

Mamut Business Software

Introduction

VAT rate change



Reach Your Goals!

VAT rate change

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INTRODUCTION

Standard VAT rate change

As you may be aware, the standard rate of VAT will be increased from 15% to 17.5%, effective from the 1st of January, 2010. From the 1st of January, the new rate should be used on all orders and invoices. Full details about this change can be found on the HRMC website [here](#).


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 January 2010.

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.

Next Steps?

A: Make sure that you have Mamut Business Software version 12.3 or newer installed.

 It is important to note that in order to use this tool, you must be using version 12.3 or newer 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 12.3 or newer, please update your software before using the Standard rate update tool. Click here to [Update today](#). If you have Mamut 12.3 or newer 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.

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?**

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 December and are about to start on January.

Update Products

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

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.

Important information about the product version!

Mamut will only be updated if you are using version 12.3 or newer. If you are using a version lower than this you will need to upgrade. To check which version you are on see **Help – About** within the program.

HOW TO UPDATE AND START USING THE NEW RATES?

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.

Run the tool once, from a client computer of your choice, or from the server. However, we recommend that all users restart Mamut afterwards. Changes will not take effect until the software has been restarted.

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 December and are about to start on January. 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.

Update Products

As mentioned above, we recommend that you run this process on the first day of January. 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 January 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.

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 all staff use the new codes, for example when booking petty cash expenses.

Please note that it is possible to adjust the sorting of the VAT codes. This can be done by selecting **View – Settings – Company** then **VAT codes**.

Updating Orders and Quotes to the new rate

It is important to note that the tool will not update your existing orders and quotes. For this reason we recommend that you invoice all orders within your system before the 1st of January where possible. In addition, even once in January take care that orders delivered or paid for before January are invoiced at the old rate. For all existing orders and quotations within the system after the 1st of January 2010 that still have the old VAT rate on them you will need to manually adjust the VAT so that the new 17.5% rate is used where applicable. This can be done by manually selecting the 17.5% rate on each of the product lines on the order.

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 January, 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 – VAT codes**.
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 fits how you would like these codes to appear in the lists.

For example, if you click on **1. Sales Standard** you are able to change the 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 in order to enter the VAT code 1 to move it into the space that is now available.



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

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.

Tracking invoices that are updated

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

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 it 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.

Crediting and correcting

In Mamut, you can create credit notes in the **Order module** or in **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 of the Sales and Invoicing module (two alternatives)


Alternative 1:

1. Select **View - Sales/Invoicing - Order Registration**.
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 toolbar 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. Select **View - Sales/Invoicing - Order Registration**.
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 - Journal Entry**.
2. Choose **Sales Credit Note** from the **Journal Type** drop-down list.
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.

Who pays for the change in cost?

Increased retail prices (default)


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.

Unchanged retail prices (reduced profit)

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**. You will need to reduce your net prices with 2.13%.

The reduction would be approximately 2.12765957%. Our product is designed to allow global price changes to the level of two decimal places. This will cause rounding errors.


 **Tip!** You may want to correct these sales prices manually after following the procedure as described below. We recommend that you print your price lists to paper before converting VAT rates, and compare the lists afterwards, to compare and identify which prices are affected. To print price lists, go to **View – Products – Reports**. Select **Products**, and the report **External price list**.

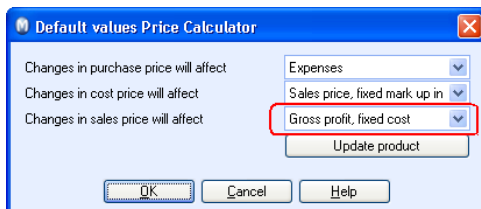
Tip! If you have a large number of products, you may find it more useful to export products to MS Excel before and after price adjustments. Use Excel's calculating features to compare the results before and after the Price adjustments described below. To export products to Excel, select **File – Export – Product – Microsoft Excel**. Identify the discrepancies in Excel, and adjust the prices in Mamut Business Software.

Experienced users may use Mamut Import/Export for exporting product files, and manipulating prices in Excel for before importing them back into Mamut Business Software. In Excel you may manipulate prices with more decimal, which may cause less rounding errors. In this case, you may reduce the number of rounding errors by enabling 4 decimals price calculation in Mamut before exporting, in the **No. of decimals** field at the **Price processing** tab of the company settings for product: **View – Settings – Company – Module – Product**. This setting, however, does not affect the **Price adjustment** wizard described above.

How to change the price for a selection of products

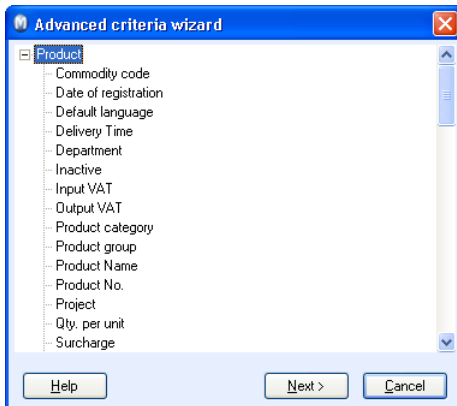
Take a backup before you execute this operation!

1. Select **View – Settings – Company – 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**.

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



- Click **New**.
- 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 17.5% Output VAT. Click **OK**.
- If there are products that answer to the selection you have specified, the window **Settings for price adjusting** will open.
- Select **Sales price** under **Price that shall be adjusted**.
- Under **Adjustment factor**, enter the price change you wish in a percentage – in this case - 2,13% (minus) - and click **OK**.

The price has now been changed for the selected products.



Rounding example after price adjustments:

Previous net price: 100
 Previous retail price incl. VAT: 115
 New price incl VAT: 117.5
 Net price converted in Price adjustment: $100 - 2.13\% = 97.87$
 Retail price incl 17.5% VAT: (net 97.87): £115

However, the same calculation with a previous net price of 200, will give a new retail price of 229,99.

The **Rounding rule for changed prices** in the **Price adjustment** wizard, will round off the net price (excl. VAT).



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.

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.
