

How to configure VAT codes for Construction Reverse Charge VAT if using Version 26 or Version 27 of Sage 50 Cloud Accounts

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 before setting up Eque2 Construct for Reverse Charge VAT for Construction.

Version 26 of Sage 50Cloud Accounts introduced an option to use additional “CIS Reverse Charge VAT Codes” which exclude such transactions from the EC Sales List Report

Summary

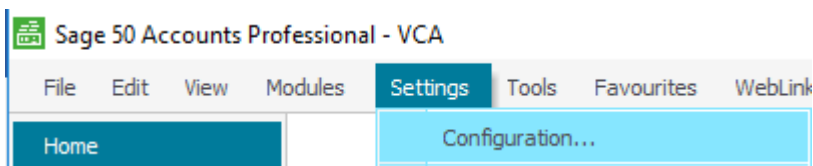
This document describes how to;

- Check that a CIS Reverse Charge VAT code exists in Sage 50Cloud Accounts for Standard rate Purchases and Sales and is configured correctly.
- Configure a CIS Reverse Charge VAT code in Sage 50Cloud Accounts 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 50Cloud Accounts (after upgrading to Version 26)

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



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

Configuration Editor

✕

Fixed Assets	Custom Fields	Dispute Reasons	Credit Control	Project Costing
General	Chart of Accounts	Terms	Tax Codes	Account Status
Products				

Tax Codes

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.

If you do need to modify any of the tax codes, you can do this below.

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.

4) Scroll through the list of Tax Codes and you will see a CIS Reverse Charge Tax code as below;

Configuration Editor

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Fixed Assets	Custom Fields	Dispute Reasons	Credit Control	Project Costing
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Tax Codes

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If you do need to modify any of the tax codes, you can do this below.

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Code	Rate	In Use	EC Sales	EC Purchases	Description
T13	0.00	N	N	N	
T14	0.00	N	N	N	
T15	0.00	Y	N	N	
T16	0.00	N	N	N	
T17	0.00	N	N	N	
T18	0.00	N	N	N	
T19	0.00	N	N	N	
T20	0.00	Y	N	N	EU reverse charge
T21	0.00	Y	N	N	CIS reverse charge
T22	0.00	Y	Y	N	Sales of services to VAT registered customers in EC
T23	0.00	Y	N	Y	Zero rated purchases of services from suppliers in EC
T24	0.00	Y	N	Y	Standard rated purchases of services from suppliers in EC
T25	20.00	Y	N	N	Flat Rate Capital Asset
T26	0.00	N	N	N	

Edit

Save Save As Apply

Press 'Apply' to use this configuration on your accounts data.
Press 'Save' or 'Save As' to create a configuration file to use on other accounts data sets.

Close

Usually the CIS Reverse Charge VAT Code will be T21. However, if the T21 code was already set to "In Use" = "Yes" before upgrading to Sage 50Cloud Accounts V26, then another Tax code may be set as your CIS Reverse Charge VAT Code.

5) Highlight the CIS Reverse Charge Code and choose Edit

Edit Tax Code ✕

<p>Settings</p> <p>Code <input type="text" value="T21"/></p> <p>Rate <input type="text" value="0.00"/></p> <p><input checked="" type="checkbox"/> Include in VAT Return</p>	<p>EC Code</p> <p><input type="checkbox"/> Enable EC Code</p> <p>EC Purchases <input type="text" value=""/></p> <p>Services <input type="text" value=""/></p> <p>Link To: <input type="text" value="T1 20.00"/></p>
<p>Reverse Charge</p> <p><input type="text" value="CIS reverse charge"/></p>	
<p>Description</p> <p><input type="text" value="CIS reverse charge"/></p>	
<p><input type="button" value="OK"/> <input type="button" value="Cancel"/></p>	

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 set to “CIS reverse charge”
- Link to is set to ‘T1 20.00’
- Description is “CIS reverse charge”

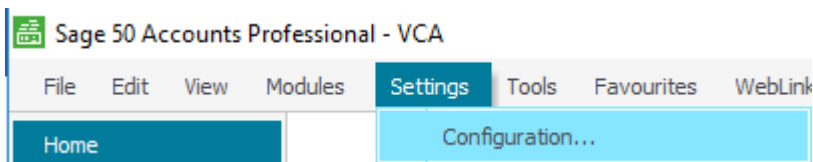
6) Change the Description from “Reverse Charges” to “CIS Reverse Charge (Standard Rate)”

7) Choose OK and then choose “Apply”

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



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

Configuration Editor

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Fixed Assets		Custom Fields		Dispute Reasons		Credit Control		Project Costing	
General		Chart of Accounts		Terms		Tax Codes		Account Status	
								Products	
<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) Check that you have an existing Lower Rate Vat code (5%). As below, the default on Sage 50 is T5

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

5) Find the first VAT code below T21 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 T26

Code	Rate	In Use	EC Sales	EC Purchases	Description
T21	0.00	Y	N	N	CIS reverse charge
T22	0.00	Y	Y	N	Sales of services to VAT registered customers in EC
T23	0.00	Y	N	Y	Zero rated purchases of services from suppliers in EC
T24	0.00	Y	N	Y	Standard rated purchases of services from suppliers in EC
T25	20.00	Y	N	N	Flat Rate Capital Asset
T26	0.00	N	N	N	

6) Choose Amend and set details as below;

Edit Tax Code ×

Settings	EC Code
Code: T26	<input type="checkbox"/> Enable EC Code
Rate: 0.00	EC Purchases
<input checked="" type="checkbox"/> Include in VAT Return	Services
	Link To: T5 5.00
Reverse Charge	
CIS reverse charge	
Description	
CIS Reverse Charge (Lower Rate)	

Note;

- Rate is set as 0.00
- Include in Vat Return is checked
- Reverse Charge is set to "CIS reverse charge"
- Link to is set to 'T5 5.00'
- Description is "CIS Reverse Charge (Lower Rate)"

7) Choose OK and then choose "Apply"

You now have a CIS 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.