software will make the job of changing the VAT rate on each of these easier. Whether you choose to take advantage of these new utilities or not we would advise that you process and complete as many transactions as possible on 31st December. This will make the VAT rate changeover smoother and remove confusion with your trading partners. These new utilities will be delivered in a new version of Horizons/Foundations, (4.00i,) and available via Service Packs for all Dimensions and Dimensions Lite versions, from 2.43C onwards.

In addition, customers who upgrade to the next release of Dimensions, (Version 2.50b,) will also have the additional benefit of being able to record the history of the changed VAT rates. This will enable companies to see the historic rates against enquiry screens, reports, and on copy documents. Only a limited number of customers have requested this level of functionality and you may want to consider the additional work and costs involved in implementing a full version upgrade.

All the new software mentioned above will be provided free of charge for every customer that holds a valid support licence. However, many of you will require assistance in planning, installing, testing, and training on the new software. These services will attract a charge.

Further details on the VAT rate change can be found at <http://www.hmrc.gov.uk/vat/forms-rates/rates/rate-rise-guidance.pdf> . Please note that special rules apply for goods or services delivered or invoiced across the 1st January date.

2. Changes to the format of the EC Sales List

The format of the EC Sales list will change in January 2010. All users who submit an EC Sales List electronically from within Access software will be affected and will need an upgrade or a Service Pack. We will be updating both Dimensions and Horizons to include this report format change. The new report and XML schema format will be delivered in a new release for Horizons/Foundations (Version 4.00i) and available via Service Packs for all Dimensions versions from 2.43C onwards. Electronic submissions in the current format will be rejected by HMRC therefore it is important that you upgrade your software in preparation for this change.

Summary of changes :

- *Change to the format of the electronic submission*
- *New requirement to report on sales of services as well as goods*
- *Introduction of requirement for monthly EC Sales Lists*
- *Requirement to submit the EC Sales List submission with 14 days of month end (paper submission), or 21 days (electronic submission)*

Please note that the first new format EC Sales List will need to be submitted by 21st Feb 2010. Full details of the changes and the qualification criteria for submitting EC Sales lists can be found at <http://www.hmrc.gov.uk/vat/ec-sales-lists.pdf> .

Please note that if you only sell goods to the EC then, without upgrading your Access software, you are still able to submit EC Sales List data to HMRC by transcribing your data into their web form, or HMRC printed forms

3. Changes to VAT treatment applied to services provided across the EU

On 1st January there will be material changes to the way in which businesses charge for services to other EU countries. For Business To Business (B2B) transactions, the supplier will apply Reverse Charge VAT and this will need to be evident on the invoice sent to the customer. The invoice recipient will need to account for both the output and input tax on the transaction, applying their own local rate of VAT. The detailed rules are complex – further information can be found at <http://www.hmrc.gov.uk/vat/cross-border-changes-2010.htm> .

For customers using Dimensions or Dimensions Lite we will provide this functionality via Service Packs for all Dimensions versions from 2.43C onwards. The new VAT treatment will also be standard within a new Dimensions Version 2.50b. For Horizons and Foundations users we will offer these facilities via a new version of the software, (Version 4.00i). For those companies using the new Horizons Version 5 we will provide an upgrade and Service Pack.

Software Availability

Access will be releasing the required software at the end of November. The software is designed to be installed prior to 31st December in order that all companies can be prepared for the VAT changes in plenty of time. Implementing the software revisions may entail your Access supplier providing additional services. Therefore you should register your interest in an upgrade as soon as possible – please see below.

Register Your Interest

We would ask you to register your interest with us as soon as possible in order that your support provider can plan the required software enhancements with you. You can register your interest by contacting your account manager or by running through the VAT change wizard which can be found at <http://www.theaccessgroup.com/support/user-control/vat-change.aspx> . If your company runs Dimensions or Dimensions Lite with a version earlier than 2.43c then you will need a full software upgrade. You should make contact as soon as possible.