

**Sage 200c**

**Processing VAT domestic reverse charge for construction**

**sage 200**

**Sage 200cloud Professional**

©2020 Sage (UK) Limited

IMPORTANT Using this program constitutes acceptance of the licence  
terms and conditions as described on the Sage website.



## Configuration;

This feature is only available from Sage 200cloud Professional Summer 2019 version onwards. If you are unsure which Sage 200 version you're currently using please see our online guide:  
<https://www.centurysoftware.co.uk/support/sage-200-version-numbers-and-release-dates/>

### Configuration - VAT Rates

New Vat codes must be manually created to manage the reverse charge vat processing.

A standard rated code for Sales and purchase will be required, also VAT codes for a reduced VAT rate may be required.

Navigate to Accounting System Manager> Settings> Vat Rates

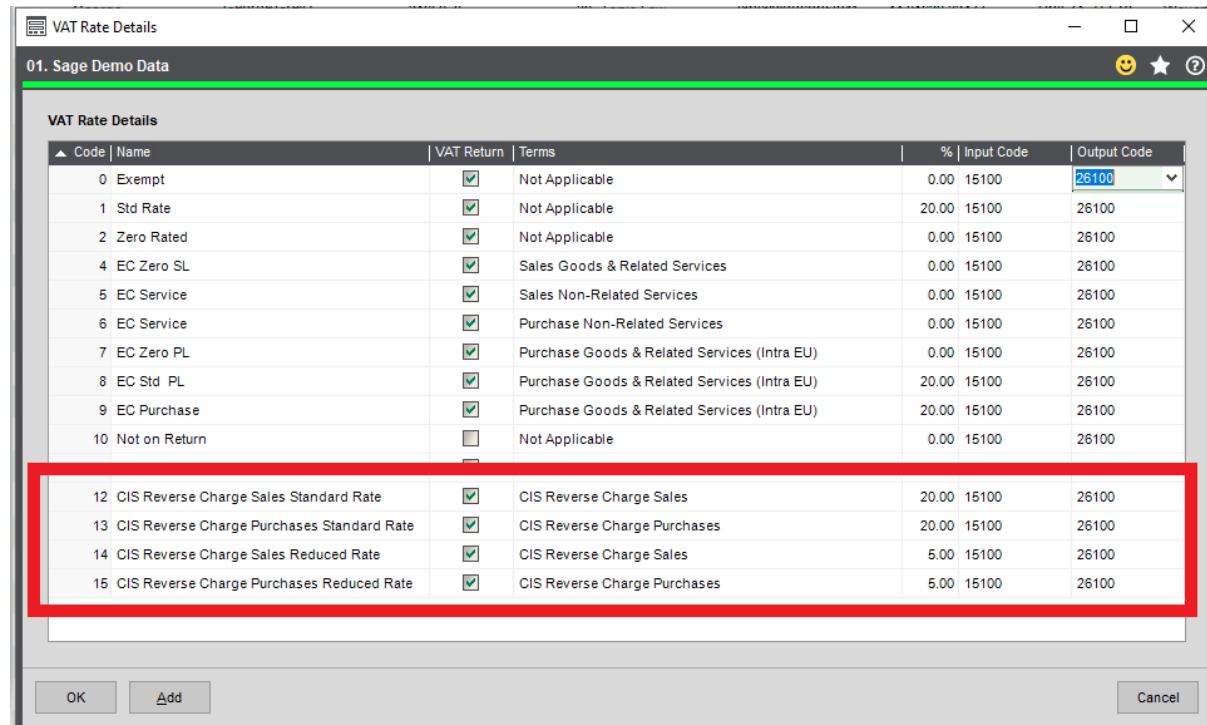
Within Code enter the next available number, then give the code a description.

Ensure the VAT Return check box is ticked, if not the goods and VAT will not be included on the return.

Select the relevant VAT terms, CIS Reverse Charge Sales or CIS Reverse Charge Purchases.

Then set the Vat rate.

Either accept the default codes for Input and Output Vat or amend if required.



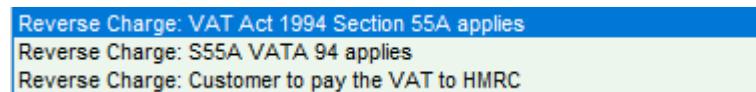
Code	Name	VAT Return	Terms	%	Input Code	Output Code
0	Exempt	<input checked="" type="checkbox"/>	Not Applicable	0.00	15100	26100
1	Std Rate	<input checked="" type="checkbox"/>	Not Applicable	20.00	15100	26100
2	Zero Rated	<input checked="" type="checkbox"/>	Not Applicable	0.00	15100	26100
4	EC Zero SL	<input checked="" type="checkbox"/>	Sales Goods & Related Services	0.00	15100	26100
5	EC Service	<input checked="" type="checkbox"/>	Sales Non-Related Services	0.00	15100	26100
6	EC Service	<input checked="" type="checkbox"/>	Purchase Non-Related Services	0.00	15100	26100
7	EC Zero PL	<input checked="" type="checkbox"/>	Purchase Goods & Related Services (Intra EU)	0.00	15100	26100
8	EC Std PL	<input checked="" type="checkbox"/>	Purchase Goods & Related Services (Intra EU)	20.00	15100	26100
9	EC Purchase	<input checked="" type="checkbox"/>	Purchase Goods & Related Services (Intra EU)	20.00	15100	26100
10	Not on Return	<input type="checkbox"/>	Not Applicable	0.00	15100	26100
12	CIS Reverse Charge Sales Standard Rate	<input checked="" type="checkbox"/>	CIS Reverse Charge Sales	20.00	15100	26100
13	CIS Reverse Charge Purchases Standard Rate	<input checked="" type="checkbox"/>	CIS Reverse Charge Purchases	20.00	15100	26100
14	CIS Reverse Charge Sales Reduced Rate	<input checked="" type="checkbox"/>	CIS Reverse Charge Sales	5.00	15100	26100
15	CIS Reverse Charge Purchases Reduced Rate	<input checked="" type="checkbox"/>	CIS Reverse Charge Purchases	5.00	15100	26100

### Configuration - Documentation;

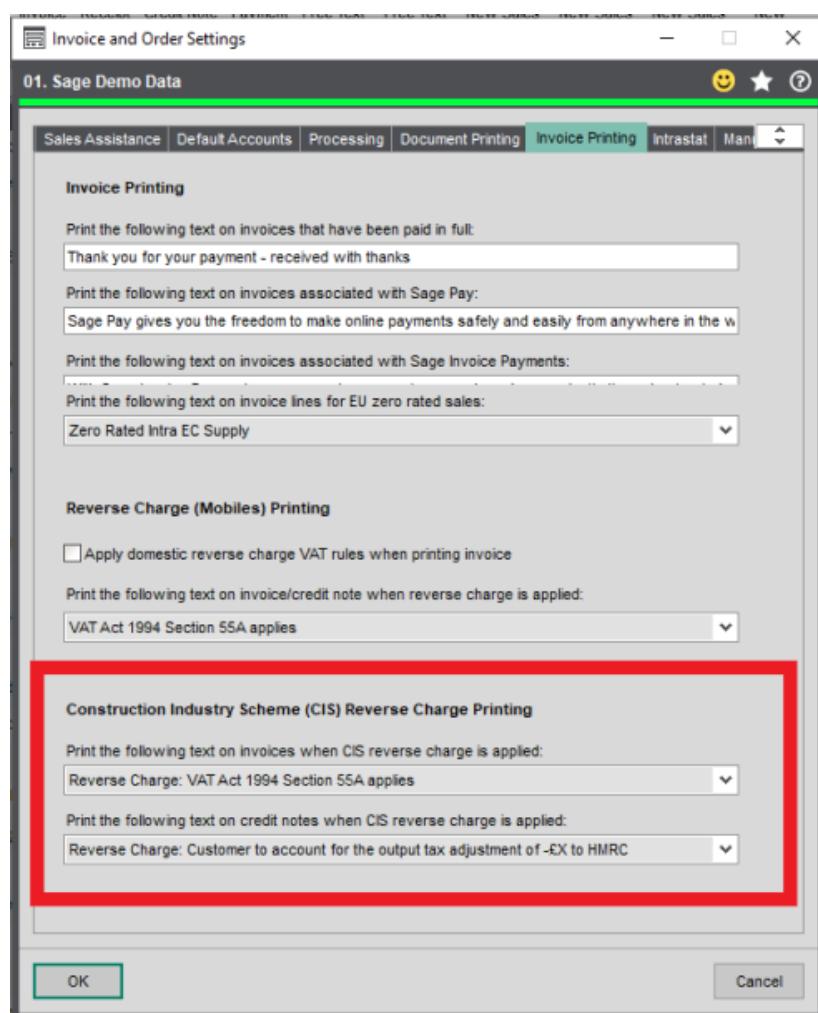
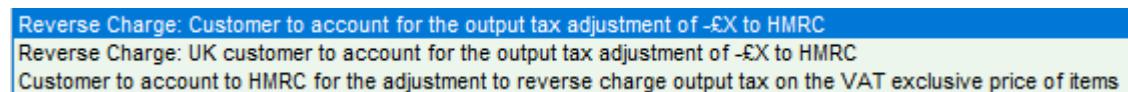
Invoice and Credit note documents may require some tweaking to include the predefined text when CIS reverse charge is applied, if this is required please contact [Support@CenturySoftware.co.uk](mailto:Support@CenturySoftware.co.uk), who will be happy to assist in amending the layouts;

The text can be selected from Sales Order Processing> SOP Utilities> System Setup> SOP Settings (Invoice printing tab).

The following text can be applied to invoices.



The following text can be applied to Credit notes.



See below screenshot of CIS text applied;

VAT Analysis			
Code	%	Net	VAT
12	20.00 CIS Reverse C	10000.00	2000.00
		NET	10000.00
		VAT	0.00
		GROSS	10000.00
		DUE WITHIN SETTLEMENT DAYS	10000.00

Reverse Charge: VAT Act 1994 Section 55A applies

You may also request text to be added to your Purchase Order/self-billing invoices document to notify the Subcontractor that you'll be managing the Vat element of the transaction, HMRC recommends the following wording is added, although we'd suggest you seek independent advice regarding any legislative information:

*"Reverse charge: We will account for and pay the output tax due to HMRC"*

*"Reverse charge: As the UK customer, we will pay the VAT due to HMRC"*

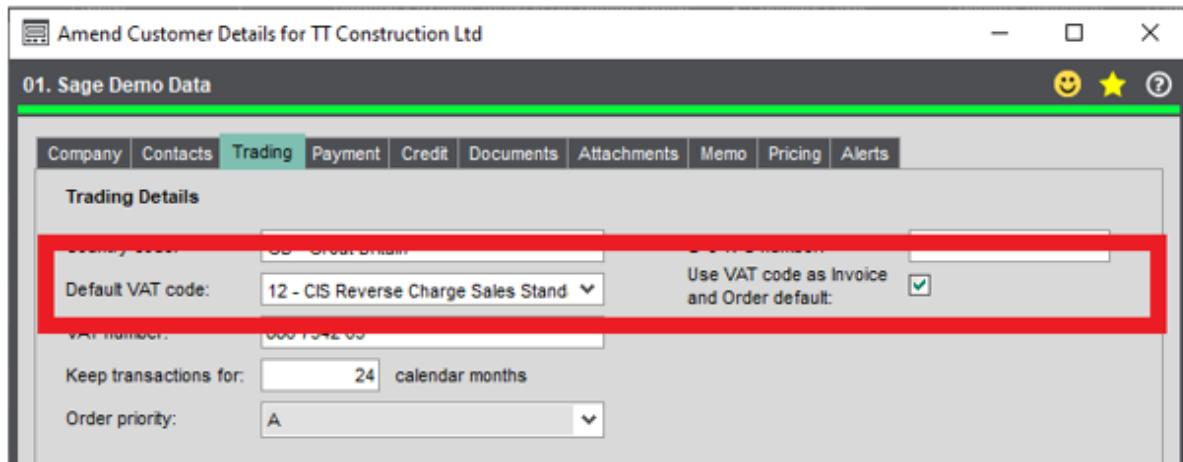
### Configuration - Customers and Suppliers

*NOTE - This section only applies if you wish the VAT code to default to a CIS related Vat code, the Vat code can be amended per transaction if preferable.*

The default VAT Code that applies to a customer is set by navigating to.

Sales Ledger> Sales Accounts> Amend Account details (Trading Tab)

Amend the default Vat Code and tick the check box **"Use Vat Code for invoice and order default"**

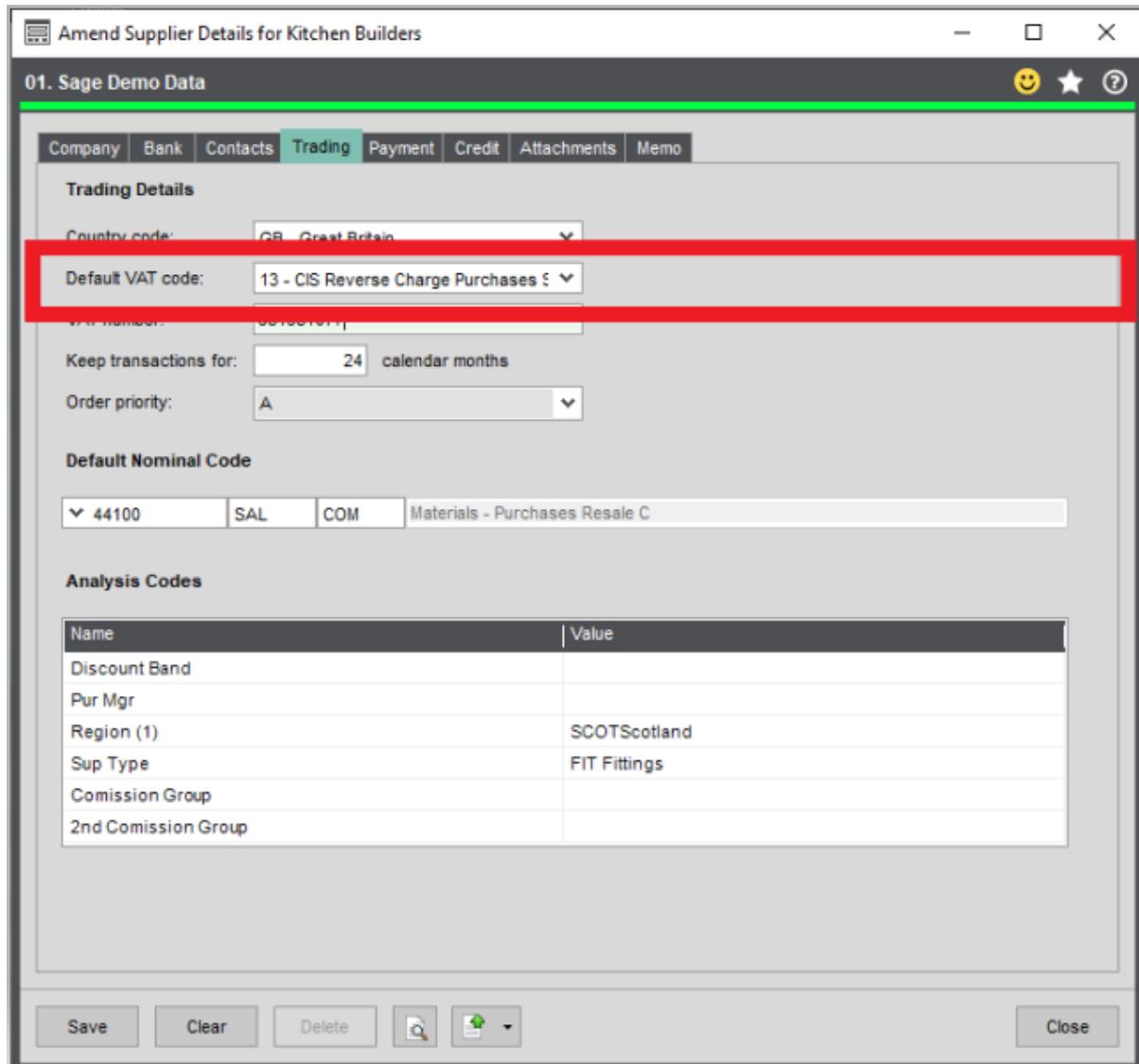


Purchase Ledger> Purchase Accounts> Amend Account Details

The default VAT Code that applies to a Supplier is set by navigating to.

Purchase Ledger> Purchase Accounts> Amend Account details (Trading Tab)

Amend the default Vat Code.



Century understand amending numerous customers/suppliers vat codes could be a mammoth task, therefore, if a spreadsheet is provided with the relevant customer and supplier code, we can import this information for you FOC, please contact support with the required format/requests.

## Processing

### Processing – Purchases (Contractor)

When entering an invoice or a Purchase order, the Vat code will default from the supplier account, this can be amended per order if required.

Sage will not allow a mixture of CIS related VAT codes and any standard Vat Code on a single order/invoice. HRMC can provide further guidance around Invoice rules and the 5% disregard for Vat reverse charge.

01. Sage Demo Data

Item Type

Standard item  Free text item  Additional charge  Comment line

Item Description

Building services and materials

Warehouse

Alnwick

Item Values

Buying price unit:  Unit discount %:

Quantity:  Unit price: £  Unit discount: £

Disc unit price: £

Item Totals

VAT rate: 13 - CIS Reverse Charge Net value: £  VAT value: £

Confirmation Method

Method: Confirmation not required

Project analysis Nominal analysis

Project Analysis

Code:  Cost:

Delivery Dates

Requested:

OK Analysis Codes... Requisitions Show Works Order Cancel

Once the invoice has been received from the supplier, this is entered into Sage with the Vat amount applied as per the below screenshots.

Record Purchase Invoice

01. Sage Demo Data

Select Supplier Account      Invoice Details

Code: KIT001	Invoice date: 12/02/2021	Goods value: £ 10000.00
Short name: Kitch B	Exchange rate: 1.00000	VAT value: £ 2000.00
Postcode: G66 5GI	Reference: 12345	Check... Invoice total: £ 12000.00

Select Order Items To Match Invoice

Order No	Authorisation Status	Code	Name	Buying Unit	Qty to be Invoiced	Discounted Unit Price	Goods Value	VAT Value
0000003358	Not Required		Building services...		1.00000	10000.00000	10000.00	2000.00

Totals: 10000.00 2000.00

Find... View Order...

GRNs for order item

Supplier GRN	Goods Received No	Date	Qty Delivered	Qty Previously Invoiced	Qty to be Invoiced
There are no GRNs for the order item					

Totals:

Post Invoice... Dispute Invoice... Clear Close

Enter Purchase Invoice for Kitchen Builders

01. Sage Demo Data

Supplier Details      Invoice Details

Code: KIT001	Credit limit: £ 20000.00	Invoice date: 12/02/2021
Short name: Kitch B	Balance: £ 117.00	Due date: 30/03/2021
Postcode: G66 5GI	Available credit: £ 19883.00	Reference: 12345
		Second ref:

Transaction Details

Goods value: £ 10000.00	Discount days: 0	VAT value: £ 2000.00
Discount percent: 0.00 %	Discount value: £ 0.00	Invoice total: £ 10000.00
	VAT discount: £ 0.00	Disc inv total: £ 10000.00
Settled immediately <input type="checkbox"/>	VAT adjustment document expected <input type="checkbox"/>	

Project Analysis      Nominal & VAT Analysis

VAT Analysis

Code	Name	Rate	Goods Value	Discount Value	VAT Discount	VAT Value
13	CIS Reverse Charge Purchases Standard Rate	20.00	10000.00	0.00	0.00	2000.00

Totals 10000.00 0.00 0.00 2000.00

Nominal Analysis

Code	CC	Dept	Name	Goods Value	Type	Narrative	Marketing Campaign
44100	SAL	COM	Materials -...	10000.00	Posting	PI / KIT001 / 12345	

Totals 10000.00 Amount left: 0.00

Save Clear Save and Attach... Save and Retain Code Print barcode Close

When reviewing the transaction against the supplier, the value of the transaction excludes the Vat value, this net value is paid to the supplier.

Supplier Transaction Enquiry for Kitchen Builders

01. Sage Demo Data

**Supplier Details**

Code:	KIT001	Address:	Units 13-15 Mill House Estate, Kirkintilloch, Glasgow, Lanarkshire, G66 5GI	
Short name:	Kitch B	Credit limit:	£	20000.00
Postcode:	G66 5GI	Balance:	£	10117.00

**Transactions**

Trans. Type	Trans. Date	Reference	2nd Ref.	Value	Allocated	Query	Status	Memo	User	Source	URN
Invoice	12/02/2021	12345		10000.00	0.00				JeffreyO	POP	28057
Invoice	22/07/2019	0000000010		232.00	0.00	U			JeffreyO	ProjectAcc...	27492
Payment	22/05/2019	Bank Import	JULIAN FL...	-115.00	0.00					Purchase	27388

Show outstanding only    Maximum number of transactions to display: 100

**Transaction Detail**

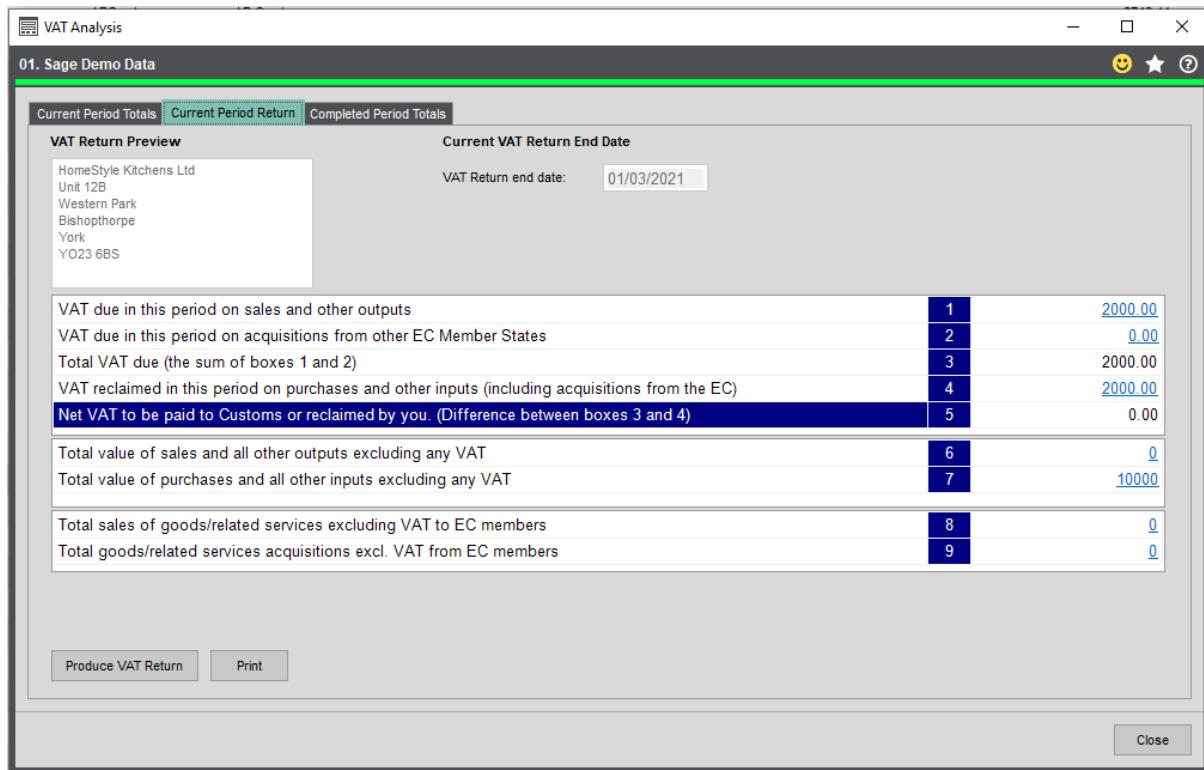
Select drilldown:	Trans. detail	Transaction:	Invoice	Orig ex rate:	1.000000
		Reference:	12345	Gross:	10000.00
		2nd reference:		Discount:	0.00
		Trans. date:	12/02/2021	VAT discount:	0.00
		Due date:	30/03/2021	Discounted value:	10000.00
		Discount date:	12/02/2021	Allocated:	0.00
		Settled immediately:	No	Outstanding:	10000.00
		VAT adjustment:	No		

### Processing – Vat Postings.

The transaction has posted to the new CIS reverse charge Vat code, affecting the Vat return values as per the below table;

	Old method	New method
Box 1	£0	£200
Box 2	£0	£0
Box 3	£0	£200
Box 4	£200	£200
Box 5	(£200)	£0
Box 6	£0	£0
Box 7	£1,000	£1,000
Box 8	£0	£0
Box 9	£0	£0

Here you can see the transaction entered has correctly posted to the correct area of the Vat return;



The screenshot shows the VAT Analysis window for Sage 200c Professional. The title bar reads 'VAT Analysis' and '01. Sage Demo Data'. The window contains several tabs: 'Current Period Totals' (selected), 'Current Period Return', and 'Completed Period Totals'. The 'VAT Return Preview' section displays company details: 'HomeStyle Kitchens Ltd', 'Unit 12B', 'Western Park', 'Bishoptonthorpe', 'York', 'YO23 6BS'. The 'Current VAT Return End Date' section shows 'VAT Return end date: 01/03/2021'. Below these, a table provides VAT return details:

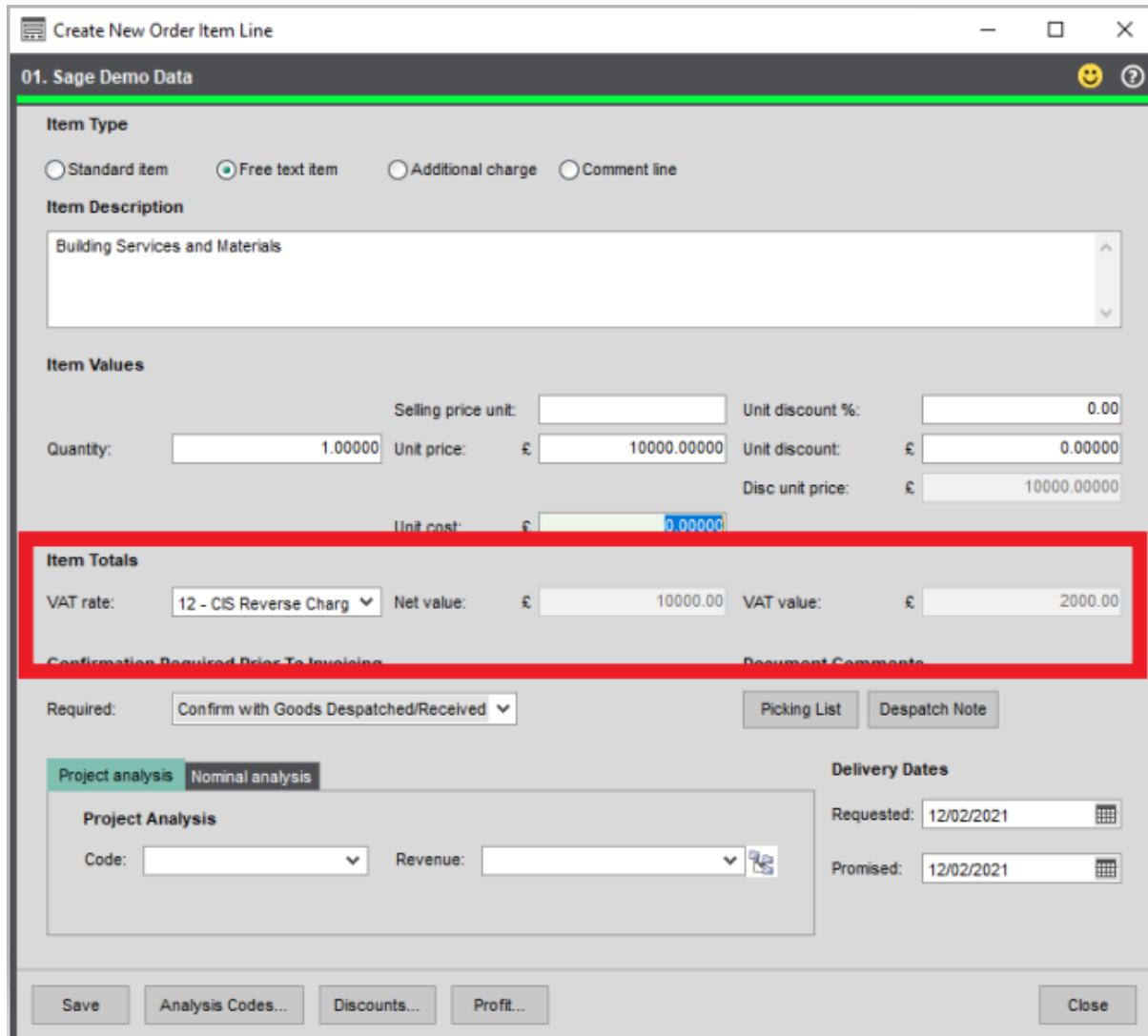
	1	2000.00
VAT due in this period on sales and other outputs	1	2000.00
VAT due in this period on acquisitions from other EC Member States	2	0.00
Total VAT due (the sum of boxes 1 and 2)	3	2000.00
VAT reclaimed in this period on purchases and other inputs (including acquisitions from the EC)	4	2000.00
<b>Net VAT to be paid to Customs or reclaimed by you. (Difference between boxes 3 and 4)</b>	<b>5</b>	<b>0.00</b>
Total value of sales and all other outputs excluding any VAT	6	0
Total value of purchases and all other inputs excluding any VAT	7	10000
Total sales of goods/related services excluding VAT to EC members	8	0
Total goods/related services acquisitions excl. VAT from EC members	9	0

At the bottom of the window are buttons for 'Produce VAT Return', 'Print', and 'Close'.

### Processing – Sales (Subcontractor)

When entering a Sales invoice or Sales order, the Vat code will default from the customer account, this can be amended per order if required.

Sage will not allow a mixture of CIS related VAT codes and any standard Vat Code on a single order/invoice. HRMC can provide further guidance around Invoice rules and the 5% disregard for Vat reverse charge.



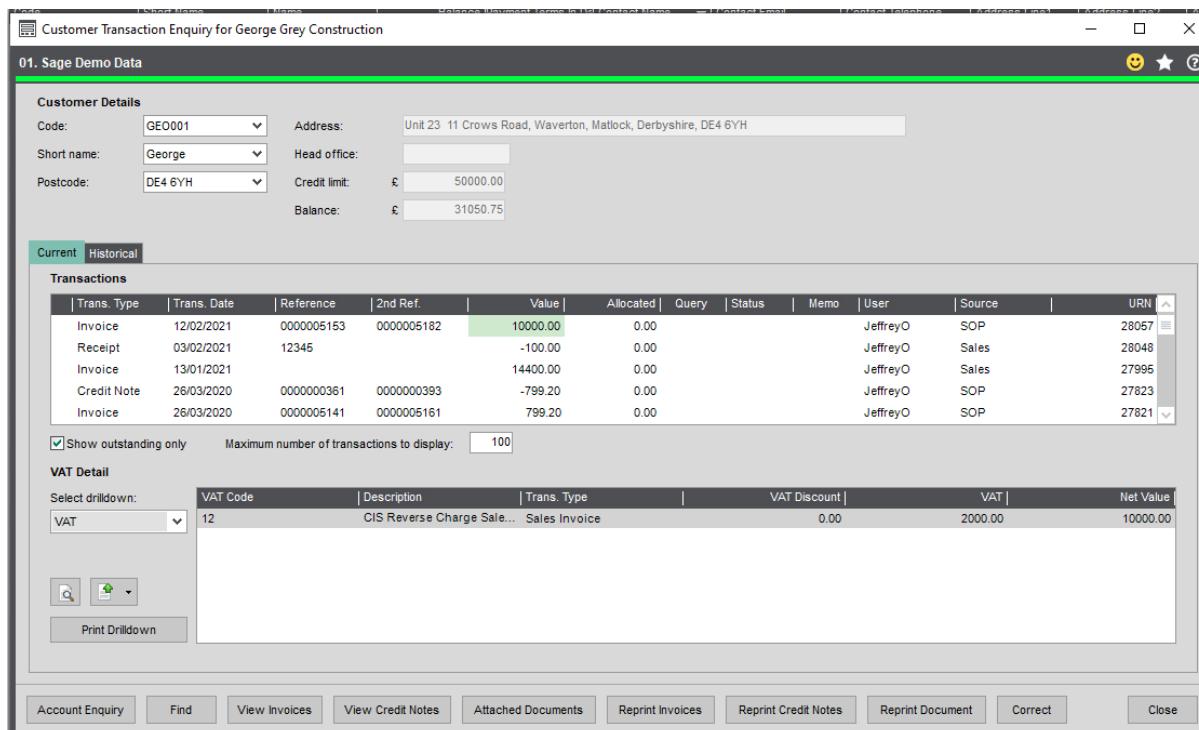
The screenshot shows the 'Create New Order Item Line' window in Sage 200c. The 'Item Type' section has 'Free text item' selected. The 'Item Description' is 'Building Services and Materials'. In the 'Item Values' section, the 'Selling price unit' is empty, 'Unit discount %' is 0.00, 'Quantity' is 1.00000, 'Unit price' is £ 10000.00000, 'Unit discount' is £ 0.00000, 'Disc unit price' is £ 10000.00000, and 'Unit cost' is £ 0.00000. The 'Item Totals' section shows 'VAT rate: 12 - CIS Reverse Charge', 'Net value: £ 10000.00', and 'VAT value: £ 2000.00'. The 'Confirmation Required Prior To Invoicing' section has 'Required: Confirm with Goods Despatched/Received'. The 'Delivery Dates' section shows 'Requested: 12/02/2021' and 'Promised: 12/02/2021'. At the bottom, there are buttons for 'Save', 'Analysis Codes...', 'Discounts...', 'Profit...', 'Picking List', 'Despatch Note', and 'Close'.

Once the Sales/Billing invoice has been produced, it should detail the predefined text and VAT analysis breakdown (If required)

VAT Analysis					
Code	%	Net	VAT	NET	
12	20.00	CIS Reverse C	10000.00	2000.00	
				NET	10000.00
				VAT	0.00
				GROSS	10000.00
				DUE WITHIN SETTLEMENT DAYS	10000.00

Reverse Charge: VAT Act 1994 Section 55A applies

When reviewing the customer account transaction enquiry, the value outstanding is the Net invoice value, excluding VAT;



Customer Transaction Enquiry for George Grey Construction

01. Sage Demo Data

**Customer Details**

Code:	GE0001	Address:	Unit 23 11 Crows Road, Waverton, Matlock, Derbyshire, DE4 6YH
Short name:	George	Head office:	
Postcode:	DE4 6YH	Credit limit:	£ 50000.00
		Balance:	£ 31050.75

**Transactions**

Trans. Type	Trans. Date	Reference	2nd Ref.	Value	Allocated	Query	Status	Memo	User	Source	URN
Invoice	12/02/2021	0000005153	0000005182	10000.00	0.00				JeffreyO	SOP	28057
Receipt	03/02/2021	12345		-100.00	0.00				JeffreyO	Sales	28048
Invoice	13/01/2021			14400.00	0.00				JeffreyO	Sales	27995
Credit Note	26/03/2020	0000000361	0000000393	-799.20	0.00				JeffreyO	SOP	27823
Invoice	26/03/2020	0000005141	0000005161	799.20	0.00				JeffreyO	SOP	27821

Show outstanding only   Maximum number of transactions to display: 100

**VAT Detail**

VAT Code	Description	Trans. Type	VAT Discount	VAT	Net Value
12	CIS Reverse Charge Sale... Sales Invoice		0.00	2000.00	10000.00

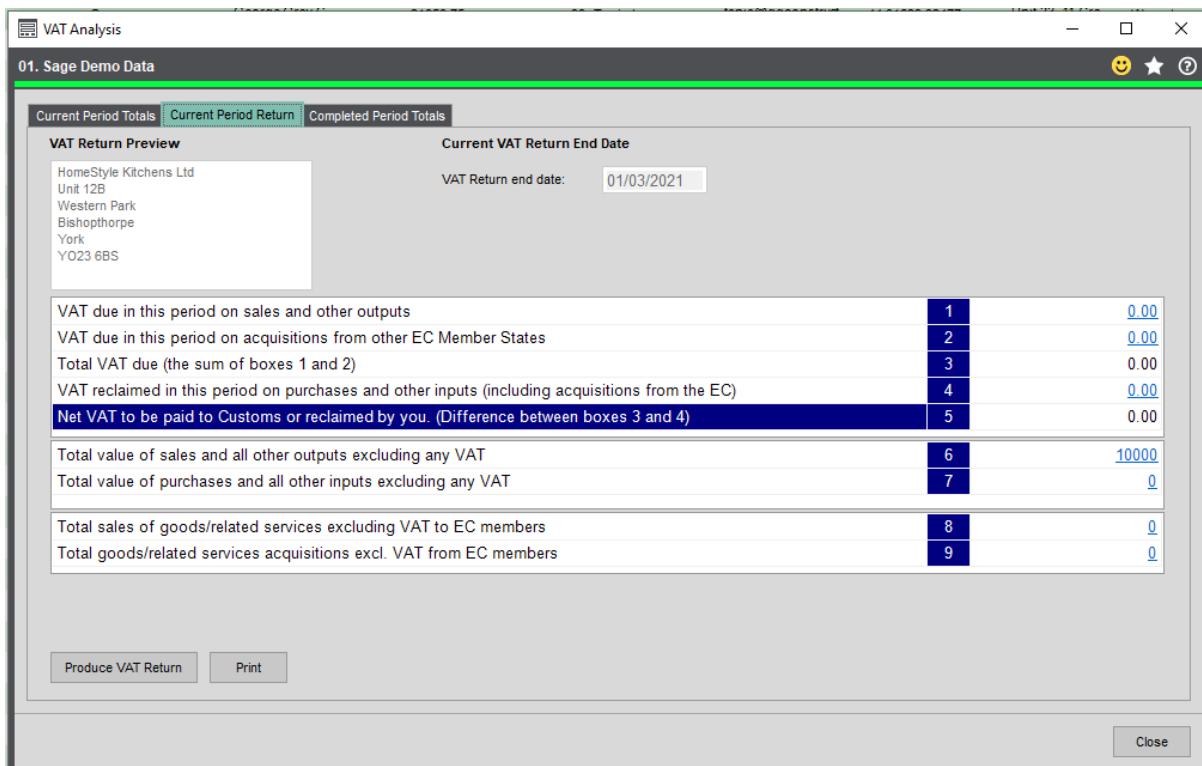
**Buttons:** Account Enquiry, Find, View Invoices, View Credit Notes, Attached Documents, Reprint Invoices, Reprint Credit Notes, Reprint Document, Correct, Close

### Processing - Vat Postings.

The transaction has posted to the new CIS Vat code, affecting the Vat return values as per the below table;

	Old method	New method
Box 1	£200	£0
Box 2	£0	£0
Box 3	£200	£0
Box 4	£0	£0
Box 5	£200	£0
Box 6	£1,000	£1,000
Box 7	£0	£0
Box 8	£0	£0
Box 9	£0	£0

Below you can see the transaction entered, has correctly posted to the correct area of the Vat return.



The screenshot shows the VAT Analysis window with the following details:

**VAT Return Preview:**

- VAT Return end date: 01/03/2021
- HomeStyle Kitchens Ltd  
Unit 12B  
Western Park  
Bishophorpe  
York  
YO23 6BS

**Current VAT Return End Date:**

01/03/2021

**VAT Return Preview Data (Table):**

	1	0.00
VAT due in this period on sales and other outputs	1	0.00
VAT due in this period on acquisitions from other EC Member States	2	0.00
Total VAT due (the sum of boxes 1 and 2)	3	0.00
VAT reclaimed in this period on purchases and other inputs (including acquisitions from the EC)	4	0.00
<b>Net VAT to be paid to Customs or reclaimed by you. (Difference between boxes 3 and 4)</b>	<b>5</b>	<b>0.00</b>
Total value of sales and all other outputs excluding any VAT	6	10000
Total value of purchases and all other inputs excluding any VAT	7	0
Total sales of goods/related services excluding VAT to EC members	8	0
Total goods/related services acquisitions excl. VAT from EC members	9	0

**Buttons:**

- Produce VAT Return
- Print
- Close