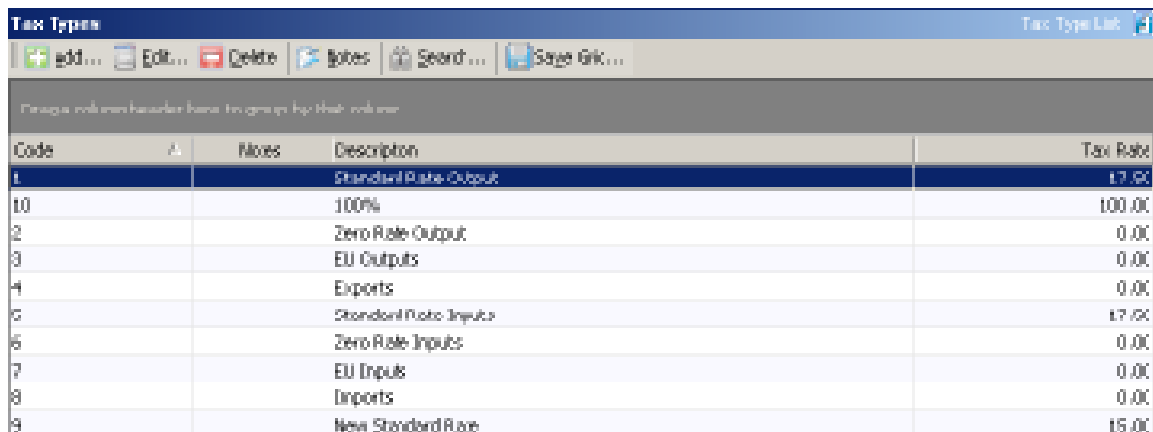


Pastel Technical Bulletin

This technical bulletin explains what you need to do to revert back to the 17.5% VAT rate in Pastel Evolution, when the 15% rate ceases on 31st December 2009

You should already have a 17.5% tax rate setup in Evolution but you can check this by going to “Common...Maintenance...Tax Types”.

The following screen will appear:



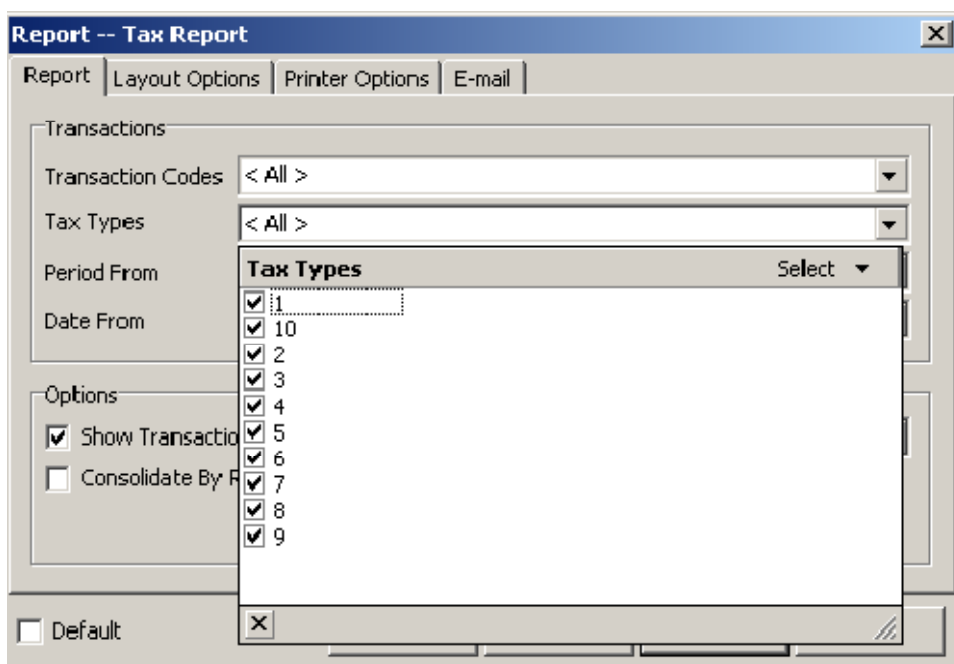
Code	Notes	Description	Tax Rate
1		Standard Rate Output	17.5%
10		100%	100.0%
2		Zero Rate Output	0.0%
3		EU Outputs	0.0%
4		Exports	0.0%
5		Standard Rate Inputs	17.5%
6		Zero Rate Inputs	0.0%
7		EU Inputs	0.0%
8		Imports	0.0%
9		New Standard Rate	15.0%

If you already have a 17.5% tax type, you do not need to do anything in this screen. If you don't have one, please create a new tax type by clicking “Add”, entering a code, a description and then specifying the VAT percentage.

Amending the VAT Report Layout

If you have a customised VAT report, you may need to make changes to the report to include the new VAT rate, please contact the Technical Support Department for assistance with this.

If you use the pre-designed version of the Tax Report (found in the Reports menu, Common, Tax Report) you do not need to make any changes to the report layout, but please ensure that you include the new rate code in the Tax Types field as shown below:



Applying the new 15% rate

Pastel Evolution can automatically calculate VAT. If you use the Inventory module, you should have standard VAT rates setup on your inventory items, Evolution will look to inventory items to determine the rate of VAT. You can make global adjustments to inventory items by using the Global Item Change utility.

Click the Maintenance menu, select Inventory, select Global Item Change, the following screen is presented:

Inventory Global Changes

Inventory

From: *Select an Inventory Item*

To: *Select an Inventory Item*

Groups: (None)

Ignore Inactive Items

Warehouses: < All >

Update Costing Method

Weighted Average Latest Cost Manual Cost

Transaction Code: ADJ (Adjustments)

Update Prices

Price List Names: < All >

Action: Set

Update: Markup Rate

As Percentage:

Markup Rate:

Update Default Tax Types

Invoicing: 9 (New Standard ...)

Goods Received Notes: 9 (New Standard ...)

Credit Notes: 9 (New Standard ...)

Returns to Supplier: 9 (New Standard ...)

OK Cancel

Please proceed as follows:

- You can adjust the tax types for all inventory items, or a range, or a group of items, enter the range of items or select a group to adjust.
- If you have some items that do not attract the standard rate of VAT, you will need to exclude them from the changes, you must do this by selecting a range of inventory codes to change.
- If you include them in the range their VAT defaults will also be changed.
- If necessary, select a warehouse to work on or select All (only applies if you have the warehouse module).
- Click the Update Default Tax Types box and select the 17.5% standard rate for Invoicing and Goods Received Notes (or supplier invoices).

- You may wish to consider how you will handle VAT on credit notes and supplier returns where the invoice was issued prior to the new VAT rate being implemented; if the original invoice was issued at 15% VAT you must process the credit note or return at 15% VAT. If you are expecting to process credit notes or returns for invoices processed prior to the new VAT rate you can leave the Credit Notes and Returns to Supplier options at the old rate and amend the VAT code in the documents as and when necessary.
- Click OK and the global changes will commence.

Once you have amended the VAT settings you can continue to process transactions in the normal way, you should find that the new VAT defaults will take effect, if they do not, try working through the hierarchy below to trace the problem.

1. Evolution first checks the customer or supplier record to see if VAT is chargeable, you can check this by opening a customer or supplier record, check that the option Charge Tax is ticked.
2. If the Charge Tax option is ticked, Evolution will look to the inventory item to determine the VAT code to use.
3. If the Charge Tax option is not ticked, Evolution will look to the VAT code within customer or supplier defaults; this should be a zero rated VAT code.

If you still have a problem, the Technical Support Department can assist further, they can be contacted between 08.45 and 17.30, Monday to Friday on 0845 456 3103.