

## VAT CHANGES – VENTANA

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 Ventana to calculate your VAT liability, it would be advisable to carry out a month end update (if you batch work – after the batch has been processed) 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 Ventana to calculate your VAT liability, the VAT liability will depend upon the VAT on the invoice to which the payment is allocated. The standard VAT rate on the cash book summary will, therefore, include mixed rate payments.

### 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, wherever possible, 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 this is not possible, you could utilise the method outlined at the end of these notes for changing terms at the point of adding work. See overleaf - point (2) of Raising Credit Notes at the Old Rate.

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.**

### VAT INCLUSIVE FEES

The VAT element of professional fees that are configured with VAT inclusive prices is calculated at the point the fee is added. The price specified on the fee file will not change unless it is edited – ie the same price will be charged to the client but more/less will be payable as VAT, depending upon whether the rate has increased or decreased. All of your professional fees that are configured as VAT inclusive, therefore, will need to be edited if you wish to pass on the increase/decrease to your clients.

## TO CHANGE THE STANDARD VAT RATE

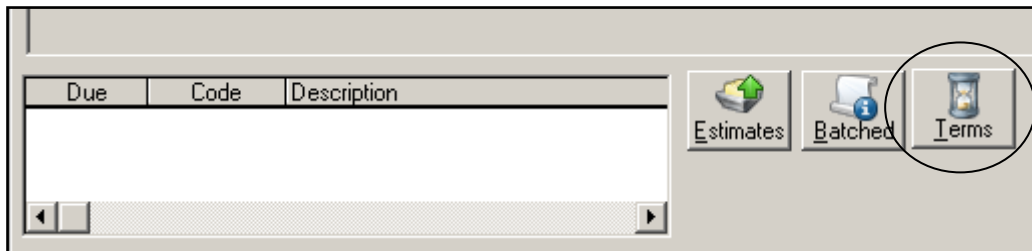
Select the **VAT Rates** option from the **Maintenance Menu** and edit the standard rate of VAT from the old rate to the new one.

## 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 (VAT Rates from the Maintenance Menu – Edit option). Having done this, there are 2 options for raising credit notes at this old rate:-

(1) 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.

(2) However, if you prefer to credit the work line by line, you could create a credit code, with this auxiliary rate set as the default VAT rate for this credit code, and use this credit code for processing credit notes at the old rate. There is an option on the work entry screen to temporarily change a client's credit code at the point of adding work, for that entry only.



There is a user permission that relates to this option – **Alter terms at point of invoice**. If this user permission is not active, then the Terms button is not displayed.

You could, of course, use this method for adding work to the batch at the old rate after the rate change has been made. There is also a user permission that will prompt whether you wish to alter terms each time you add work for any client – **Auto offer terms change on work entry**. You could temporarily activate this permission until all of the work has been added at the old rate.

Contact us if you need any more detailed instructions on creating a new VAT rate or Credit Code and we will provide you with step-by-step instructions for doing so.