

## **Pre-Budget Report 2008 - VAT Rate Changes**

The following was published on the HMRC web site on Monday 24th November 2008 after the Chancellor completed delivery of his pre-budget report to the House:-

*“In his Pre-Budget Report on 24 November 2008 the Chancellor announced that the standard rate of VAT will be reduced to 15% on 1 December 2008.*

*This means that for any sales of standard-rated goods or services that take place on or after 1 December 2008 providers should charge VAT at the new rate of 15%.*

*Only standard-rated sales are affected. There are no changes to sales that are zero-rated or reduced-rated for VAT. Similarly, there are no changes to the VAT exemptions.*

*The 15% rate will remain until 31st December 2009, and from 1 January 2010 it will revert to 17.5%.*

*The Government proposes to introduce anti-forestalling legislation in Finance Bill 2009 to ensure that businesses are not able to use artificial arrangements to reduce the VAT rate on goods or services to be provided after the rate reverts to 17.5% where there is no current economic activity.*

*Genuine commercial transactions should not be affected. Details will be in a written statement to be made by the Financial Secretary to the Treasury on 25 November 2008. It will be made available on this page.*

*We have provided a range of information which covers straightforward and technical issues for businesses, and also likely questions from consumers.*

### **Further Information**

- [A summary guide for businesses \(PDF 39K\)](#)
- [A technical guide for businesses \(PDF 383K\)](#)
- [Question and Answers for Businesses \(PDF 33K\)](#)
- [Question and Answers for Consumers \(PDF 27K\)](#)
- [PBRN26 - Changes to the Standard Rate of VAT \(PDF 38K\)](#)

*If you are unable to find the answer to enquiry from the information provided, please contact our National Advice Service on 0845 010 9000.”*

This bulletin looks in detail at the technical advice issued as part of this publication with a view to establishing a workable approach to this situation at sites using Global 2000 or Global 3000 Financial and Distribution software products supplied by TIS Software Ltd.

## HOW DOES THIS AFFECT USERS OF GLOBAL 3000 SOFTWARE?

These changes are likely to impact on all sites using Global 3000 Financial and Distribution software packages for trade in the UK involving sale or purchase of goods subject to VAT at the standard rate.

While these changes have the capacity to become an accounting nightmare for businesses in the UK, HMRC appear to be seeking a sensible approach to the problem from the private sector and have put in place instructions enabling their Inspectors to apply a “light touch” in dealing with matters relating to the changeover. (Ref VAT-guidance Annex A).

Nevertheless the advice offered by HMRC indicates that the latitude offered in this area should not be interpreted by companies as an invitation to adopt an accounting approach which might later be interpreted as lacking due care.

In addition, while the light touch approach seeks to avoid unnecessary regulatory constraint, it does for a limited period introduce a degree of binding between the tax affairs of normal companies not experienced since the previous change of rate in 1991.

Most particularly, if a company is invoiced by a supplier at 17.5% for goods or services that it subsequently emerges should have been charged at 15%, the customer will only be guaranteed recovery of the full 17.5% from the Government if the Inspectors are satisfied that the full 17.5% paid on the sale is likely to be recovered by HMRC from the supplier. If not, the customer will need to seek redress for the overpayment of 2.5% directly from the supplier.

Finally, there are a host of cases, principally involving continuous or forward forms of supply, where tax liability has been changed by the PBR because the tax point involved lies beyond the changeover date. In such cases, companies are advised to issue debit or credit notes as appropriate for that portion of tax charged at 17.5% that should have been charged at 15%. The guidance offered by the Government does specify how to calculate that amount in a number of cases but does not advise on any specific accounting method to use in recording such situations.

Guidance was sought from HMRC by TIS Software Ltd on whether the preferred approach to recording such corrections was to reverse the incorrect portion of the transaction involved and re-invoice at the correct rate or to issue credit and debit notes purely for the tax difference in such cases. The following response was received:-

*Where a person chooses to take advantage of the special change of rate rules referred to in section 3 of our detailed guidance, there is a legal requirement to issue a credit note within 45 days after the change in rate.*

*For other reductions in the course of business (returned goods, invoice errors, disputed spec etc) the law is not as prescriptive. The requirement is only to make the amendment by a credit note "or document having similar effect".*

*In either case, HMRC has not indicated a preference of the nature you have referred to, as this is an accounting matter which each business is best placed to make a judgment on.*

In light of this, TIS Software Ltd is not in a position to issue software modifications enforcing prescriptive accounting procedures for corrections arising from introduction of the new standard VAT rate. Nevertheless, we would recommend that users adopt a sensible and cautious approach when evolving their accounting procedures to meet the new tax requirements.

To assist with this, for users of the Global 3000 V5.0 and V6.0 ranges of products TIS Software Ltd are providing:-

- Instructions in this document for establishing a tax code for the new standard rate of tax for use by General Ledger, Debtors Ledger, Creditors Ledger, Cash Manager, Purchase Order Processing, Landed Costs and Stock Control,
- A Product Register Tax Code Utility facilitating migration of registry entries from one tax code to another,
- A Sales Order Book Tax Code Utility facilitating migration of uninvoiced lines from one tax code to another,
- A series of service packs introducing a new feature called the “NEW UK STANDARD VAT RATE REMINDER” protocol, or simply, “The Reminder Protocol” (not V5.0).

The first three of the above are vital for bringing businesses to a point where they can trade using new standard VAT rate. The fourth stage, the reminder protocol not strictly required but checks as far as possible for potential problems from December 1 2008 and, if any are encountered, asks the operator to confirm that operations are to proceed.

All windows in the reminder protocol include the phrase “NEW UK STANDARD VAT RATE REMINDER” in their title. Every window offers the opportunity to cancel the operation giving rise to the warning or override the warning storing details of the override. Options to completely suppress operation of the protocol in various different areas of the software are available at system parameter level.

Implementing the new standard VAT rate from December 1 2008 at any site using Global 3000 Modules from TIS Software Ltd involves changing key administration parameters to add a new tax code for the new standard VAT rate, updating the code for domestic supplies to be the new tax code, updating the tax codes on the product register(s), updating tax code(s) on uninvoiced items on the Sales Order Book.

Despite the migration utilities being supplied by TIS Software Ltd, making these changes may not always be straightforward because of the possible impact on on-going transactions. You are strongly advised to check the migration task list contained in the following section and plan your changes to keep disruption to your normal business operations to a minimum.

## GLOBAL 3000 MIGRATION TASK LIST

The following tasks need to be considered when planning migration of your business operation to use a new standard rate code of 15% as the domestic rate for UK supplies and EC acquisitions:-

### 2.1. Preparation

The migration process will switch the default tax operation of your business from 17.5% to 15%. Before undertaking that process, it is important that your data is in a clearly defined state to make it easy to distinguish between data processed prior to the migration and data processed after migration. In particular, you should:-

- Invoice any Sales Orders due for invoicing prior to December 1, 2008,
- Close all batches in Debtors Ledger,
- Complete and post any Purchase Invoices dated prior to December 1, 2008,
- Close all batches in Creditors Ledger,
- Close all batches in Cash Manager,
- Close all batches in General Ledger.

The next step in the migration procedure will have a profound effect upon your business data records. You are therefore strongly advised to take a full back-up of your data before undertaking the next step in order to ensure a recovery point in the event that a problem is encountered during the migration.

### 2.2. Cutover

During this section of the migration, your Global 3000 system will not be available for business operation. Consequently, only those aspects of migration that are absolutely necessary in order to begin trading using the new standard domestic rate feature here.

Corrections and other accounting considerations resulting from the VAT rate change that can be dealt with in a relatively relaxed manner once your business is up and running using the new standard VAT rate are dealt with in the later section titled "Corrections".

This cutover phase concentrates on getting the bulk of your systems operable from December 1, 2008 using the new standard rate. This involves:-

#### 2.2.1 Set Administration Parameters

Changes to administration parameters which signal the migration of your system to operating the new standard rate of VAT need to be made. These are documented in the section [Administration Parameters](#).

#### 2.2.2 Update Product Register

If you are using Global 3000 Stock Control, Sales Order Processing, Purchase Order Processing, Manufacturer, Landed Costs, Sales History or EDI, you will need to run the [Product Register Tax Code Utility, SPTXUP](#), available from the Global web-site to migrate products from the old standard rate UK tax code to the new standard rate UK tax code.

(For users of Global 3000 V5.0 products who have GX, the equivalent facility is provided

by utility [SPTUP5](#))

### **2.2.3 Update the Sales Order Book**

Probably the trickiest aspect of the cutover. You need to run the Sales Order Book Tax Code Utility, [OITXUP](#), to modify uninvoiced lines marked for tax at the old standard rate of VAT and mark them to use the tax code for the new standard rate of VAT. Any VAT adjustments arising from invoices or credit notes relating to supplies of goods and services which qualify as supplies charged at standard rate that span the change (see VAT-Guidance Annex C) should be accounted for by post-cutover Sales Daybook corrections.

(For users of Global 3000 V5.0 products who have GX, the equivalent facility is provided by utility [OITUP5](#))

### **2.2.4 The Purchase Order Book & Shipment Register**

Providing entry of purchase invoices was completed prior to starting the cutover as advised in the section on preparation, there should be no requirement to change the purchase order book or the register of shipments.

Once this point has been reached in the migration task list, your business can proceed with trading using the new standard rate tax code.

## **2.3. Post-Cutover Corrections**

HMRC have offered ways and means of recovering from incorrect VAT charging which need to be considered a valid addition to your accounting toolset from December 1, 2008.

These mechanisms are discussed in detail in the recently issued [Detailed Guide for VAT Registered Businesses](#) and cover activities you need to consider in regard to transactions already on your books that need a tax correction (discussed in this section) and procedures you need to establish to cater for incorrect tax handling on the part of either your suppliers or your customers after December 1, 2008 (discussed in the next section).

The following tasks could be undertaken as part of the cutover exercise but are probably best performed as a separate series of tasks in the accounting period(s) following cutover purely to keep the amount of time that your system is out of commission to an absolute minimum:-

### **2.3.1 Sales Day Book Corrections**

You need to identify invoice lines which relate to goods and services which qualify as supplies charged at standard rate that span the change and issue corrections to customers for the portion of the charge falling after the changeover. Each correction will consist of a credit line for that portion charged at the old standard rate of VAT plus a debit line for the same portion charged at the new standard rate of VAT.

You need to identify credited lines which relate to goods and services which qualify as supplies charged at standard rate that span the change and issue a correction to customers for the portion of the charge falling after the changeover. Each correction will consist of a debit line for that portion charged at the old standard rate of VAT plus a credit line for the same portion charged at the new standard rate of VAT.

### **2.3.2 Purchase Day Book Corrections**

You need to identify invoiced lines which relate to goods and services which qualify as

supplies charged at standard rate or subject to acquisition tax that span the change and produce a correction for the portion of the charge falling after the changeover. Each correction will consist of a credit line for that portion charged at the old standard rate of VAT plus a debit line for the same portion charged at the new standard rate of VAT. You need to identify credited lines which relate to goods and services which qualify as supplies charged at standard rate or subject to acquisition tax that span the change and generate a correction for the portion of the charge falling after the changeover. Each correction will consist of a debit line for that portion charged at the old standard rate of VAT plus a credit line for the same portion charged at the new standard rate of VAT.

### **2.3.3 Cash Book Corrections**

You need to identify invoiced lines which relate to goods and services which qualify as supplies charged at standard rate or subject to acquisition tax that span the change. Acquisitions, supplies purchased and purchase refunds falling into this category, need processing as per matching items on the purchase daybook. Supplies charged and taxable refunds issued need processing as per matching items on the sales daybook.

### **2.3.4 General Ledger Journal Corrections**

You need to identify journals posted directly into General Ledger which relate to goods and services which qualify as supplies charged at standard rate or subject to acquisition tax that span the change. Acquisitions, supplies purchased and purchase refunds falling into this category, need processing as per matching items on the purchase daybook. Supplies charged and refunds issued need processing as per matching items on the sales daybook.

## **2.4. Post-Cutover Operation**

HMRC have offered ways and means of recovering from incorrect VAT charging which need to be considered a valid addition to your accounting toolset from December 1, 2008.

The procedures you need to establish to cater for incorrect tax handling on the part of either your suppliers or your customers after December 1, 2008 are discussed in detail in the recently issued [Detailed Guide for VAT Registered Businesses](#).

To help keep use of incorrect tax codes to a minimum, we are providing a series of service packs that contain and activate the reminder protocol. This protocol causes warnings to be issued in the following situations:-

### **2.4.1 Postings involving tax at 17.5% dated on or after December 1, 2008**

If a taxable transaction is added to the system dated on or after December 1, 2008 and some or all of that transaction is analysed to a tax code that has a rate of 17.5%, a warning is issued. You can override the warning and continue.

### **2.4.2 Postings involving tax at 15% dated before December 1, 2008**

If a taxable transaction is added to the system dated before December 1, 2008 and some or all of that transaction is analysed to a tax code that has a rate of 15%, a warning is issued. You can override the warning and continue.

### **2.4.3 Allocations involving debits and credits taxed at different rates**

If a taxable transaction dated prior to the cutover is allocated to a taxable transaction dated after the cutover and they involve different tax codes, a warning is issued. You can override the warning and continue.

Bear in mind that when you perform the cutover, you are in effect instructing Global 3000 that your processing of tax points prior to December 1 2008 is complete and the system will subsequently assume that all transactions regardless of date relate to a tax point subject to the new standard VAT rate. Once you have activated the reminder protocol, your systems will warn you, if any of the above conditions arise but will not force you to alter the tax code.

Applying the Reminder Protocol Service Pack, adds a “Reminders” group box to the VAT options window. The entries in this box provide the ability for someone having access to System Parameters to suppress these warnings if they interfere with the accounting approach you have chosen to adopt to perform post-cutover operation.

## **2.5. Why all the fuss?**

Our best efforts have been made to achieve a viable way forward within the unusually limited timescales allowed by Government for this exercise that keeps the overheads achievable without compromising the security of the software’s operation.

Not surprisingly however, the question has been asked “Why can’t I just change the percentage on the tax code for the standard rate from 17.5% to 15%, what’s all the fuss?”

Unfortunately, the system records tax codes and amounts on the documents it produces but rarely stores the actual percentage associated with the code at the point the document is produced. Simply changing the percentage rate on a code can lead to situations where re-printing a document results in tax information of the form:

Tax code : S Rate: 15.00% Net £100.00 Tax £17.50

It has been pointed out that this situation could be overcome by either making the system store the percentage with every document or by extending the tax code table to allow multiple instances of the same code bounded by date. These solutions would be ideal but given the high degree of dependency on the software on tax processing, it was felt that it would not be possible to amend and test the software adequately and distribute such a solution by Monday December 1 2008. However, as we are expected to go through this exercise again in 13 months time, TIS Software Ltd has taken these development suggestions on board for serious consideration across the coming months.

On the plus side, using a completely different tax code before and after the cutover means that the tax rate used for every tax document will be clearly discernible and allows documents from suppliers and customers who have not been able to make the cutover to be properly recorded and the appropriate corrections raised.

Nevertheless, it is recognised that this exercise is likely to give rise to problems particularly for unusually configured or complex sites and TIS Software Ltd would like to try and maintain an FAQ web page listing situations to check for and useful suggestions that sites using Global software come across. We would be grateful if you could let us know of any problems/solutions you encounter that you feel may be of interest to others also facing this dilemma. All contributions will be gratefully received via [global@global3000.co.uk](mailto:global@global3000.co.uk).

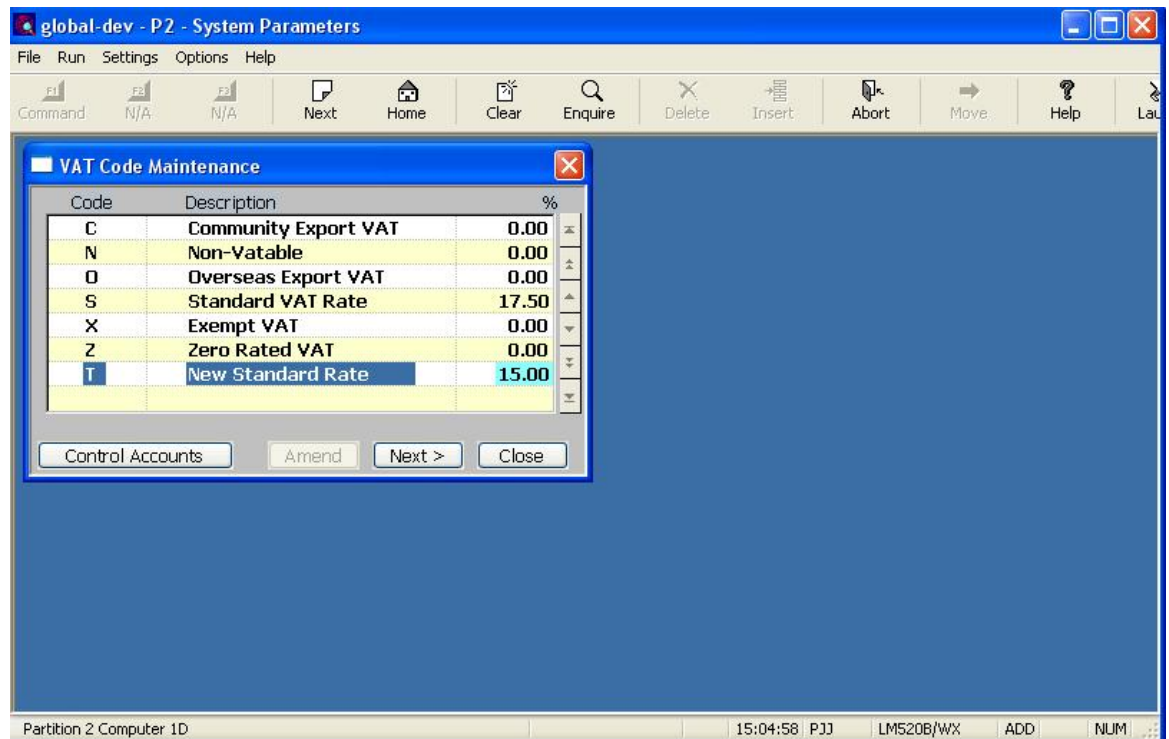


## CHANGES FOR SITES USING GLOBAL 3000 V6.0

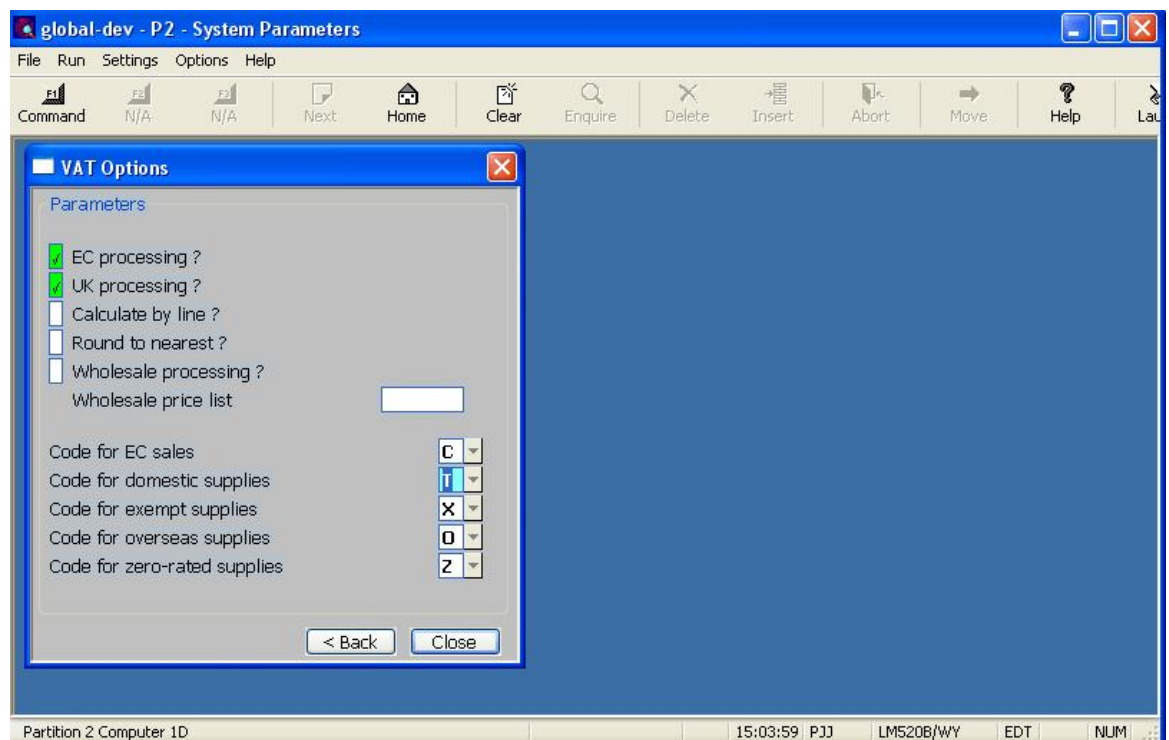
Add a new standard rate code of 15% as the domestic rate for UK supplies:-

### 3.1 Add the New Standard Rate Code

Select the tax codes option from the Administration Parameters menu and add a tax code for the new standard rate at 15.00%:-

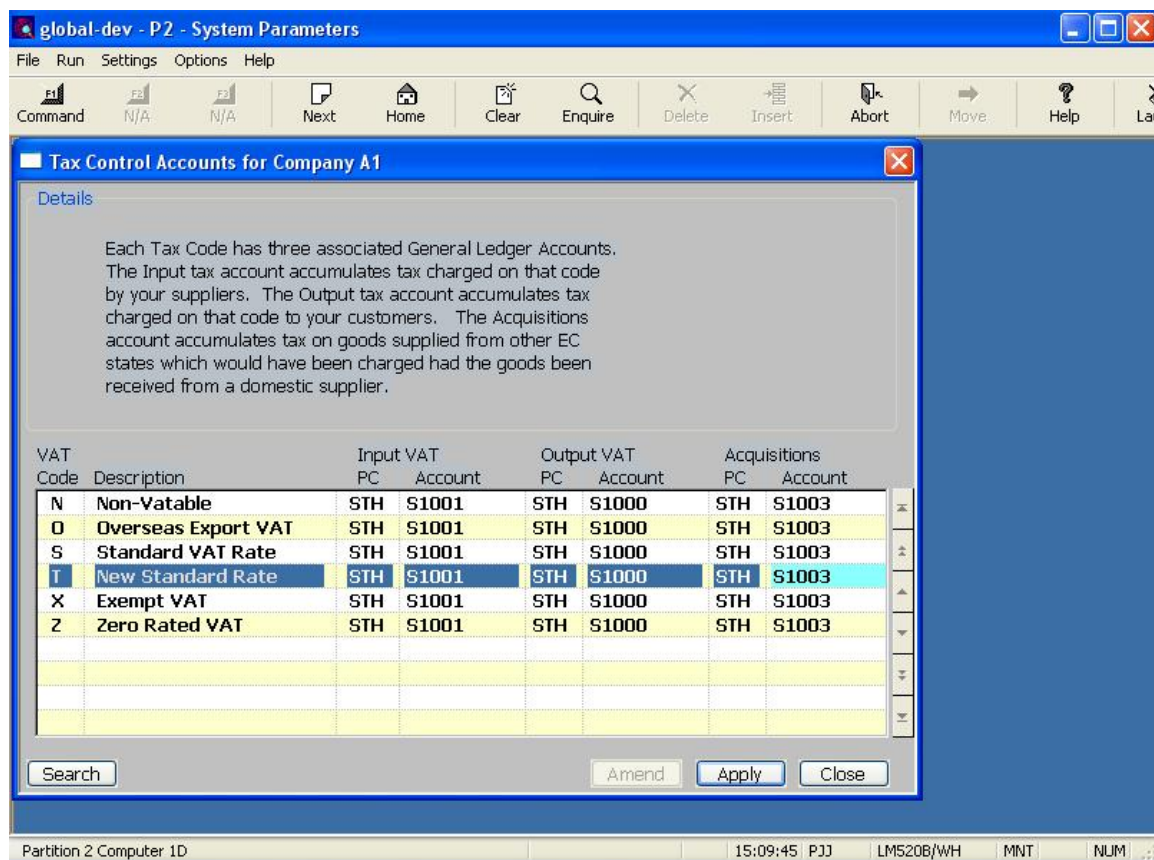


Press Next to establish the new code as the code for domestic supplies:-





Close the window to apply the updates then select the tax codes option again and use the control accounts option on the newly added code to set the control accounts for the new standard rate to those already in use for the old standard rate of 17.5%:-



Press “Apply” to activate the control accounts for the new standard rate tax code.

Once the above steps have been taken, the new standard rate will be offered as default on all new taxable transactions added when using:-

- Debtors Ledger Transaction Entry on Customer Accounts configured for normal VAT operation,
- Creditors Ledger Transaction Entry on Supplier Accounts configured for normal VAT operation,
- Cash Manager Transaction Entry of VAT inclusive amounts at the net prompt,
- General Ledger Transaction Entry of VAT inclusive amounts.

PLEASE NOTE:- It is vital that the above changes are made prior to posting transactions dated from December 1 2008 for ALL sites using Global 3000 to ensure continued legal tax accounting. The changes should NOT be made prior to entry of ledger postings dated from December 1 2008. Note also that they are just part of a list of changes which must ALL be considered in order to successfully migrate your software to using the new standard VAT rate of 15.00%.

### 3.2 Update the Product Register

If you are using Global 3000 Stock Control, Sales Order Processing, Purchase Order Processing, Manufacturer, Landed Costs, Sales History or EDI, you will need to run the Product Register Tax Code Utility, SPTXUP, available on the Global web-site to migrate products having the old standard rate UK tax code to the new standard rate UK tax code.

Run the utility from the product maintenance menu, by pressing <F1> and entering SPTXUP in response to the command prompt. The following window is displayed:-

**global-dev - P2 - Update Tax Codes on Product Register**

File Run Settings Options Help

Command N/A N/A Next Home Clear Enquire Delete Insert Abort Move Help

**Product Register - Tax Code Update**

**Details**  
This program allows the default tax code (for the standard rate) setting for products to be changed from one tax code to another.  
Please enter both the tax code to be changed and the tax code it should be replaced with.

**Tax Codes**  
Tax Code to change from **S** Standard VAT Rate Rate **17.50**%  
Tax Code to change to **T** New Standard Rate Rate **15.00**%

**Confirmation**  
☐ Confirm you have a recent backup and start the processing.

Proceed Cancel

Partition 2 Computer 1D 14:17:01 PJJ SPTXUP/WW EDT NUM

**Tax code to change from** Identify the tax code currently used as the standard VAT rate on sales of products that you wish to replace with a new standard rate. A pop-up search of currently defined tax codes is available.

**Tax code to change to** Identify the tax code to be used in future as the standard VAT rate on sales of products that are currently subject to the rate you have elected to replace. A pop-up search of currently defined tax codes is available.

**Confirm** Tick to confirm that you wish to update the product register as indicated in tax codes section.

Press “Proceed” to perform the tax code replacement. A progress window is displayed during replacement and on completion of the operation, you are informed of the count of products which had their tax code changed by the operation.

Please note:- This process needs to be performed individually for each standard rate VAT code in use in your system and for each stock database currently in use at your site.

### 3.3 Update the Sales Order Book

If you are using Global 3000 Sales Order Processing, you will need to run the Sales Order Book Tax Code Utility, OITXUP, supplied on the Global web-site to migrate uninvoiced

order lines having the old standard rate UK tax code to the new standard rate UK tax code and to detect any part invoiced lines.

Run the utility from the product maintenance menu, by pressing <F1> and entering OITXUP in response to the command prompt. The following window is displayed:-

global-dev - P2 - Update Tax Codes on Sales Order Lines

File Run Settings Options Help

Command N/A N/A Next Home Clear Enquire Delete Insert Abort Move Help

**Sales Order Lines - Tax Code Update**

**Details**

This program allows the tax code setting on sales order lines that have not been invoiced to be changed from one tax code to another. If a part invoiced line that has the tax code being changed is detected its tax code is not changed, instead it is listed on a report and must be updated manually by splitting the uninvoiced quantity on to a new line which will take the correct tax code.

Please enter both the tax code to be changed and the tax code it should be replaced with.

**Tax Codes**

Tax Code to change from	S	Standard VAT Rate	Rate	17.50 %
Tax Code to change to	T	New Std UK VAT Rate	Rate	15.00 %

**Confirmation**

☒ Confirm you have a recent backup and start the processing.

Proceed Cancel

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**Tax code to change from** Identify the tax code currently used as the standard VAT rate on sales of products that you wish to replace with a new standard rate. A pop-up search of currently defined tax codes is available.

**Tax code to change to** Identify the tax code to be used in future as the standard VAT rate on sales of products that are currently subject to the rate you have elected to replace. A pop-up search of currently defined tax codes is available.

**Confirm** Tick to confirm that you wish to update the sales order book as indicated in tax codes section.

Press “Proceed” to perform the tax code replacement on uninvoiced lines and to report any partially invoiced lines. A progress window is displayed during replacement and reporting and on completion of the operation, you are informed of the count of uninvoiced lines which had their tax code changed by the operation and the count of partially invoiced lines which need to be corrected before the order book can be used properly.

For each line appearing on the part-invoiced lines report, you need to split the line to reduce the order quantity on the existing line to the invoiced quantity which will mark the line as complete and then add a new line containing the difference between the original order quantity and the reduced order quantity.

**Please note:-** If any of the uninvoiced stock on the line has been despatched you will need to transfer details such serial numbers, batch numbers etc to the new line. It is strongly recommended that you produce a full print of the order before amending it in such cases.

**Please also note:-** If any of the uninvoiced stock on lines has been picked but not despatched, it may prove worthwhile unpicking such stock before attempting to update the tax codes on the order book.

**Please also note:-** Because this step is done after the changes to system parameters and the updates to the product register described in the previous sections, all new lines that you add will automatically be marked for tax at the new standard rate you have established for the product involved.

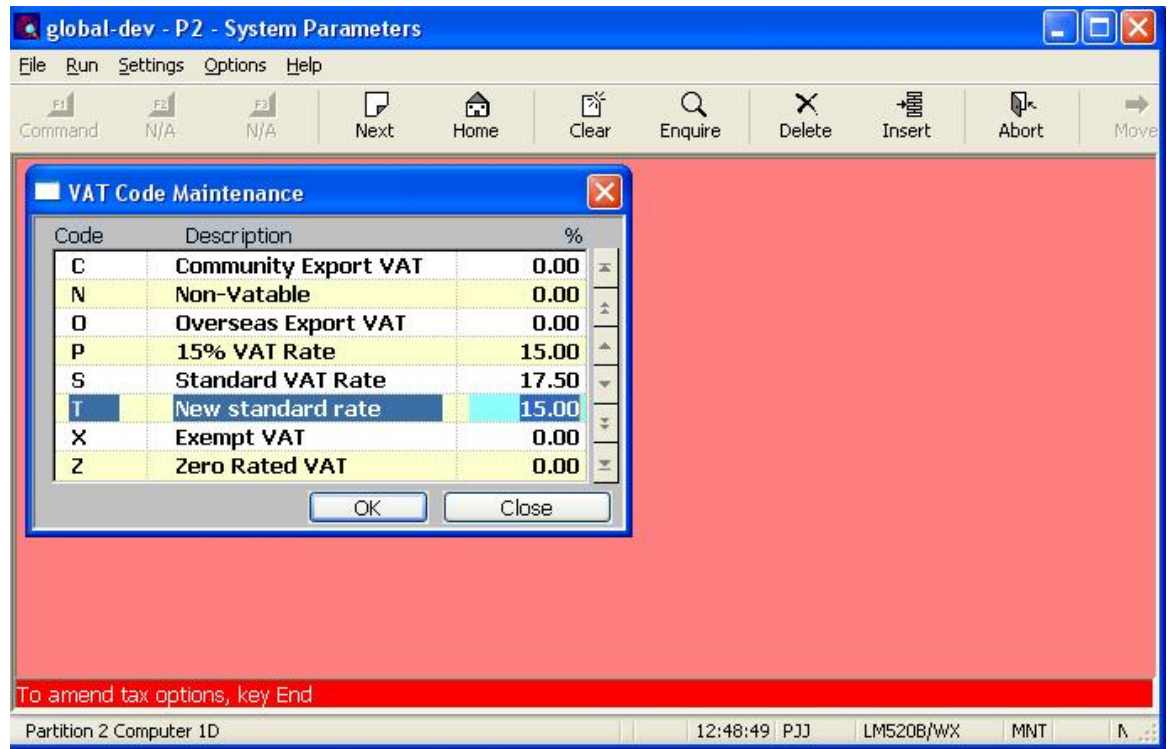
**Finally, please note:-** This process needs to be performed individually for each separate order book currently in use at your site.

## CHANGES FOR SITES USING GLOBAL 3000 V5.0

Add a new standard rate code of 15% as the domestic rate for UK supplies:-

### 4.1 Add the New Standard Rate Code

Select the tax codes option from the Administration Parameters menu and add a tax code for the new standard rate at 15.00%:-



global-dev - P2 - System Parameters

File Run Settings Options Help

Command N/A N/A Next Home Clear Enquire Delete Insert Abort Move

**VAT Code Maintenance**

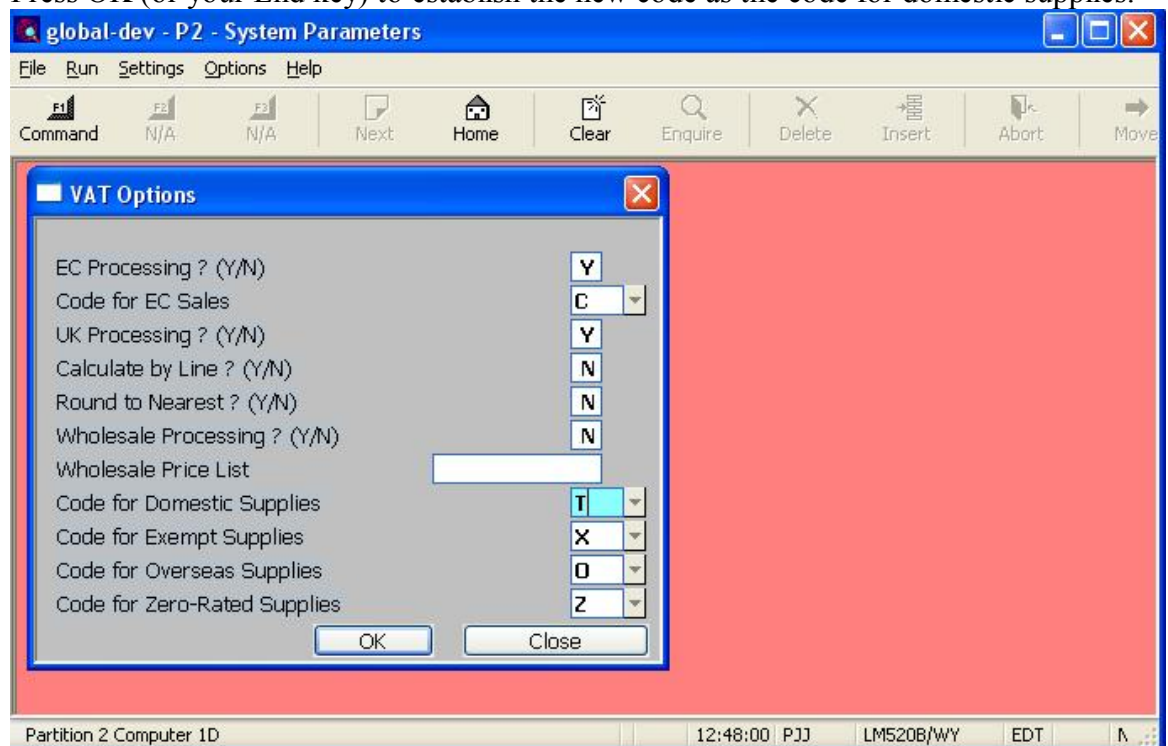
Code	Description	%
C	Community Export VAT	0.00
N	Non-Vatable	0.00
O	Overseas Export VAT	0.00
P	15% VAT Rate	15.00
S	Standard VAT Rate	17.50
T	New standard rate	15.00
X	Exempt VAT	0.00
Z	Zero Rated VAT	0.00

OK Close

To amend tax options, key End

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Press OK (or your End key) to establish the new code as the code for domestic supplies:-



global-dev - P2 - System Parameters

File Run Settings Options Help

Command N/A N/A Next Home Clear Enquire Delete Insert Abort Move

**VAT Options**

EC Processing ? (Y/N) Y

Code for EC Sales C

UK Processing ? (Y/N) Y

Calculate by Line ? (Y/N) N

Round to Nearest ? (Y/N) N

Wholesale Processing ? (Y/N) N

Wholesale Price List

Code for Domestic Supplies T

Code for Exempt Supplies X

Code for Overseas Supplies O

Code for Zero-Rated Supplies Z

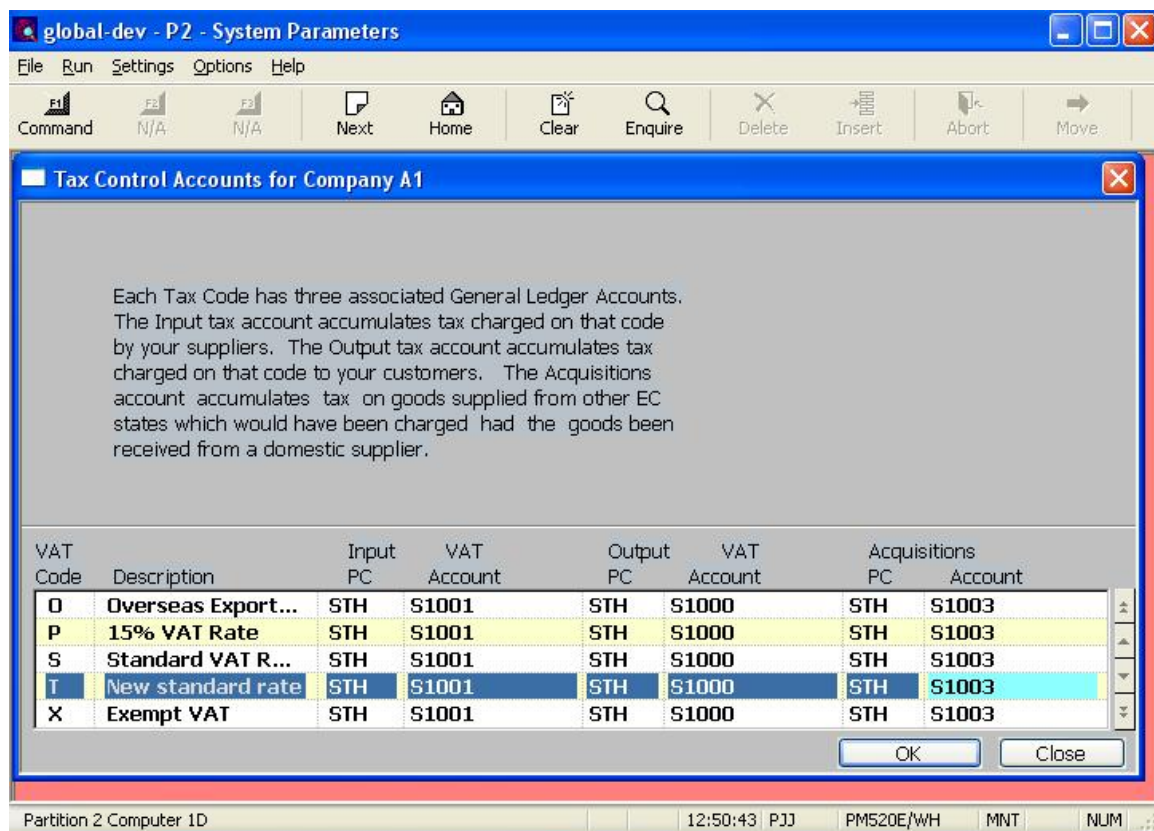
OK Close

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Click on OK and then confirm the updates.

Select Company Parameters, GL Control Accounts, Click OK to GL Controls and having confirmed the window, then at the Cash Book control accounts <Escape> to bring up the Tax Control accounts window to set the control accounts for the new standard rate to those already in use for the old standard rate of 17.5%:-



Press “OK” to activate the control accounts for the new standard rate tax code.

Once the above steps have been taken, the new standard rate will be offered as default on all new taxable transactions added when using:-

- Debtors Ledger Transaction Entry on Customer Accounts configured for normal VAT operation,
- Creditors Ledger Transaction Entry on Supplier Accounts configured for normal VAT operation,
- Cash Manager Transaction Entry of VAT inclusive amounts at the net prompt,
- General Ledger Transaction Entry of VAT inclusive amounts.

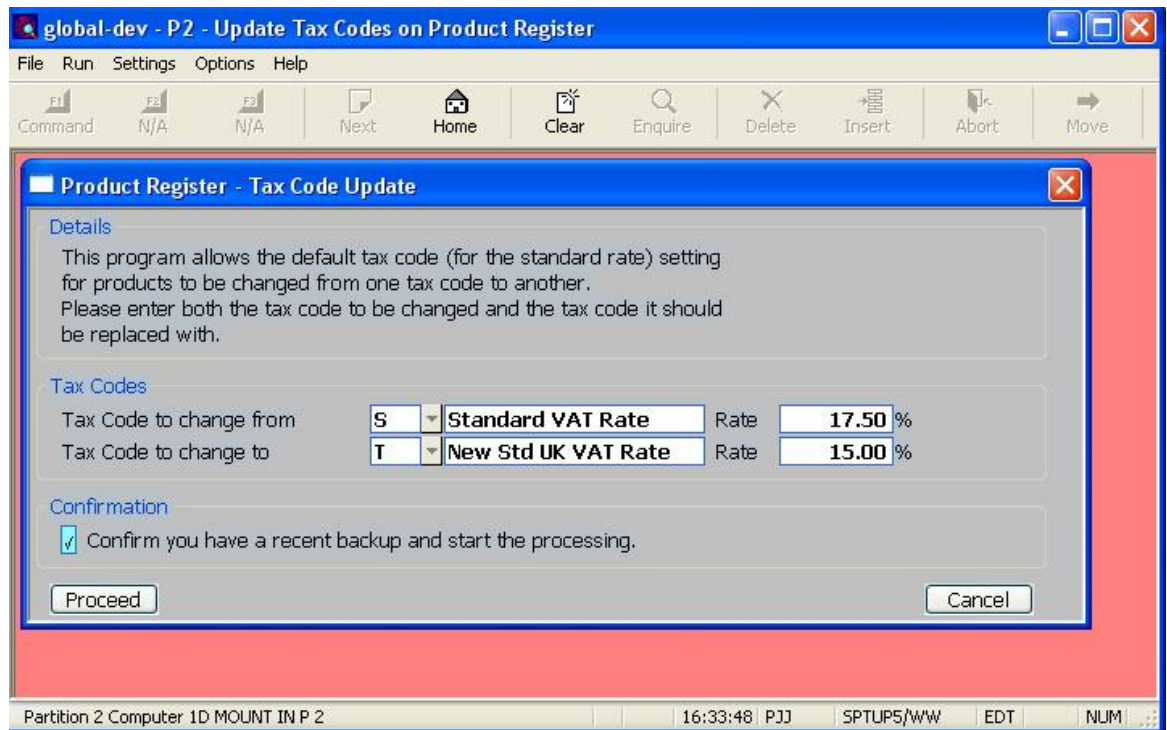
PLEASE NOTE:- It is vital that the above changes are made prior to posting transactions dated from December 1 2008 for ALL sites using Global 3000 to ensure continued legal tax accounting. The changes should NOT be made prior to entry of ledger postings dated from December 1 2008. Note also that they are just part of a list of changes which must

ALL be considered in order to successfully migrate your software to using the new standard VAT rate of 15.00%.

## 4.2 Update the Product Register

If you are using Global 3000 Stock Control, Sales Order Processing, Purchase Order Processing, Manufacturer, Landed Costs, Sales History or EDI, you will need to run the Product Register Tax Code Utility, SPTUP5, available on the Global web-site to migrate products having the old standard rate UK tax code to the new standard rate UK tax code.

Run the utility from the product maintenance menu, by pressing <F1> and entering SPTUP5 in response to the command prompt. The following window is displayed:-



**Tax code to change from** Identify the tax code currently used as the standard VAT rate on sales of products that you wish to replace with a new standard rate. A pop-up search of currently defined tax codes is available.

**Tax code to change to** Identify the tax code to be used in future as the standard VAT rate on sales of products that are currently subject to the rate you have elected to replace. A pop-up search of currently defined tax codes is available.

**Confirm** Tick to confirm that you wish to update the product register as indicated in tax codes section.

Press “Proceed” to perform the tax code replacement. A progress window is displayed during replacement and on completion of the operation, you are informed of the count of products which had their tax code changed by the operation.

Please note:- This process needs to be performed individually for each standard rate VAT code in use in your system and for each stock database currently in use at your site.



### 4.3 Update the Sales Order Book

If you are using Global 3000 Sales Order Processing, you will need to run the Sales Order Book Tax Code Utility, OITUP5, supplied on the Global web-site to migrate uninvoiced order lines having the old standard rate UK tax code to the new standard rate UK tax code and to detect any part invoiced lines.

Run the utility from the product maintenance menu, by pressing <F1> and entering OITUP5 in response to the command prompt. The following window is displayed:-

**global-dev - P2 - Update Tax Codes on Sales Order Lines**

File Run Settings Options Help

Command N/A N/A Next Home Clear Enquire Delete Insert Abort Move

**Sales Order Lines - Tax Code Update**

**Details**

This program allows the tax code setting on sales order lines that have not been invoiced to be changed from one tax code to another. If a part invoiced line that has the tax code being changed is detected its tax code is not changed, instead it is listed on a report and must be updated manually by splitting the uninvoiced quantity on to a new line which will take the correct tax code.

Please enter both the tax code to be changed and the tax code it should be replaced with.

**Tax Codes**

Tax Code to change from	S	Standard VAT Rate	Rate	17.50 %
Tax Code to change to	T	New Std UK VAT Rate	Rate	15.00 %

**Confirmation**

☒ Confirm you have a recent backup and start the processing.

Proceed Cancel

Partition 2 Computer 1D MOUNT IN P 2 16:36:09 PJJ OITUP5/WW EDT NUM

**Tax code to change from** Identify the tax code currently used as the standard VAT rate on sales of products that you wish to replace with a new standard rate. A pop-up search of currently defined tax codes is available.

**Tax code to change to** Identify the tax code to be used in future as the standard VAT rate on sales of products that are currently subject to the rate you have elected to replace. A pop-up search of currently defined tax codes is available.

**Confirm** Tick to confirm that you wish to update the sales order book as indicated in tax codes section.

Press “Proceed” to perform the tax code replacement on uninvoiced lines and to report any partially invoiced lines. A progress window is displayed during replacement and reporting and on completion of the operation, you are informed of the count of uninvoiced lines which had their tax code changed by the operation and the count of partially invoiced

lines which need to be corrected before the order book can be used properly.

For each line appearing on the part-invoiced lines report, you need to split the line to reduce the order quantity on the existing line to the invoiced quantity which will mark the line as complete and then add a new line containing the difference between the original order quantity and the reduced order quantity.

**Please note:-** If any of the uninvoiced stock on the line has been despatched you will need to transfer details such serial numbers, batch numbers etc to the new line. It is strongly recommended that you produce a full print of the order before amending it in such cases.

**Please also note:-** If any of the uninvoiced stock on lines has been picked but not despatched, it may prove worthwhile unpicking such stock before attempting to update the tax codes on the order book.

**Please also note:-** Because this step is done after the changes to system parameters and the updates to the product register described in the previous sections, all new lines that you add will automatically be marked for tax at the new standard rate you have established for the product involved.

**Finally, please note:-** This process needs to be performed individually for each separate order book currently in use at your site.

## **HOW DOES THIS AFFECT USERS OF GLOBAL 2000 SOFTWARE?**

These changes are likely to impact on all sites using Global 2000 Financial and Distribution software packages for trade in the UK involving sale or purchase of goods subject to VAT at the standard rate.

Sites using Global 2000 Purchase Ledger will need to extend the VAT Code table in Purchase Ledger System Parameter Maintenance to add a new entry for 15.00% and use that entry on all invoices, credit notes and taxable journals from December 1, 2008.

Sites using Global 2000 Sales Ledger will need to extend the VAT Code table in Sales Ledger System Parameter Maintenance to add a new entry for Sales VAT at 15.00% and use that entry on all invoices, credit notes and taxable journals from December 1, 2008.

Sites using Global 2000 Invoicing will need to post all invoices then update all products marked currently for VAT at 17.5% to use the new code for sales at 15.00%.

Sites using Global 2000 Sales Order Processing will need to post all invoices, update all products marked currently for VAT at 17.5% to use the new code for sales at 15.00% then amend all standing and open orders to use the revised VAT code from the product record.