

Sage 200c

Processing VAT domestic reverse charge for construction

sage 200

Sage 200cloud Professional

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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

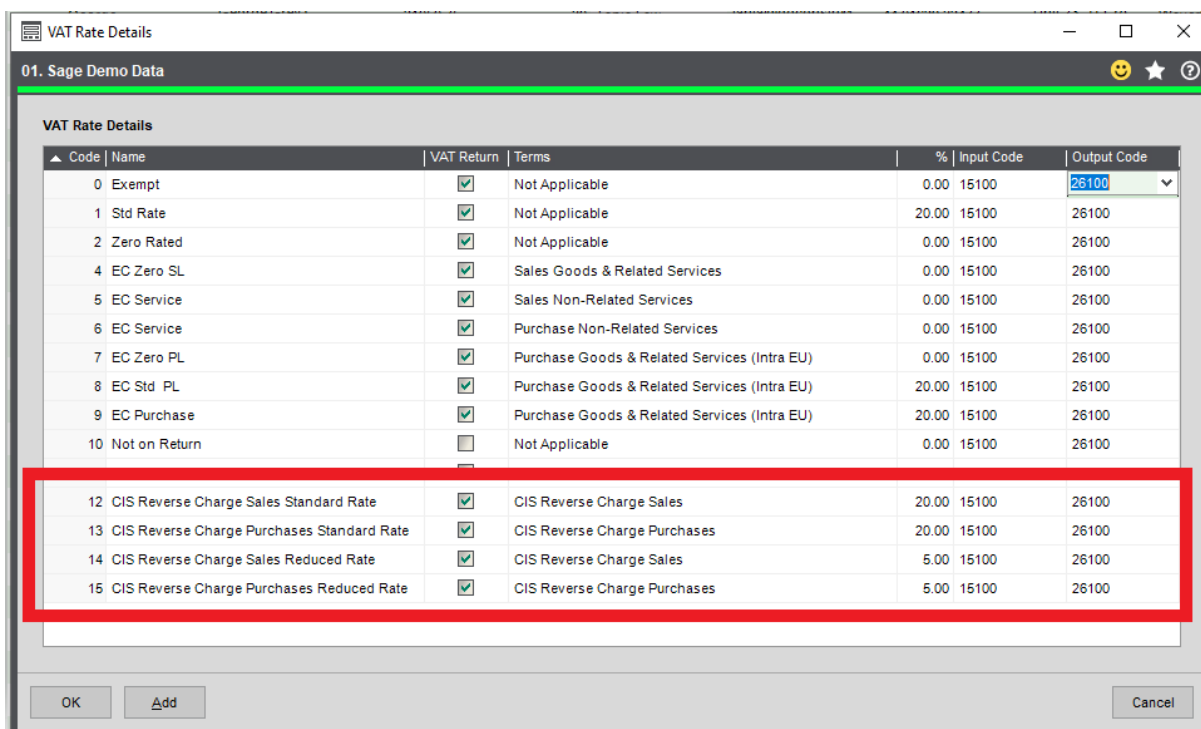
Within Code enter the next available number, then give the code a description.

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, who will be happy to assist in amending the layouts;

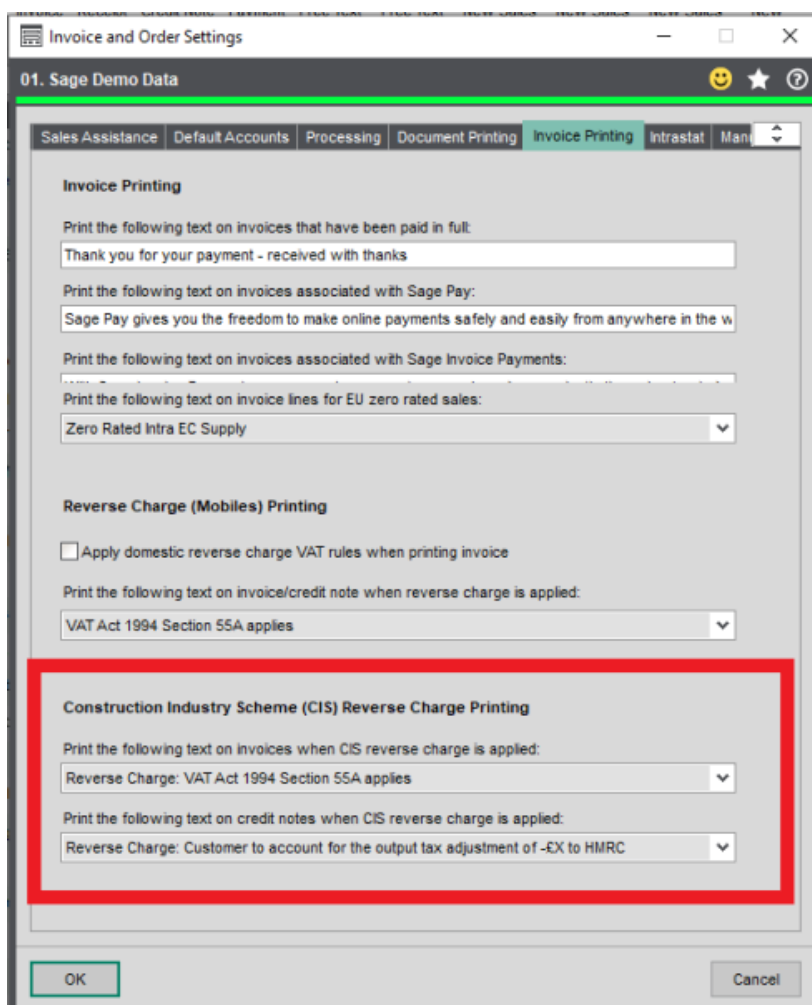
The text can be selected from Sales Order Processing> SOP Utilities> System Setup> SOP Settings (Invoice printing tab).

The following text can be applied to invoices.

Reverse Charge: VAT Act 1994 Section 55A applies
 Reverse Charge: S55A VATA 94 applies
 Reverse Charge: Customer to pay the VAT to HMRC

The following text can be applied to Credit notes.

Reverse Charge: Customer to account for the output tax adjustment of -£X to HMRC
 Reverse Charge: UK customer to account for the output tax adjustment of -£X to HMRC
 Customer to account to HMRC for the adjustment to reverse charge output tax on the VAT exclusive price of items



Invoice and Order Settings

01. Sage Demo Data

Sales Assistance | Default Accounts | Processing | Document Printing | **Invoice Printing** | Intrastat | Man

Invoice Printing

Print the following text on invoices that have been paid in full:
 Thank you for your payment - received with thanks

Print the following text on invoices associated with Sage Pay:
 Sage Pay gives you the freedom to make online payments safely and easily from anywhere in the w

Print the following text on invoices associated with Sage Invoice Payments:

Print the following text on invoice lines for EU zero rated sales:
 Zero Rated Intra EC Supply

Reverse Charge (Mobiles) Printing

Apply domestic reverse charge VAT rules when printing invoice

Print the following text on invoice/credit note when reverse charge is applied:
 VAT Act 1994 Section 55A applies

Construction Industry Scheme (CIS) Reverse Charge Printing

Print the following text on invoices when CIS reverse charge is applied:
 Reverse Charge: VAT Act 1994 Section 55A applies

Print the following text on credit notes when CIS reverse charge is applied:
 Reverse Charge: Customer to account for the output tax adjustment of -£X to HMRC

OK Cancel

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”

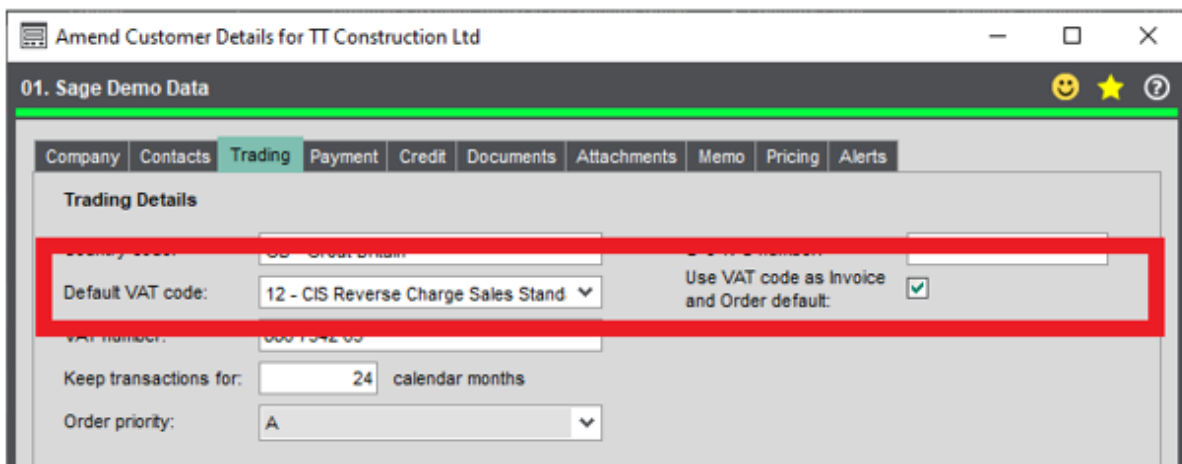
Configuration - Customers and Suppliers

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”***

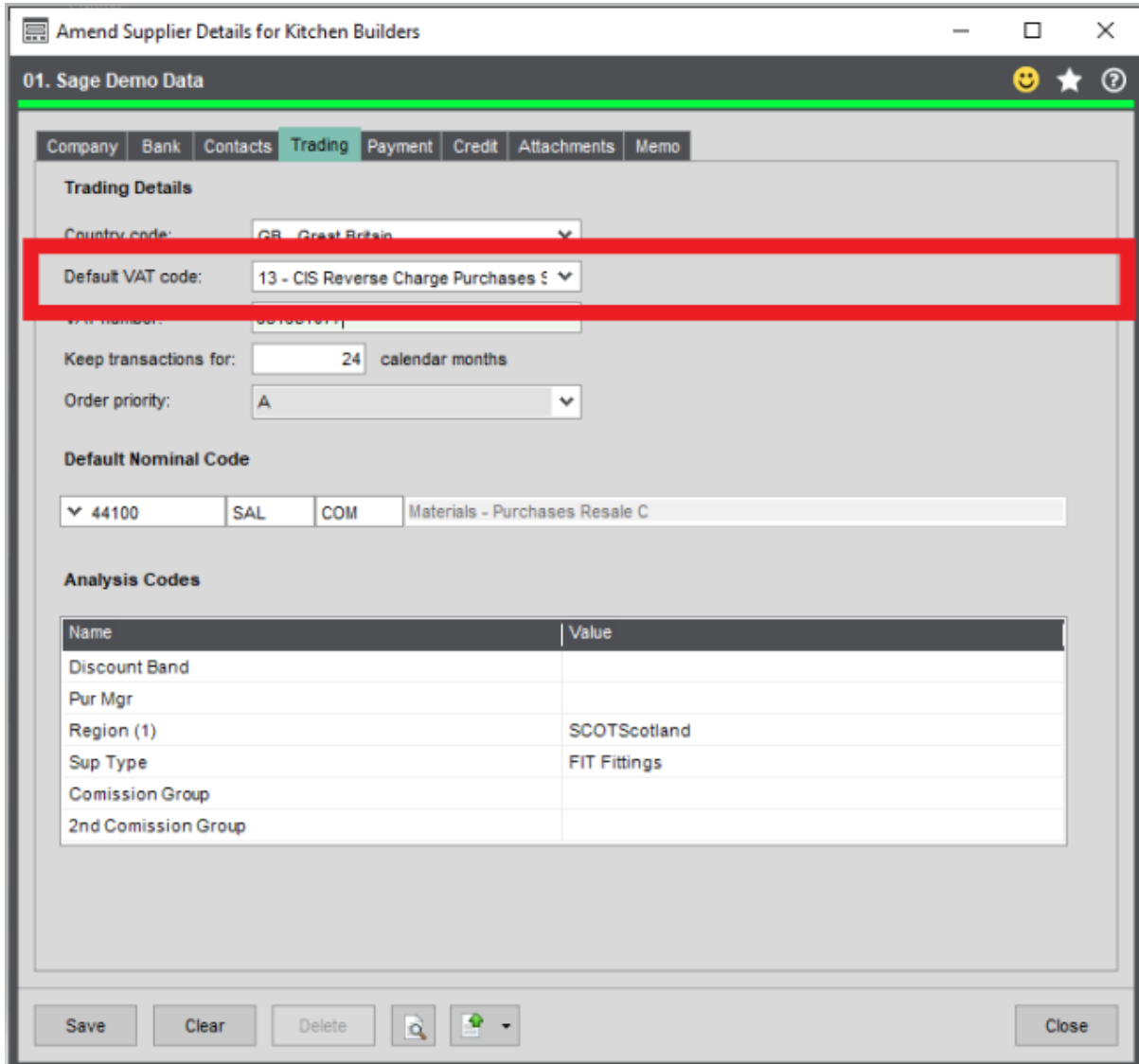


Purchase Ledger> Purchase Accounts> Amend Account Details

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.



The screenshot shows the 'Amend Supplier Details for Kitchen Builders' window. The 'Trading' tab is active. The 'Default VAT code' is set to '13 - CIS Reverse Charge Purchases £'. The 'Default Nominal Code' is set to '44100 SAL COM Materials - Purchases Resale C'. The 'Analysis Codes' table is also visible.

Name	Value
Discount Band	
Pur Mgr	
Region (1)	SCOTScotland
Sup Type	FIT Fittings
Comission Group	
2nd Comission Group	

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.

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

Code: KIT001
 Short name: Kitch B
 Postcode: G66 5GI

Invoice Details

Invoice date: 12/02/2021
 Exchange rate: 1.000000
 Reference: 12345

Goods value: £ 10000.00
 VAT value: £ 2000.00
 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

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:					

Buttons: Post Invoice..., Dispute Invoice..., Clear, Close

Enter Purchase Invoice for Kitchen Builders

01. Sage Demo Data

Supplier Details

Code: KIT001
 Short name: Kitch B
 Postcode: G66 5GI

Credit limit: £ 20000.00
 Balance: £ 117.00
 Available credit: £ 19883.00

Invoice Details

Invoice date: 12/02/2021
 Due date: 30/03/2021
 Reference: 12345
 Second ref:

Transaction Details

Goods value: £ 10000.00
 Discount percent: 0.00 %
 Settled immediately:

Discount days: 0
 Discount value: £ 0.00
 VAT discount: £ 0.00
 VAT adjustment document expected:

VAT value: £ 2000.00
 Invoice total: £ 10000.00
 Disc inv total: £ 10000.00

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	

Buttons: 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

Current Historical

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	000000010		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

Reference: 12345

2nd reference:

Trans date: 12/02/2021

Due date: 30/03/2021

Discount date: 12/02/2021

Settled immediately: No

VAT adjustment: No

Orig ex rate: 1.000000

Gross: 10000.00

Discount: 0.00

VAT discount: 0.00

Discounted value: 10000.00

Allocated: 0.00

Outstanding: 10000.00

Print Drilldown

Account Enquiry Find View Orders View Returns Attached Documents Correct Close

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;

VAT Return Preview

HomeStyle Kitchens Ltd
Unit 12B
Western Park
Bishophorpe
York
YO23 6BS

Current VAT Return End Date
VAT Return end date: 01/03/2021

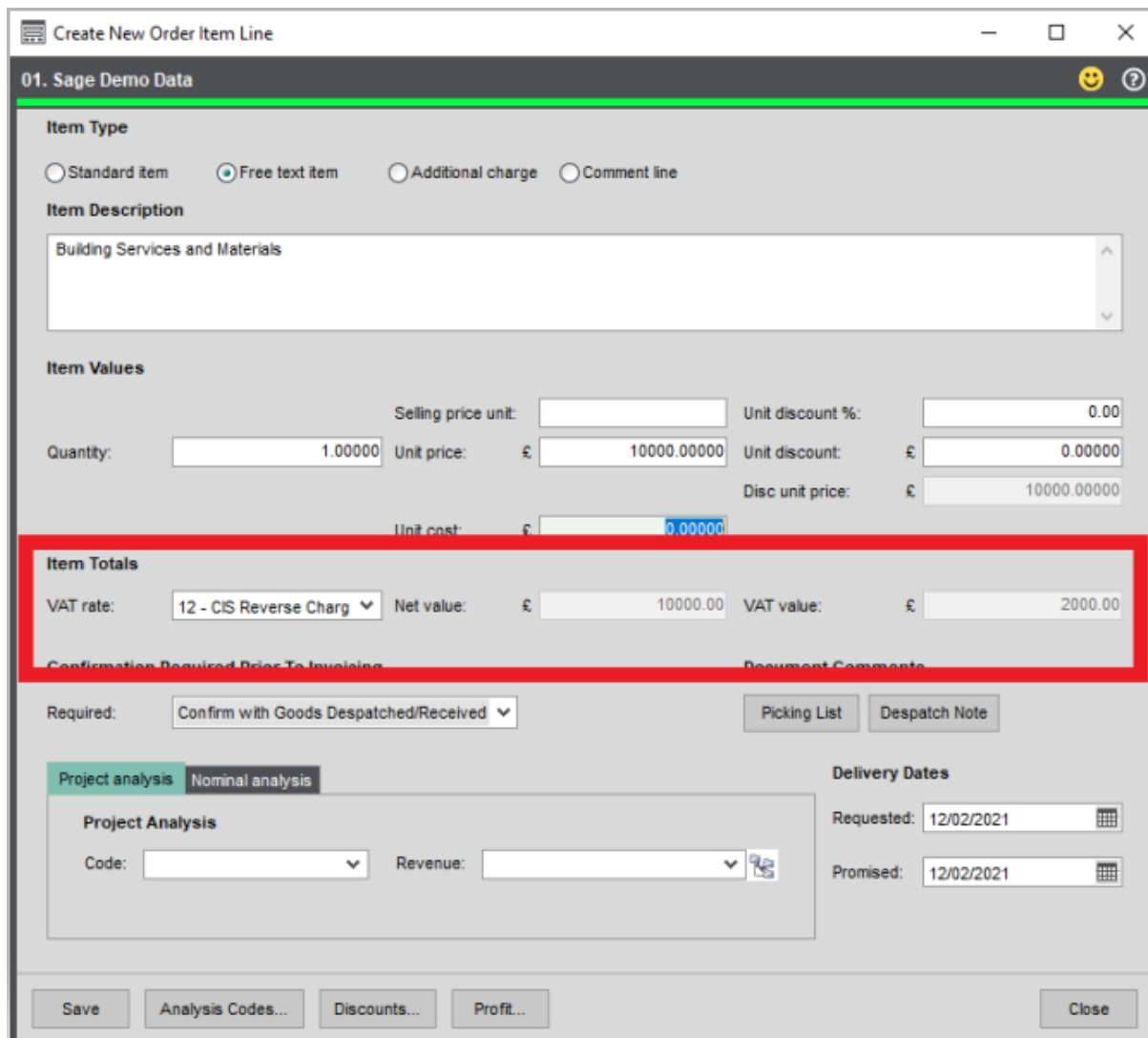
VAT due in this period on sales and other outputs	1	2000.00
VAT due in this period on acquisitions from other EC Member States	2	0.00
Total VAT due (the sum of boxes 1 and 2)	3	2000.00
VAT reclaimed in this period on purchases and other inputs (including acquisitions from the EC)	4	2000.00
Net VAT to be paid to Customs or reclaimed by you. (Difference between boxes 3 and 4)	5	0.00
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

Buttons: Produce VAT Return, Print, 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.



Create New Order Item Line

01. Sage Demo Data

Item Type

Standard item Free text item Additional charge Comment line

Item Description

Building Services and Materials

Item Values

Selling price unit: Unit discount %:

Quantity: Unit price: £ Unit discount: £

Unit cost: £ Disc unit price: £

Item Totals

VAT rate: Net value: £ VAT value: £

Confirmation Required Prior To Invoicing:

Project analysis **Nominal analysis**

Project Analysis

Code: Revenue:

Delivery Dates

Requested:

Promised:

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		
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: GEO001 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

Select drilldown: VAT

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

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.

VAT Analysis
01. Sage Demo Data

Current Period Totals | **Current Period Return** | Completed Period Totals

VAT Return Preview | Current VAT Return End Date

HomeStyle Kitchens Ltd
Unit 12B
Western Park
Bishophorpe
York
YO23 6BS

VAT Return end date: 01/03/2021

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
Net VAT to be paid to Customs or reclaimed by you. (Difference between boxes 3 and 4)	5	0.00
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

Produce VAT Return | Print | Close