

VAT Rates

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Introduction

With the announcement of the VAT change recently, we have compiled this document to assist you with the necessary steps to implement this within your business. Firstly, it should be noted that the new VAT rate is only on certain items, and you should therefore initially decide which products the new VAT rate will be affecting.

After that, please proceed through the steps below which will take you through the processes to create, amend, and apply VAT rates as appropriate. Please also remember to consider your accounts links with Futura if you have them, and finally, if you wish to pass the VAT savings across to your customers or not via price changes.

It should be noted that simply changing the VAT rate will NOT change the item selling price, purely the VAT content of that selling price. If you did wish to pass on the saving, you would need to apply price changes accordingly. Methods to do this are listed later in this document, but if you need help on how to implement, please contact the Futura Team.

Adjusting the VAT rates on certain items

There are times that you may need to adjust the VAT rates that are applied on certain items. This process uses some of the steps that have been explained later in this document. The basic steps are:

1. Identify the items Product Groups numbers that will be affected.
2. Check the Tax Groups table to find out the VAT rate the PGR currently uses.
3. Determine if a completely new VAT key is required or just adjustments to an existing one.
4. Once VAT rates have been created/adjusted, amend the Tax Groups table if required.

Step 1: Identifying the items Product Group

VAT rates are set up at Product Group level. The easiest way to check an items Product Group is to open the item record in the Items module.

Note down the value in the PGR field

The screenshot shows the 'Items' module interface. At the top, there is a table with columns: PGR, SGR, Type, GrpNo. The first row contains the values: 244, 34, 520, 1. The 'PGR' field (244) is highlighted with a red box, and an arrow points from a text box on the left to it. Below the table, the 'Product Group' is 'Childrens Apparel (Non VAT)'. Other fields include 'Subgroup: Intersport', 'Type: Sweatshirts C', 'Supplier: 1,122 CANTERBURY', 'P.O.Supp: 1,122 CANTERBURY', 'SpltmGrp', 'SpltmTxt: Can Force Hoody', 'Receipt Text: Can Force Hoody', 'Item Search: Supp. 1,122 CANTERBURY', 'SpltmGrp', 'SpltmNo: E75170', 'RefNo/EAN: 956567', 'Origin: 6 John Carney', 'Sales area', 'PP/Sp Disc', 'status: central', and 'Item Details' (highlighted with a red box). Buttons for 'Grouping', 'Fix Set', 'Add. Info', 'Stock F4', and 'Price Information' are also visible.

Step 2: Checking the VAT rate currently assigned to the PGR

Open the Tax Groups table and find the PGR in the table. If it does not appear in the PGR list, then this means that it uses the defaulted standard rate which is the top line. If it uses a non-standard VAT rate, then you should find where the PGR is listed and go to that line.

You will need to note down the VAT key number(s) listed for the PGR in the fields that are circled below.

| PGR | Goods In | | | Sales | | |
|-----|----------|---------|---------|---------|------|---------|
| | Account | (P) VAT | Account | Account | VAT | Account |
| | 3400 | 4 | 3200 | 3000 | 8400 | 1 |
| 237 | 3410 | 12 | 3200 | 3000 | 8410 | 2 |
| 241 | 3410 | 12 | 3200 | 3000 | 8410 | 2 |
| 244 | 3410 | 12 | 3200 | 3000 | 8410 | 2 |
| 368 | 3410 | 12 | 3200 | 3000 | 8410 | 2 |
| 371 | 3410 | 12 | 3200 | 3000 | 8410 | 2 |
| 372 | 3410 | 12 | 3200 | 3000 | 8410 | 2 |
| 374 | 3410 | 12 | 3200 | 3000 | 8410 | 2 |
| 376 | 3410 | 12 | 3200 | 3000 | 8410 | 2 |
| 377 | 3410 | 12 | 3200 | 3000 | 8410 | 2 |
| 379 | 3410 | 12 | 3200 | 3000 | 8410 | 2 |

Step 3: Creating or adjusting the VAT

You will need to determine whether the new rate requires a new VAT key or if an existing one needs to be adjusted.

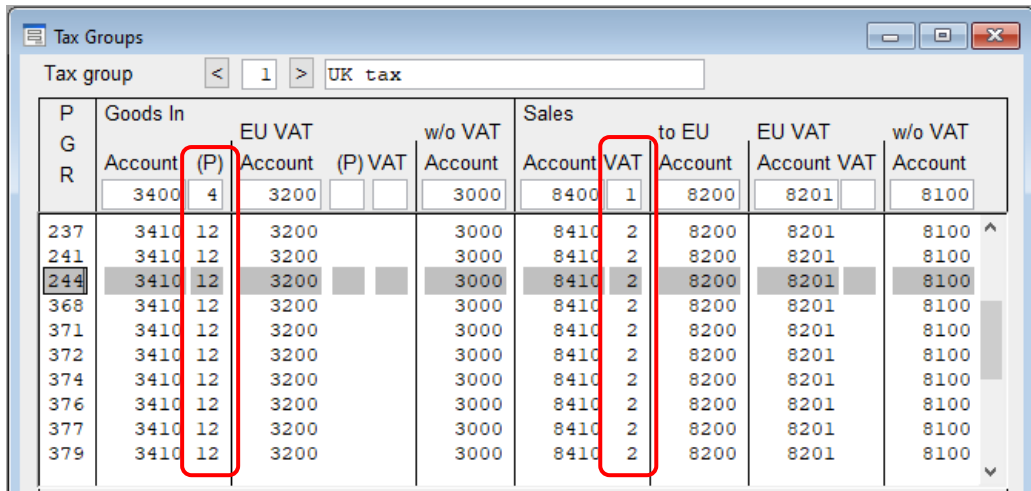
If a new VAT rate is needed, follow the instructions in this guide for creating a new VAT key. The section entitled: Creating a new VAT rate.

If an existing one needs to be adjusted, then follow the instructions in this guide for adjusting a VAT key. The section entitled: Applying changes to a VAT rate overview: Adjusting a VAT rate.

Step 4: Assigning Tax Groups if required.

If a new VAT rate has been created, then this will need to be adjusted in the Tax Groups table. If the PGR was part of the standard rate originally, simply go to the bottom of the table and add the PGR to the PGR column. Then enter the account numbers which are normally enter as the same values as the other entries in the table and assign the correct vat keys to the columns below.

If you are amending the existing rate against a PGR, then this step should not be required.



| P G R | Goods In | | | Sales | | | | | |
|-------------|----------|-----|------|---------|------|---------|------|------|------|
| | Account | (P) | VAT | Account | VAT | Account | | | |
| | 3400 | 4 | 3200 | 3000 | 8400 | 1 | 8200 | 8201 | 8100 |
| 237 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 241 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 244 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 368 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 371 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 372 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 374 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 376 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 377 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 379 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |

Changing the Product Group that the item is associated with

There may be certain situations where some of your items may need to be split out of the Product Group they are currently assigned to, due to changes on VAT rates on specific items. If this situation effects your company, please contact the Futura Team who can provide further documentation and guidance on this.

Item selling prices

Be aware that if the VAT rate changes on items, then this means that you may want to change the Sales Price for the items affected to reflect the lower VAT rate.

This can be done either by:

- Directly changing the sale prices on the Items module via the Prices tab.
- Uploading the price changes in Items: Prices tab via Futura4Data.
- Manually adding them to the Price Change by Value module to adopt in to the Items : Price module.

It is possible to add a Valid from date (for Sales Price) to these price changes so they can be prepared and added ahead of the change date.

Also, be aware that your Purchase Price's from Supplier's may require changing also if they change their prices.

Creating a new VAT rate

It is possible to create and manage different VAT rates for sales and goods in, and the date they become valid on, via the VAT module. Each VAT key has a 'number' and can have several different descriptions i.e. rate/percentage and date entry. For duty-free operations i.e., airport shops, it is possible to have both 'Zero-Rated' and 'Duty-Free' codes.

Creating a new VAT rate key

1. Open the VAT module. This is usually in the following location:

PARAMETERS > ACCOUNTING PARAMETERS > VAT

2. Type in a new VAT number that you would like to create.

Use {Alt+S} to see all existing in a list of already created.

3. Enter date that the new rate should be valid from in a dd/mm/yy format.

4. Enter the description that this VAT Rate is for.

5. Enter the VAT percentage.

6. Enter the account type that this payment should go against.

Use {Alt+S} to select from the list.

7. Select:

Assessment Basis = Net

Valid Product Tax Rate = ticked

8. Enter VAT keys for the 'Acctg Export' fields. These are normally set to the VAT number that you are creating.

The screenshot shows the 'VAT' window with the following fields and values:

- VAT key: 4
- Valid from: 04/01/11
- Description: VAT Rate Standard Purchase
- Percentage Rate: 20.000
- Booking Account: 1575 VAT Purchases
- EP Disc Account: 8735 Early Payment Discount Sal
- Assessment Basis: Net, Gross, Valid Product Tax Rate
- VAT No for Acctg Export: 4 (FuturaERS + external Accts)
- VAT ID for Acctg Export: 4 (only FuturaERS)
- VAT identifier for receipt printing: [empty]
- VAT key for returns: [empty]

Buttons at the bottom: OK, Save, Delete, Cancel.

Accounts links

If you have an accounts link, **IT IS IMPORTANT** that your new VAT key is correctly mapped to your accounts system. If this is not done, sales will be sent to your finance system with incorrect VAT. If you are not sure how to do this, please contact the Futura Team.

Applying VAT Rates to items via Tax Groups

The Tax Groups module is used to enter account numbers and VAT entries for item Product Groups. The Tax Group defines VAT keys for sales and purchases and which accounts are to be used for the relevant Product Groups.

In the header section of the data field default values are entered which are used for all Product Groups for which no individual definition exists. In the data field below, the accounts for the Product Groups which do not use the defaults are defined.

The Tax Groups can only be defined in the head office. Care should be taken to ensure that the default line and the definition lines are completely filled in to prevent bookings being made against zero accounts. In the "Tax group" function itself, no check for completion is made.

In the Branches (Reference Data - Address Reference Data - Address Management) function, Tax Group is assigned to a branch. If this field is left blank, the default value in the Base System module is accessed and used for this branch.

The screenshot shows the 'Tax Groups' window with the following data:

| P | Goods In | EU VAT | w/o VAT | Sales | to EU | EU VAT | w/o VAT | | |
|-----|-------------|-------------|---------|-------------|---------|-------------|---------|------|------|
| G | Account (P) | Account (P) | Account | Account VAT | Account | Account VAT | Account | | |
| R | 3400 | 4 | 3200 | 3000 | 8400 | 1 | 8200 | 8201 | 8100 |
| 229 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 230 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 231 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 232 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 233 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 234 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 235 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 236 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 237 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 241 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |

Product Grp: 229 Kids Textile Misc

| | Account | Description | Tax key |
|-------------------|---------|------------------------------------|---------|
| Goods In | 3410 | Customer Order Payment (Purchases) | 12 |
| Gl inc. EU VAT(S) | 3200 | Purchases EU | |
| Gl inc. EU VAT(P) | | | |
| Gl excl VAT | 3000 | Purchases outside EU | |
| Sales | 8410 | Zero rated | 2 |
| Sales to EU | 8200 | Sales EU | |
| Sales w EU VAT | 8201 | Sales in EU without VAT | |
| Sales excl. VAT | 8100 | Sales without VAT | |

Buttons: OK, Save, Delete, Cancel

A red box highlights the first row of the table, and an arrow points to it with the text: "Defaulted VAT rates for items".

More than one Tax Group table can exist so if a branch is in a different country, that branch can be attributed to the correct tax rates when selling.

Assigning a Tax Group to a branch

It is possible to assign the Tax Group tables to branches via the Address Management: Branches module. This Tax Group is assigned via the General tab.

A blank Tax Groups field will mean that it is using the defaulted table set in the Base System module.

The screenshot shows the 'Address Management - Branches' window with the 'General' tab selected. The 'Tax group' field is highlighted with a red box and contains the value '1 UK tax'. Other fields include Currency (£ Pounds Sterling), Country (United Kingdom), Region (SOUTH), Lang. (English), and POS Account (1001).

It is also possible to define whether the VAT rates can be changed at till points during a transaction within a branch via the 'Other' tab.

The screenshot shows the 'Address Management - Branches' window with the 'Other' tab selected. The 'VAT can be edited' section is highlighted with a red box, showing the 'Never' radio button selected. Other sections include 'Start digits for customer card' (982), 'Geographical location', 'Airport', and 'EPC'.

Applying changes to a VAT rate overview

The VAT change in Futura is a relatively simple process, primarily editing just a few screens (explained below). Additionally, retailers may or may not choose to adjust prices to the consumer to reflect these changes.

Checking Tax Groups

VAT rates are assigned to Product Groups in the Tax Group table. If you are unsure of the which VAT key need adjusting, then you can check this via the Tax Group module. The Tax Group module can normally be found under:

PARAMETERS > ACCOUNTING PARAMETERS > TAX GROUPS.

You will need to know the Product Group of an item which the change effects. If the PGR does not exist in the PGR column, this mean it uses the standard VAT rate which is the top line

Open the Tax Group module and look at the 'Sales Tx' value. This is the number of your sales 'tax key'. This dictates which tax key (& hence VAT rate) the sales take place under.

| PGR | Goods In | EU VAT | w/o VAT | Sales | to EU | EU VAT | w/o VAT | | |
|-------------|-------------|--------|---------|-------------|---------|-------------|---------|------|------|
| Account (P) | Account (P) | VAT | Account | Account VAT | Account | Account VAT | Account | | |
| | 3400 | 4 | 3200 | 3000 | 8400 | 1 | 8200 | 8201 | 8100 |
| 229 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 230 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 231 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 232 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 233 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 234 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 235 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 236 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 237 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |
| 241 | 3410 | 12 | 3200 | 3000 | 8410 | 2 | 8200 | 8201 | 8100 |

Product Grp: 229 Kids Textile Misc

| Account | Description | Tax key |
|-------------------|---|---------|
| Goods In | 3410 Customer Order Payment (Purchases) | 12 |
| GI inc. EU VAT(S) | 3200 Purchases EU | |
| GI inc. EU VAT(P) | | |
| GI excl VAT | 3000 Purchases outside EU | |
| Sales | 8410 Zero rated | 2 |
| Sales to EU | 8200 Sales EU | |
| Sales w EU VAT | 8201 Sales in EU without VAT | |
| Sales excl. VAT | 8100 Sales without VAT | |

When checking the Tax Group screen please check both the sales rate and the goods-in rate to see if they are the same. In the picture on the next page the customer is picking up their Goods In tax rate from a different tax key, even though it is the same rate.

In this instance, both Tax keys will need to be adjusted.

Tax Groups
 Tax group: < 1 > UK tax

| P G R | Goods In | | | EU VAT | | | w/o VAT | Sales | | |
|-------------|----------|-----|-----|---------|-----|-----|---------|---------|-----|---------|
| | Account | (P) | VAT | Account | (P) | VAT | Account | Account | VAT | Account |
| | 3400 | 4 | | 3200 | | | 3000 | 8400 | 1 | 8200 |
| 229 | 3410 | 12 | | 3200 | | | 3000 | 8410 | 2 | 8200 |
| 230 | 3410 | 12 | | 3200 | | | 3000 | 8410 | 2 | 8200 |
| 231 | 3410 | 12 | | 3200 | | | 3000 | 8410 | 2 | 8200 |
| 232 | 3410 | 12 | | 3200 | | | 3000 | 8410 | 2 | 8200 |
| 233 | 3410 | 12 | | 3200 | | | 3000 | 8410 | 2 | 8200 |
| 234 | 3410 | 12 | | 3200 | | | 3000 | 8410 | 2 | 8200 |
| 235 | 3410 | 12 | | 3200 | | | 3000 | 8410 | 2 | 8200 |
| 236 | 3410 | 12 | | 3200 | | | 3000 | 8410 | 2 | 8200 |
| 237 | 3410 | 12 | | 3200 | | | 3000 | 8410 | 2 | 8200 |
| 241 | 3410 | 12 | | 3200 | | | 3000 | 8410 | 2 | 8200 |
| | | | | | | | | | | 8201 |
| | | | | | | | | | | 8100 |

Product Grp: 236 Kids Nike Footwear

| Account | Description | Tax key |
|-------------------|---|---------|
| Goods In | 3410 Customer Order Payment (Purchases) | 12 |
| GI inc. EU VAT(S) | 3200 Purchases EU | |
| GI inc. EU VAT(P) | | |
| GI excl VAT | 3000 Purchases outside EU | |
| Sales | 8410 Zero rated | 2 |
| Sales to EU | 8200 Sales EU | |
| Sales w EU VAT | 8201 Sales in EU without VAT | |
| Sales excl. VAT | 8100 Sales without VAT | |

Once these checks have been done, note down the VAT keys that will need to be changed.

Adjusting the VAT rates

1. Open the VAT module. This is usually in the following location:

PARAMETERS > ACCOUNTING PARAMETERS >
VAT

2. Using the instructions for creating a VAT key, create a new VAT key which is at the current standard rate, and name something like 'VAT Refund Rate' in the description. Note this new number down. Example to the right. *In this example, the Valid From date has been set to be the same as the current standard rate*

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

- VAT key: 5
- Valid from: 09/05/11
- Description: VAT Refund Rate
- Percentage Rate: 20.000
- Booking Account: 1775 VAT Sales
- EP Disc Account: 8735 Early Payment Discount Sal
- Assessment Basis: Net Gross Valid Product Tax Rate
- VAT No for Acctg Export: 1 (FuturERS + external Accts)
- VAT ID for Acctg Export: 1 (only FuturERS)
- VAT identifier for receipt printing:
- VAT key for returns:

3. Go to the standard VAT key.

Use the arrows to scroll through to find the correct one. Or use {Alt+S} to see all existing in a list.

4. Enter the VAT key that you created for the 'VAT Refund Rate'.

This ensure refunds at the till should pick up the original rate based on the date of the sales transaction.

5. Press [Save] and [OK]

6. Go to the standard VAT key.

7. Enter the new date that the new rate should be valid from in a dd/mm/yy format.

The screenshot shows the VAT module window with annotations:

- Step 3: An arrow points to the VAT key field (1) which is highlighted with a red box.
- Step 4: An arrow points to the VAT key for returns field (5) which is highlighted with a red box.
- Step 5: An arrow points to the OK and Save buttons which are highlighted with a red box.

The screenshot shows the VAT module window with annotations:

- Step 7: An arrow points to the Valid from field (15/07/20) which is highlighted with a red box.

8. Press [SAVE] and the system message "Creating new record" will pop up. Press [OK]

This will create a new date entry under the VAT key. The percentage rate should then be changed to against this new date. This is shown on the next page.

9. Change the 'Percentage Rate' to the new rate.

10. Remove the VAT key for the return.

11. Press [Save] and [OK]

VAT

VAT key < 1 >

Valid from < 15/07/20 >

Description VAT Standard Rate Sales

Percentage Rate 5.000

Booking Account 1775 VAT Sales

EP Disc Account 8735 Early Payment Discount Sal

Assessment Basis

Net Gross Valid Product Tax Rate

VAT No for Acctg Export 1 (FuturERS + external Accts)

VAT ID for Acctg Export 1 (only FuturERS)

VAT identifier for receipt printing

VAT key for returns

OK Save Delete Cancel

As this is the standard VAT rate, no adjustments are needed for the Tax Groups.

This concludes the Standard VAT Change.

You can check you still have both the old and new entries by selecting VAT key 1 and using the scroll buttons beside the 'date' field to move between the old and new rates.

Refunds at the Till

When refunding at the till, certain considerations may need to be thought about.

Receipt Returns

By populating the 'VAT Key for returns' field on the VAT module for the old rate, you are able to have the till automatically assign the correct rate based on the original transaction date.

We recommend encouraging your staff to use this method.

Handling manual returns are explained on the next page.

VAT

VAT key < 1 >

Valid from < 09/05/11 >

Description VAT Standard Rate Sales

Percentage Rate 20.000

Booking Account 1775 VAT Sales

EP Disc Account 8735 Early Payment Discount Sal

Assessment Basis

Net Gross Valid Product Tax Rate

VAT No for Acctg Export 1 (FuturERS + external Accts)

VAT ID for Acctg Export 1 (only FuturERS)

VAT identifier for receipt printing

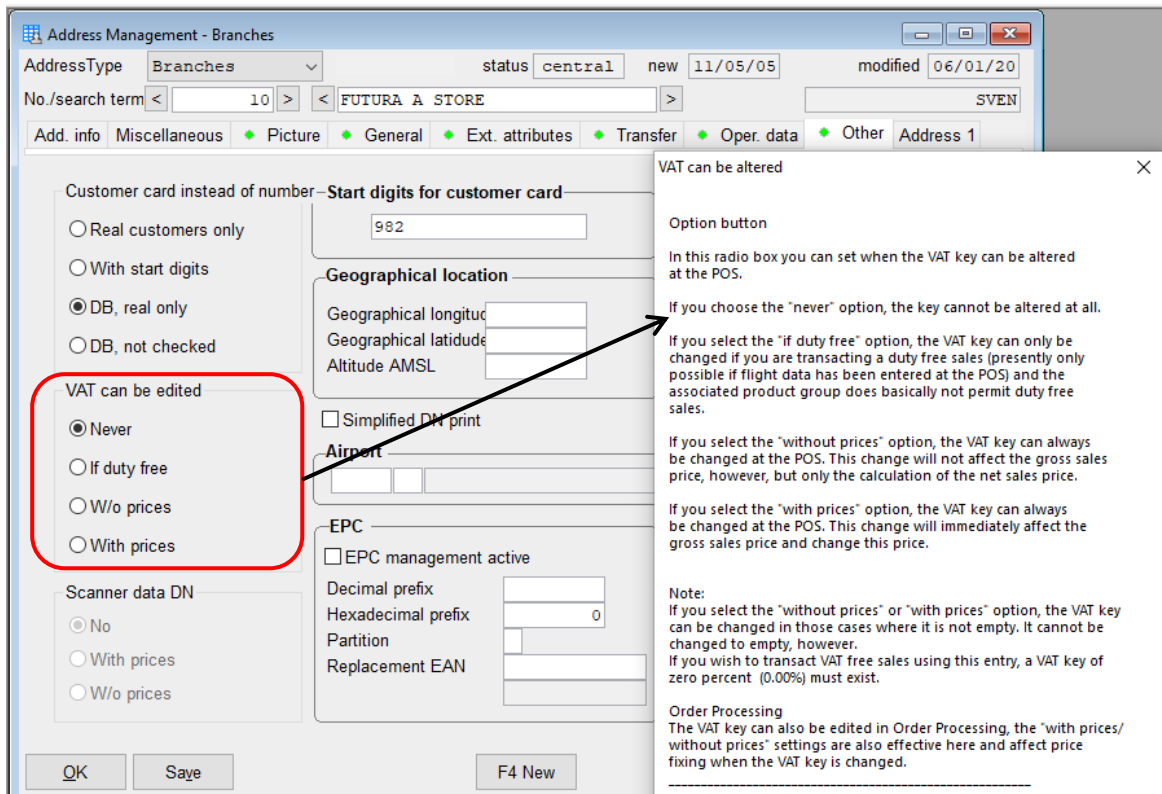
VAT key for returns 9

OK Save Delete Cancel

Manual Returns

If a return is processed without linking to the original receipt (e.g. the customer has lost the receipt but says they brought the item last week), the system is unable to automatically select an old rate if needed, as it does not know which date the sale was made on, so the current VAT rate will be applied to the refund.

If you would like the branch to be able to adjust the VAT key used in these scenarios, then you are able to set the branch to make these adjust by changing the VAT setting found on the 'Other' tab on the branches Address Management record.



The key can then be changed by either directly typing in the 'Tk' field of the item, or by pressing the [Tax Key] button to bring up a list to choose from.

Please think carefully if you apply this as your team will be able to change VAT on a sales on 'demand'.

If you capture customer purchase history against account numbers, then you can encourage your store staff to look up the original sales transaction via the purchase information screen so the receipt return functionality can be used.

