

STAFF SYSTEM Newsletter

November
2008

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Welcome to our November Newsletter

1. Overview

This Newsletter contains information about the change to the VAT standard rate due for the 1st. December

2. Changing the VAT rate in the STAFF System

You must carry out the following process in all branches in which you create Invoices and you must make the change after you have completed your invoicing for November (see below for further comments on the timing of the change). The Invoicing process simply uses the VAT rate that is held in the table at the time that the invoicing is run.

Run Super (the STAFF System Supervisor program), from the main menu choose option 3 – System Utilities, then option 4 – Invoicing Parameters; this will take you into the Parameter File Update screen.

(Note that you can also get to this screen from the normal STAFF System by using the RP facility: enter RP at a menu, for program name enter S2PMAINT, leaving Program Switch blank and the Parameter File update is displayed)

On this first screen,

Branch ID – enter 0000 and press RETURN

STAFF will display the initial Invoicing details, but just press RETURN.

You will then be asked "Do you wish to see VAT codes ? Y/N", please enter Y and press RETURN.

STAFF will display the VAT table (see screen image below). Normally you will only have the first line set as non-zero, and that should read

```
VAT CODE LETTER [S]    VAT RATE [.175]
```

please amend this to read

```
VAT CODE LETTER [S]    VAT RATE [.150]
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Then press RETURN

STAFF will ask "Accept of Change A/C", and you should reply "A" and press RETURN

STAFF will then ask "Do you wish to see Extract Fields", reply "N" and press RETURN

STAFF will then ask "o you wish to see more parameters", reply "N" and press RETURN

STAFF will then ask "Enter 'Y' if this entry is deleted", you must leave the response blank and press RETURN

You are then returned to the initial, blank, Parameter File Update screen, leave the Branch ID field blank and press RETURN to return to the starting Menu.

You must repeat the process for each branch in which you run Invoicing.

The VAT Table screen should look something like the following:

```
STAFF STAFF
TEMP          ---*** THE STAFF SYSTEM ***---          27/11/08
                PARAMETER FILE UPDATE

BRANCH I.D. [0000]
-----
    VAT TABLE
    VAT CODE LETTER [S]          VAT RATE [.150]
    VAT CODE LETTER [Z]          VAT RATE [.000]
    VAT CODE LETTER [A]          VAT RATE [.000]
    VAT CODE LETTER [B]          VAT RATE [.000]
    VAT CODE LETTER [C]          VAT RATE [.000]
    VAT CODE LETTER [D]          VAT RATE [.000]
    VAT CODE LETTER [E]          VAT RATE [.000]
    AGED DEBT DIR A/D [A]        AGED DEBT LIMITS [30] [60] [90]
    TURNOVER EXC VAT Y/N[Y]      Y-Turnover is exclusive of VAT
    LINES PER INVOICE [71]      From top of form to top of next.
    LINES INVOICE BODY [35]      Number of available print lines on invoice
    LINES PER STATEMENT [00]      LAST CLIENT REF [ ]
    CLIENT UPLIFT Y/N [N]        DEFAULT UPLIFT PERCENT [00.00]      CL-ADD REF [000001]

S2PMAINT/B03
```

3. When should I make the change ?

From the HMR&C

There are several documents on the HM Revenue and Customs web site (www.hmrc.gov.uk), in particular the full guide for businesses (<http://www.hmrc.gov.uk/pbr2008/vat-guide-det.pdf>) and a Q & A document (<http://www.hmrc.gov.uk/pbr2008/businessqa.pdf>). From this second document, in "Q3 What do I have to do in practice?":

"If you are a business that sells mainly to other VAT-registered ...the new rate applies for all VAT invoices that you issue on or after 1 December 2008, except for where:

- you provided goods or services more than 14 days before you issue the VAT Invoice
- you were paid before 1st. December"

It is likely that this will apply to the vast majority of your business.

This means that for services supplied in the final week of November and invoiced dated 1st. December, you can apply the reduced (15%) VAT rate.

My invoice date is Friday, Saturday or Sunday

If you are in the position of using a Friday, Saturday or Sunday date as your invoice date (in Print Invoices), so that next week it will be 28th, 29th. Or 30th. November then you just run your invoicing as normal next week (November invoice for supplies in November), then change the VAT rate for the next weeks' invoices and that's it.

My invoice date is Monday, Tuesday etc.

In this case your next invoice will be dated in December and the first December invoice will include supplies made in November. In this case you need to follow the rules, including the 14-day rule (for any late timesheets) as described above and so you would change the rate prior to running the first invoice run dated in December, resulting in invoices dated December relating to supplies made in November, within 14 days of the invoice date.

What if I want to use the old rate for November work ?

Firstly, as mentioned above, if the services are supplied in November and are more than 14 days before the VAT invoice (for for the 1st. December invoices, this means before the 18th. November) then you **must** use the old, higher rate even if your invoice is dated in December. However, if the services are supplied within this 14 day period, for example the final week of November, and your invoices are dated in December you should use the higher rate, so in order to use the old, higher rate you must ensure your invoices are dated in November.

Therefore if you date your invoices for the Friday, Saturday or Sunday (28, 29 and 30th. November) and they do relate to services supplied in November our understanding is that these must use the old, higher rate (17.5%)

Confusion over the rate and date

There certainly is scope for confusion and while the HMR&C say they will use a "light touch" with regard to errors (Q11 - "we want to help businesses get it right, not catch them out") there is always scope for your clients to raise queries, obviously it might be worthwhile to refer them to the HMR&C references above.

If you intend to use the old rate for November work then you have to use a November date for these invoices and that should avoid any confusion; suppose you normally date your invoices on the Tuesday (which would be 2nd. December), the STAFF System has flexibility in the invoice date and would allow you to raise that weeks' invoices as dated 30th. November, say, and you could return to the regular Tuesday for the next week; the STAFF System will warn you that the days are not 7 days apart, but you can override the warning (contact support to discuss this). However, please note that when running Invoicing (Print Invoices) the "Invoice Date" that you enter controls the timesheets that are included in the invoice run; the STAFF system will only process timesheets that have an earlier or the same weekend date as the invoice date used. It is fortunate that the date for the change is a Monday so it should not be too much of a problem to use the Sunday date for the one week (bearing in mind that almost all timesheet weekend dates are either Friday, Saturday or Sunday).

Monthly Invoices and late timesheets

Bearing in mind the 14 day period (see above), strictly speaking if you are raising invoices for any earlier weeks you should take this into account; perhaps by ensuring that any late timesheets are Invoiced first. You can do this separately from payroll (you just run payroll as

normal, these VAT changes have absolutely no impact on payroll) by running a separate Print Invoice run with a November date to pick up any November timesheets. As mentioned above, to avoid confusion it may be best to ensure that any such invoices are dated in November.

When once you change the VAT rate it will apply to all invoices raised so if you find that in the next few weeks you have a timesheet from November (or earlier) the only way to process it at 17.5% is to temporarily change the VAT rate.

Manual Invoices and Credit Notes

These processes use the same VAT table as the main Print Invoice process so they will use whatever is the rate when the processes are run.

If you do have any further queries please contact Support.

4. Effect of VAT on payroll

In the majority of cases the VAT changes will have no effect on payroll at all. This is certainly the case for PAYE employees but don't forget that if you have VAT registered companies on your payroll the payroll processing will add the standard VAT rate (it is this standard rate that we are changing) to the gross pay to calculate the amount due the the Temp company. In such a case you may need to be careful about the timing of the change to the VAT rate to ensure that the correct rate is used.

5. STAFF version 3.0

We had hoped to begin demonstrating the new system in earnest about now, however we have had a few delays, although in fact not related to the new developments, that mean we have not been able to meet that timescale. The new development is running well, however, and we will be starting the full demonstrations in January

We will provide a fuller description of the new system when we arrange the visit and this will also be available on our web site.

Olympic Computers Limited

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