

VAT CHANGES – MIDSHIRE

VAT is calculated at the point the charges are added to the account. Any changes you make to the VAT Standard Rate will take effect immediately, so this should be carried out on the day that the change comes into effect, before any transactions are booked for that day.

Also, for those of you who are Standard VAT Accounting (ie VAT calculated on invoices raised) and use Midshire to calculate your VAT liability, it would be advisable, but not essential, to carry out a month end update after the batch has been processed and immediately before the change is made. Otherwise the standard rate figures will include some transactions at the old rate and some at the new rate and may be a little more difficult to reconcile.

For those of you who are Cash VAT Accounting (ie VAT calculated on payments received) and use Midshire to calculate your VAT liability, then for those practices using Open Item accounting (allocation of payments to invoices) the VAT liability will depend upon the VAT on the invoice to which the payment is allocated. For those practices using Balance Forward accounting, the VAT liability will depend upon the date of the payment and whether it falls before or after the rate change.

BATCHED WORK

The VAT for any batched work will be charged at the rate applicable on the date that the work is physically entered not when the batch is processed, even if the visit date and/or tax point date is backdated to a date before the rate change became applicable.

For those of you with mixed practices and a single database, you will need to make the change as early as possible on the date that the change becomes effective, before any work has been added for that date, so that small animal invoices are charged at the correct rate of VAT. This does mean, however, that any batched work added after the change has been made will also be entered at the new rate, regardless of the invoice date.

Therefore you should enter all work that is chargeable at the old rate into the batch before the date of the change. The batch should then be processed, month end update run if possible and the VAT rate changed before any work at the new rate is added to the batch.

If, however, you have separate databases for small and large animal/equine, and you only ever batch work and never process any invoices at the time that they are raised, then you can continue to add batched work, even after the date of the rate change, until all of the work has been entered at the old rate, process the batch - having backdated the tax point date at least to the date of the change - and make the rate change before you add any more batched work. **In these circumstances, however, you would not be able to add any batched work at the new rate until all of the work at the old rate had been entered and the rate had been changed.**

TO CHANGE THE STANDARD VAT RATE

Select the **V1 VAT Maintenance** option from the **VAT Details** section on the **VBOSS Menu** and edit the standard rate of VAT from the old rate to the new rate.

RAISING CREDIT NOTES AT THE OLD RATE

It is possible to utilise one of the auxiliary VAT rates A or B for the old VAT rate. You can create a fee code linked to this auxiliary rate and always use this fee code to raise a credit note at the old rate where applicable.

