



Mamut Business Software

Introduction

Standard VAT Rate Change

Introduction of new VAT rates, December 2008

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1 INTRODUCTION

1.1 Standard VAT rate change

As you may be aware, the standard rate of VAT will be decreased from 17.50% to 15.00%, effective from the 1st of December, 2008. From the 1st of December, the new rate should be used on all orders and invoices. Full details about this change can be found on the HMRC website [here](#). We draw your attention in particular to this summary document which outlines important impacts for business:

<http://www.hmrc.gov.uk/pbr2008/vat-guide-sum.pdf>.

1.1.1 Mamut Service Agreement keeps you up to date

Mamut has released the Standard update tool to help make sure that you remain up to date with changes in the law, without disruption to the way you work. This tool is available for download and should be run on or after the 1st of December 2008.

We have setup a special webpage with all the information you require to update your system for this change. Please take a look at www.mamut.co.uk/update.

1.1.2 Next Steps?

A: Make sure that you have Mamut Business Software version 11.2.5186 installed.

It is important to note that in order to use this tool, you must be using version 11.2.5186 of Mamut Business Software. You are able to check what version you are using by selecting **Help - About** in your Mamut system. If you are not using version 11.2.5186, please update your software before using the Standard rate update tool. Click here to [Update to version 11.2 today](#). If you have Mamut 11.2.5186 installed, please read on and follow the directions for updating your software for the changes to the standard VAT rate.

B: Install the Standard VAT rate update tool.

Please see www.mamut.co.uk/VAT for full details on how to download and install the tool.

1.1.3 New prices for products

The Standard rate update tool will update each of your products with the new VAT rates. As a standard setting this will change your selling price in line with the changes in the VAT. If you wish to adjust this from the standard, you can do so as explained in the section **Who pays for the change in cost?**

1.2 When should you use the tool to update your system?

The VAT rate tool gives you four choices for updating your system for the changes in VAT.

Update the Chart of Accounts

We recommend that you use this function to update all of the accounts within the chart of accounts to the new rate. Do so once you have finished posting the majority of entries for the month of November and are about to start on December.

Update Products

We recommend you run this process on the first day of December. This function will update the rate used as a default on all products in the product register.

Update Quotes /Orders

We recommend that you run this process on the first day of December. Ideally this process should be run when the majority of invoicing for November is complete. Please be aware that orders delivered or paid for before December will need to be invoiced at the old rate. This can be done by manually selecting the old rate on each of the product lines on the order.

Update the VAT code register

This will update the settings on the VAT codes so that the old rates will no longer show in the journal entry. We recommend that you run this process when you are finished using the old rates in the journal entry.

1.3 Important information about the product version!

Mamut will only be updated if you are using version 11.2.5186. If you are using a version lower than this you will need to update your current version. To check which version you are using go to **Help - About**. Click here to [Update to version 11.2 today](#)

2 HOW TO UPDATE AND START USING THE NEW RATES?

2.1 Standard Rate Update Tool

Once installed, the tool for updating your VAT rates will create a shortcut on your desktop called **Mamut, Standard VAT rate update** double click this shortcut to begin.

We recommend that you restart Mamut after using the tool for all users. Changes will not take effect until the software has been restarted.

2.1.1 Update the Chart of Accounts

We recommend that you use this function to update all of the accounts within the chart of accounts to the new rate. Do so once you are finished posting the majority of entries for the month of November and are about to start on December. An example of how this works is the Sales account N/C 4000. This account uses the standard rate of VAT. After updating the chart of accounts, by default this account will use the new rate and not the old one.

2.1.2 Update Products

As mentioned above, we recommend that you run this process on the first day of December. This function will update the rate used as a default on all products in the product register. This way, when you create a new order in December it will use the new rate automatically rather than the old rate.

Note! As soon as you open the VAT rate tool the new VAT rates will be created automatically and can be used on orders and invoices as soon as Mamut is re-opened.

2.1.3 Update Quotes/Orders

This function will update all of your orders and quotations to the new VAT rates. However, it will be possible to change the rate back to the old rate on the orders that are to be invoiced with a December date. It is recommended to invoice as much of November as possible before using this part of the tool. In addition, take care that orders delivered or paid for before December will need to be invoiced at the old rate. This can be done by manually selecting the old rate on each of the product lines on the order.

2.1.4 Update the VAT codes



This part of the tool will simply hide the old VAT codes when in the journal entry. This is useful to ensure that your staff uses the new codes, for example when booking petty cash expenses.

Please note that it is possible to adjust the sorting of the VAT codes. The next section will explain this in detail.


2.2 Sorting of VAT rates

All of the new VAT codes added into your system appear at the bottom of the list of VAT codes, after opening the tool. This is useful in the first few days of December, while the old rates are still being used, but as time goes on and the old rates are no longer used, it is important to change the order they appear in the list. This can be done in the VAT code settings within Mamut Business Software.

How to change the sort order of VAT codes

1.  Select **View – Settings – Company – Maintenance of VAT rates**.
2. In the window that opens, the number on the left of the screen shows the basis for how the VAT codes are sorted.
3.  If you double click each VAT code you can enter the detailed view for the code and see the sorting number. It is here that you are able to simply type in a new sorting number that suits how you would like these codes to appear in the lists.

For example if you click on 1. Sales Standard you could change this VAT code to 60, this would then appear at the end of the list. You could then select the new VAT rate that you wish to be in position 1 and double click it, once open you could then enter in the VAT code the number '1' to move it into the first position.

 *The sort order of the VAT codes has now been changed.*

3 GOOD TIPS TO KEEP IN MIND

If you require more detailed information about the VAT rate change, it is always best to contact your accountant or your local tax office. Full details about this change can also be found on the HMRC website [here](#).

3.1 Tracking invoices that are updated

It is possible to increase your tracking of invoices in December, to help staff remember to use the correct rate that either applies to November or December. You can activate this setting under **Settings – Company – Settings per Module – Sales and invoicing** called **Do not invoice an order before it is ready for invoicing**. This setting allows you to give an order a second check before it is made into an invoice.

3.2 Remember to check supplier invoices for the correct VAT to pay

Not all accounting systems will be updated as swiftly as Mamut! It is important to check your supplier invoices and use the rate shown on their invoice not the one you have in your system. After all, the tax department will expect you to enter the VAT as is presented on your supplier invoice not as it is by expectation. It is possible to change the VAT rate per order line at anytime.

3.3 Crediting and correcting


In Mamut, you can create credit notes in the **Order module** or in the **Journal Entry**. In the Order module you will get a print out that you can send to the customer. In addition, a Sales Credit-journal is entered into the Nominal Ledger. Using Journal Entry, you can create a SC-journal that you manually transfer to the Nominal Ledger.

An overview in the Sales and Invoicing module (two alternatives).


Alternative 1:


1. Choose **View - Sales/Invoicing** and then click **Invoice**.
2. Choose status **Invoice** from the drop-down list.
3. Navigate or Search to the invoice you wish to credit.
4. Click **Delete**.
5. Answer **Yes** when asked if you wish to generate a credit note.
6. An unprocessed credit note will be created based upon the original sales invoice. This credit can be edited if desired.
7. Click the **Invoice button** in the tool-bar to execute the credit note. (If you are informed that the order is **Not ready for invoicing**, go to the **Miscellaneous** tab and place a tick in the **Ready for invoicing** tick-box).

8. Choose **Credit note** as the report format and then select **Send to Printer**.
9. Click **OK**.
10. Check the test print and close the preview by clicking **Close Preview**.
11. The Updating Warehouse window is presented. If all the products shall be returned into the stock levels, click **Close**.
12. Answer **Yes** to execute the order. The credit note will be entered into the ledgers.
13. If the print completes successfully, answer **Yes** to approve the print.

 *You have now successfully created the credit note which has been approved and entered into the ledgers.*

Alternative 2:

1. Choose **View - Sales/Invoicing** and then click **Invoice**.
2. Choose status **Unissued credit note** from the drop-down list.
3. Click **New**.
4. Choose the appropriate customer from the list and click **OK**.
5. In the next window you will get the opportunity to link against an existing invoice, either by selecting it from the list, or by writing the invoice number directly into the **Invoice no.** field.
6. Click **OK**.
7. Choose the **Product Lines** tab.
8. Click **Show Product List**.
9. Choose the product you wish to credit and click **Insert**.
10. In the field for **Quantity**, key in how many should be credited. Ensure that the number is written in as a negative value, i.e. with a minus sign.
11. Click the button **Invoice**.
12. Choose the **Credit note** format and **Send to Printer**.
13. Click **OK**.
14. Check the test print and **Close** the preview by clicking **Close Preview**.
15. The Updating Warehouse is presented. If all the products shall be returned into the stock levels, click **Close**.
16. Answer **Yes** to execute the order. The credit note will be entered into the ledgers.
17.  If the print completes successfully, answer **Yes** to approve the print.

 *You have now successfully created the credit note which has been approved and entered into the ledgers.*

An overview in Journal Entry:

1. Choose **View – Accounting** and then click on **Journal Entry**.
2. Choose journal type **Sales Credit**.
3. Input account **1100** (Customer Ledger) in the account field and choose the customer that should be credited.
4. Next, choose the invoice that shall be credited and complete the journal registration.

 *You have now completed the journal registration.*

Note! By crediting via the Sales and Invoicing module, you will get both a print out of the credit note and the transaction will be entered as a SC-journal in the Nominal Ledger. Only the account is updated, not the Sales and Invoicing module, when the credit is entered via Journal Entry.

3.4 Who pays for the change in cost?


After updating the products, the gross price for the products that have received new VAT rates will be changed. Generally, this will result in a change in the products sales price due to the corresponding tax increase.

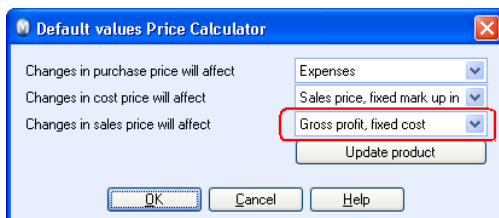
Note! This only applies to the products that are sold with the standard VAT rates.

If you wish to maintain the same retail price as before, as well as taking costs for the VAT rate increase yourself, you can change the retail price with the help of the function **Price adjustment**.

How to change the price for a selection of products

Take a backup before you execute this operation!


1. Select **View – Settings – Company** (database) – **Settings per Module**, select **Product** and then the tab for **Default values**.
2.  Click on the icon to the right of **Price Calculator**.
3. Select **Gross profit, Fixed cost** from the drop-down list for **Changes in Sales price will affect**.



4. Click **OK** and then close the Settings window.
5. Select **View – Product – Price adjustment**

6. Select the **Advanced** tab from the window that appears.



7.  Click **New**.
8. Then select **Output VAT** under **Product**, click **Next**, and then select the products with taxation that you shall change in the drop-down list **Value** – for example sales standard 15% Output VAT. Click **OK**.
9. If there are products that answer to the selection you have specified, you will see the **Settings for price adjusting**.
10. Select **Sales price** under **Price that shall be adjusted**.
11. Enter the price change you wish in a percentage, under adjustment factor and click **OK**.

 *The price has now been changed for the selected products.*

Tip! If you shall reduce the prices for products with changes to the standard VAT, so that you get the same sales price as before the VAT-changes, you can enter – 0.99% (minus) in the field **adjustment factor**. There are only 2 decimals here, so the change will not be exact. But you can also select the **Rounding rule for price change**, and for example round off to the nearest figure. This will give fewer variances between old and new prices.

Important!

Point 1 to 4 in the procedure above changes the rules for updating of prices with changes in sales price in the price calculator for all products. If you use individual updating rules on your products, you should not use this procedure.

3.5 Update your Webshop

If you use the webshop within Mamut Business Software, it is important to do a full update after using the Standard VAT rate update tool.

How to do a full update of the webshop

1. Select **View – E Commerce - Update website**
2. Click **Next**.
3. Select which site to update
4. Select **Full Update**.
5. Click **Update**.



You have now executed a full update of your website.
