

How to configure VAT codes in Sage 50 Accounts for Construction Reverse Charge VAT (Version 25 or earlier)

[Note: If you buy or sell goods or services from other EU Countries and are required to complete an EC Sales List Report you must upgrade to Version 26 or Version 27 of Sage 50Cloud Accounts and follow the steps in the “How to configure VAT codes in.....for Construction Reverse Charge VAT” document for Version 26 of Sage 50Cloud Accounts]

Sage 50 Accounts Version 25 already includes a Reverse Charges VAT code which may be used for **EU** Reverse Charge Purchases and Sales.

Summary

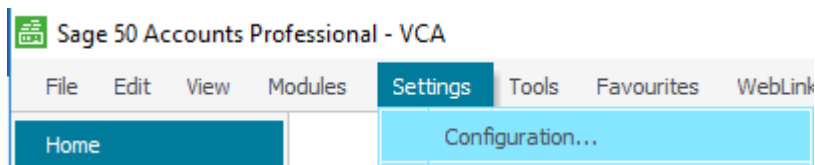
This document describes how to;

- Check that a Reverse Charge VAT code exists in Sage 50 for Standard rate Purchases and Sales and is configured correctly.
- Configure a Reverse Charge VAT code in Sage 50 for Lower rate Purchases and Sales (if required)

These VAT codes may then be used when entering Customer and Supplier Invoices in Construction Manager after the 1st March 2021 when Reverse Charge VAT is applicable.

Checking existing Reverse Charge VAT codes in Sage 50 Accounts

- 1) Open Sage 50 Accounts
- 2) Access Settings > Configuration;



- 3) Within the Configuration Editor Choose the Tax Codes Tab;

Fixed Assets	Custom Fields	Dispute Reasons	Credit Control	Project Costing
General	Chart of Accounts	Terms	Tax Codes	Account Status
<p>Tax Codes</p> <p>Sage 50 Accounts helps you to keep track of VAT with a comprehensive set of tax codes. These tax codes are set-up by default when you install the program, and you will not normally need to change any of the settings.</p> <p>If you do need to modify any of the tax codes, you can do this below.</p> <p>For more information on VAT and tax codes, visit the HM Revenue and Customs web site - just select "HM Revenue and Customs" from the WebLinks menu.</p>				

4) Scroll to the T20 Code and choose Edit;

Settings

Code:

Rate:

Include in VAT return

Reverse Charge

EC Code

Enable EC Code

EC Purchases:

Services:

Link To:

Description

5) The Reverse Charges VAT code should appear as above, note;

- Rate is set as 0.00
- Include in Vat Return is checked
- Reverse Charge is Checked
- Link to is set to 'T1 20.00'
- Description is "Reverse Charges"

6) Change the Description from "Reverse Charges" to "Reverse Charge Standard Rate"

7) Choose OK and then choose "Apply"

[Note: If your T20 VAT Code is already in use (and is not Reverse Charge), then you should amend any other VAT code in the list of Tax Codes in Sage 50 which has an N in the "In Use" column and configure as per the screenshot above in Step 4]

Configuring a Reverse Charge VAT code in Sage 50 Accounts for the lower rate of VAT

If you buy or sell Construction Services at the lower rate of VAT (5%) please follow the steps below.

- 1) Check that you have an existing Lower Rate Vat code (5%). As below, the default on Sage 50 is T5

For more information on VAT and tax codes, visit the HM Revenue and Customs web site - just select "HM Revenue and Customs" from the WebLinks menu.

Code	Rate	In Use	EC Sales	EC Purchases	Description
T0	0.00	Y	N	N	Zero rated transactions
T1	20.00	Y	N	N	Standard rated transactions
T2	0.00	Y	N	N	Exempt transactions
T3	0.00	Y	N	N	
T4	0.00	Y	Y	N	Sales of goods to VAT registered customers in EC
T5	5.00	Y	N	N	Lower Rate

- 2) Find the first VAT code below T20 in the list of Tax Codes in Sage 50 which has an N in the "In Use" column. In the below example, this code is T21

Code	Rate	In Use	EC Sales	EC Purchases	Description
T20	0.00	Y	N	N	Reverse Charges
T21	0.00	N	N	N	

- 3) Choose Amend and enter details as below;

Edit Tax Code ✕

Settings

Code:

Rate:

Include in VAT return

Reverse Charge

EC Code

Enable EC Code

EC Purchases

Services

Link To:

Description



Note;

- Rate is set as 0.00
 - Include in Vat Return is checked
 - Reverse Charge is Checked
 - Link to is set to 'T5 5.00'
 - Description is "Reverse Charge Lower Rate"
- 4) Choose OK and then choose "Apply"

You now have a Reverse Charge VAT code for Lower Rated Purchases and Sales

When VAT Codes have been configured in Sage you must then run the Update\Import Data from Sage option in Construction Manager