

# STAFF SYSTEM Newsletter

January  
2010

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## Welcome to our January Newsletter

### 1. Overview

This Newsletter contains information about the change to the VAT standard rate due for the 1<sup>st</sup>. January.

### 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 [.150]
```

please amend this to read

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

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

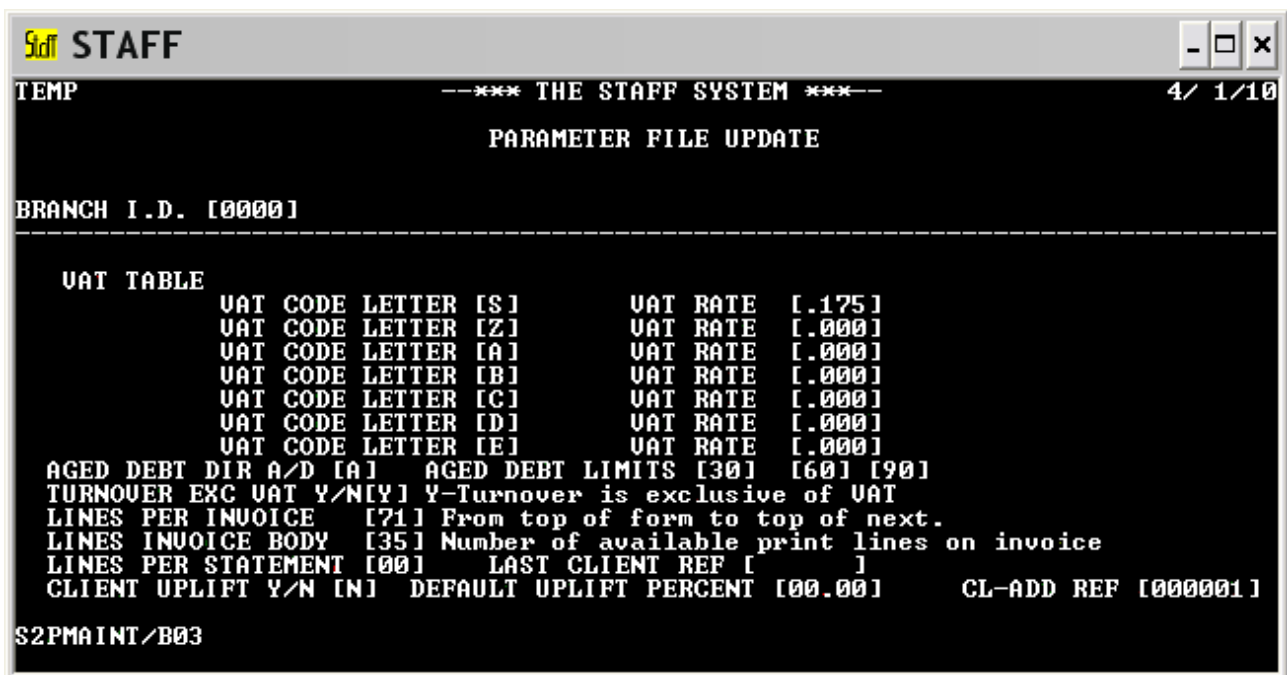
STAFF will then ask "o you wish to see more parameters", reply "N" and press RETURN

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 ***---          4/ 1/10
PARAMETER FILE UPDATE
BRANCH I.D. [0000]
-----
UAT TABLE
UAT CODE LETTER [S]          UAT RATE [.175]
UAT CODE LETTER [Z]          UAT RATE [.000]
UAT CODE LETTER [A]          UAT RATE [.000]
UAT CODE LETTER [B]          UAT RATE [.000]
UAT CODE LETTER [C]          UAT RATE [.000]
UAT CODE LETTER [D]          UAT RATE [.000]
UAT CODE LETTER [E]          UAT 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 ?

Compared to when the 17.5 to 15% was made the advice from the HMR&C seems somewhat simpler – from the Business Link website

<http://www.businesslink.gov.uk/bdotg/action/detail?type=RESOURCES&itemId=1083561023>

(and the referred to HMR&C document <http://www.hmrc.gov.uk/vat/forms-rates/rates/rate-rise-guidance.pdf>) there are the following paragraphs:

#### Sales that span the change in rate

There are special rules for sales which span the change of rate. If you provide goods or services before 1 January 2010 and raise a VAT invoice after that date you can choose to account for VAT at 15 per cent. You don't need to tell HMRC if you do this.

#### Services you start before 1 January 2010 but finish afterwards

If you start work on a job before 1 January 2010 but finish afterwards you may account for the work done up to 31 December 2009 at 15 per cent and the remainder at 17.5 per cent. If you choose to do this you will have to be able to demonstrate that the apportionment is fair.

## **Continuous supplies of services**

If you provide a continuous supply of services, such as leasing of photocopiers, you should account for the VAT due whenever you issue a VAT invoice or receive payment, whichever is the earlier. You must charge 17.5 per cent on invoices you issue and payments you receive on or after 1 January 2010. You may, if you wish, charge 15 per cent on the services you have provided in the period up to 31 December 2009 and 17.5 per cent on the remainder. If you choose to do this you will have to be able to demonstrate that the apportionment is fair.

### Dealing with invoice date after 1<sup>st</sup>.January

The paragraphs above do seem to suggest that provided the invoice is clear and relates to services provided before 1<sup>st</sup>. January then there is no doubt that the VAT rate should be 15% and the invoice may be raised and dated in January.

### 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 are raising a Manual Invoice or Credit Note after you have made the VAT change but need to apply the 15% VAT rate you must use the "M" (manual) VAT code letter, towards the bottom of the entry screen changing it from "S" (standard), after you press RETURN you will then be asked to enter amount of VAT to be applied (so you do need to calculate the 15% VAT yourself).

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.

Olympic Computers Limited

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