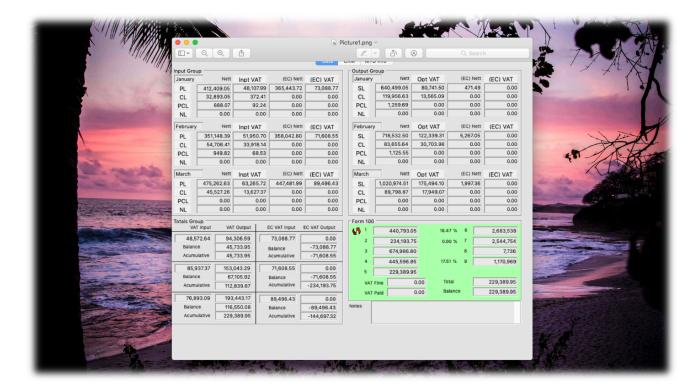# Introduction to VAT Reporting

SQLWorks allows users to accurately report all VAT, calculated using all ledgers.

In order to report VAT SQLWorks loads records from the five transaction ledgers, (sales, purchase, sundry cash, petty cash and nominal). When loading records for an unreported VAT quarter we load records by date range, however we will also sweep up any records that were in previous qtrs that have not been reported. This means that you can backdate records in the system into a previous qtr and the VAT element will be brought forward to the current qtr. Note that if you are loading records for a previously reported qtr then only the reported records are loaded.

Not all transactions are reportable. On every transaction there is an 'Add To VAT' flag which determines if they are visible to the VAT ledger, (for example payments to HMRC do not need to be reported).
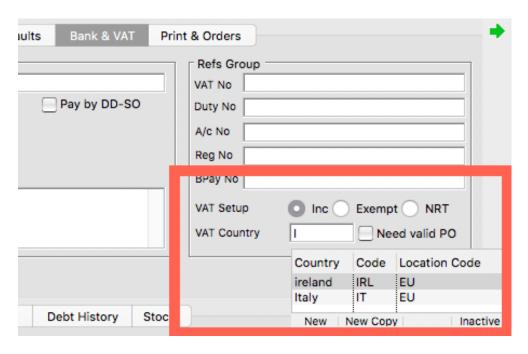

The 'Add To VAT' flag can be set via 3 processes:

1. Each nominal code can control the 'Add To VAT' flag, by default it is reportable, but if you turn off the flag in the nominal code, new transactions for this code will not be reportable.
   We recommend reviewing your nominal code list settings, for example, the nominal code for payroll should not be set as VAT reportable.

2. On the sales / purchase account there is a VAT selection mode with 3 options: Included, Exempt, and NRT (Non-Reportable Transaction). If set to NRT the record will not be reported in the VAT ledger. You might set an account to generate NRT transactions, if for example, the account represented is a shop or show room owned by you. You might set the account or invoice as Exempt if the account was a charity. Setting an invoice as VAT exempt sets all lines to have a vat code of 0, creating no VAT, but these are still reportable.

3. For some users of the system the flag is visible on the transaction itself and can be amended manually.

If you buy or sell within the ECC then you should specify the VAT number and check the VAT country against each account, this can be set under the 'Bank and VAT' tab in the Sales Ledger/Purchase Ledger. The VAT country used on an invoice determines whether it is applied to EC VAT. In the countries list you must specify if the country is UK, EC or World.

When performing a VAT calculation, the rules above are used to load the set of transactions and distribute the values accordingly using the following process:

For INPUT ledgers (i.e. PL Acquisitions) – On the Left
- The country of the transaction decides if the record applies to the main section or EC section
- If in EC section the EC VAT is calculated as what it would be (i.e. 20% of nett)
- VAT no. is irrelevant other than to produce the EC VAT report
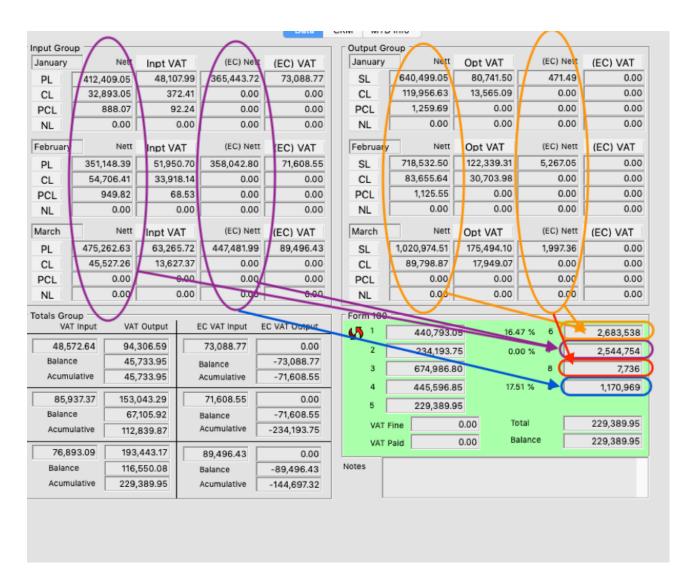
For OUTPUT ledgers (i.e. SL Sales) – On the Right
- As above the country of the transaction decides if it applies to the main section or EC section
- If in EC section the EC VAT is set depending on the VAT number on the account:
  - If there is a VAT number there is no EC VAT to pay
  - If there is a NO VAT number the EC VAT is set to the amount on the transaction

VAT Form 100 Summarised:

Input Group

January	Nett	Inpt VAT	(EC) Nett	(EC) VAT
PL	412,409.05	48,107.99	365,443.72	73,088.77
CL	32,893.05	372.41	0.00	0.00
PCL	888.07	92.24	0.00	0.00
NL	0.00	0.00	0.00	0.00
February	Nett	Inpt VAT	(EC) Nett	(EC) VAT
PL	351,148.39	51,950.70	358,042.80	71,608.55
CL	54,706.41	33,918.14	0.00	0.00
PCL	949.82	68.53	0.00	0.00
NL	0.00	0.00	0.00	0.00
March	Nett	Inpt VAT	(EC) Nett	(EC) VAT
PL	475,262.63	63,265.72	447,481.99	89,496.43
CL	45,527.26	13,627.37	0.00	0.00
PCL	0.00	0.00	0.00	0.00
NL	0.00	0.00	0.00	0.00

Output Group

January	Nett	Opt VAT	(EC) Nett	(EC) VAT
SL	640,499.05	80,741.50	471.49	0.00
CL	119,956.63	13,565.09	0.00	0.00
PCL	1,259.69	0.00	0.00	0.00
NL	0.00	0.00	0.00	0.00
February	Nett	Opt VAT	(EC) Nett	(EC) VAT
SL	718,532.50	122,339.31	5,267.05	0.00
CL	83,655.64	30,703.98	0.00	0.00
PCL	1,125.55	0.00	0.00	0.00
NL	0.00	0.00	0.00	0.00
March	Nett	Opt VAT	(EC) Nett	(EC) VAT
SL	1,020,974.51	175,494.10	1,997.36	0.00
CL	89,798.87	17,949.07	0.00	0.00
PCL	0.00	0.00	0.00	0.00
NL	0.00	0.00	0.00	0.00

Totals Group

VAT Input	VAT Output	EC VAT Input	EC VAT Output
48,572.64	94,306.59	73,088.77	0.00
Balance	45,733.95	Balance	-73,088.77
Acumulative	45,733.95	Acumulative	-71,608.55
85,937.37	153,043.29	71,608.55	0.00
Balance	67,105.92	Balance	-71,608.55
Acumulative	112,839.87	Acumulative	-234,193.75
76,893.09	193,443.17	89,496.43	0.00
Balance	116,550.08	Balance	-89,496.43
Acumulative	229,389.95	Acumulative	-144,697.32

Form 100

Box	Value			
1	440,793.05	16.47 %	6	2,683,538
2	234,193.75	0.00 %	7	2,544,754
3	674,986.80 = 1+2		8	7,736
4	445,596.85	17.51 %	9	1,170,969
5	229,389.95 = 3-4			
VAT Fine	0.00	Total	229,389.95	
VAT Paid	0.00	Balance	229,389.95	

Notes

- Box 1 = Sum of output VAT + EC output VAT (i.e. the amount of VAT we have to pay, from sales invoices and other output ledgers)
- Box 2 = Sum of all EC Input VAT boxes (These values are auto calculated to be 20% of the nett, therefore this is the VAT we WOULD pay out if it was not an EC invoice)
- Box 3 = Box 1 + Box 2
- Box 4 = Sum of all Input VAT including calculated EC VAT from Box 2 (i.e. all VAT to claim back including EC VAT)
- Box 5 = 3-4 = nett vat to pay, this box will always be a positive value even if a refund is due, the MTD system knows to do a refund. (Because boxes 3 and 4 both include the EC VAT we will cancel out the box 2 value)

Input Group

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VAT Paid	0.00	Balance	229,389.95

Notes

Note – boxes 6-9 do not include pennies in box values, the totals will be rounded up or down accordingly.

- Box 6 all nett sales – i.e. output UK nett + EC nett
- Box 7 all nett purchases – i.e. input UK nett + EC nett
- Box 8 Just the EC Nett output totals
- Box 9 just the EC Nett input totals