VAT Rate Change Procedure

> NOTE: This option is **ONLY** for South African companies and can only be run from the 01 May 2025

In the event that the VAT rate changes, one will need to update the system to the new VAT rate.

The VAT rate changes will affect the following entries:

1. Any open debtor transactions (Invoices, Credit Notes, Sales Orders, Quotes, Journals)
2. Any open creditors transactions (Purchase Orders, Goods Received Notes-GRVs, Stock return notes, Journals)
3. Open Cashbooks
4. Open Expenses
5. Open General ledger journals
6. Recurring transactions

Posted transactions will not be affected by these utilities.

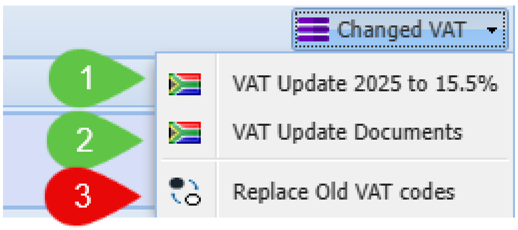
The process to change the VAT rate is as follows:

1. Ascertain the effective date of the rate change
2. Take a system Backup
3. On the effective date of the VAT rate change, run the VAT Utilities

> The following utilities need to be run:

Option 1 and Option 2 are mandatory

Option 3 is optional



1. Effective date of the new VAT rate:

This will typically be published in the media. let's use the date is **1 May 2025** as an example.

Preferably any transactions as of this date need to be finalised and process. Alternatively, transactions that are not processed, but should still have the old rate applicable, will then have to be changed back to the current (initial) VAT rate using the utility.

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2. System Back Up

Go To: **System configuration>Administration>Backups**

Click Create

Edit the file name if necessary. Do not change the file path.

Click Save

Allow a few minutes for the backup to complete

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3. Run VAT Utilities

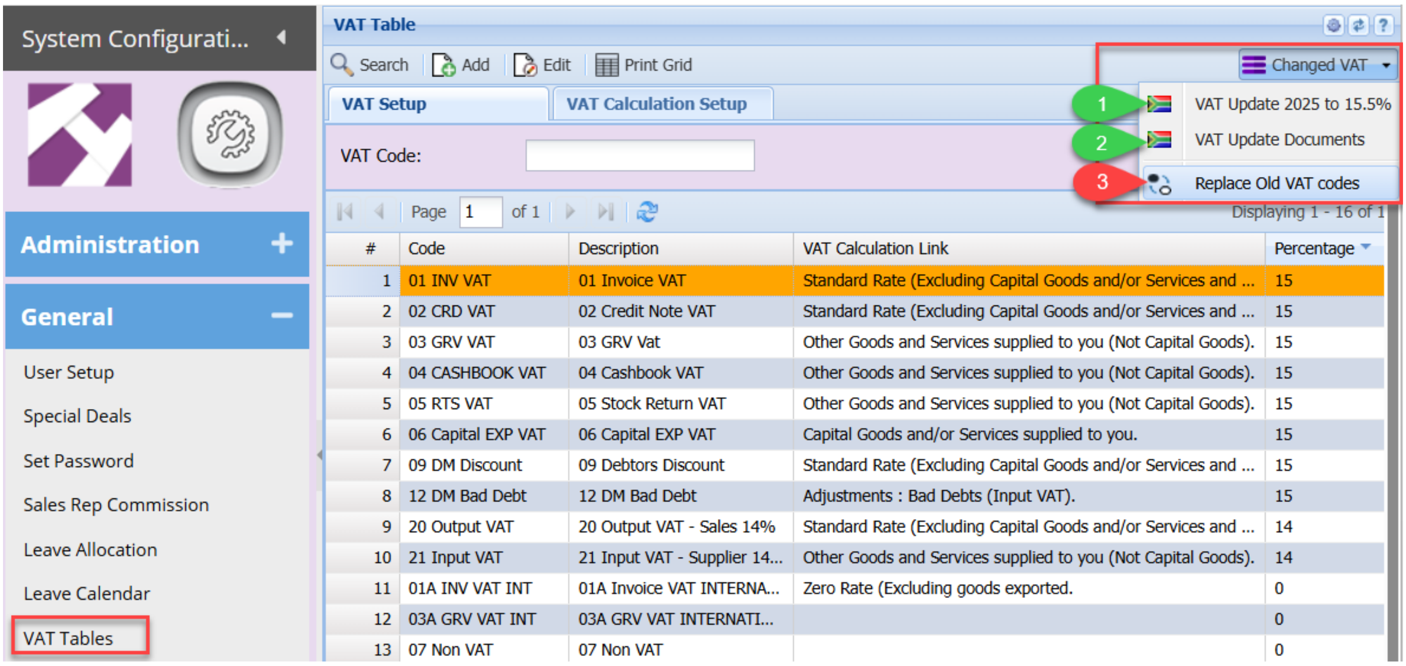
3.1 First Utility - VAT Update 2025 to 15.5%

> Important: This step can only be done on the effective date of the new rate. Running this utility before the effective date will update all open transactions to the new rate.

Go to: **System configuration>General>VAT Tables**

Click the Changed VAT drop down arrow

Select the first Utility: VAT Update 2025 to 15.5%



Click OK

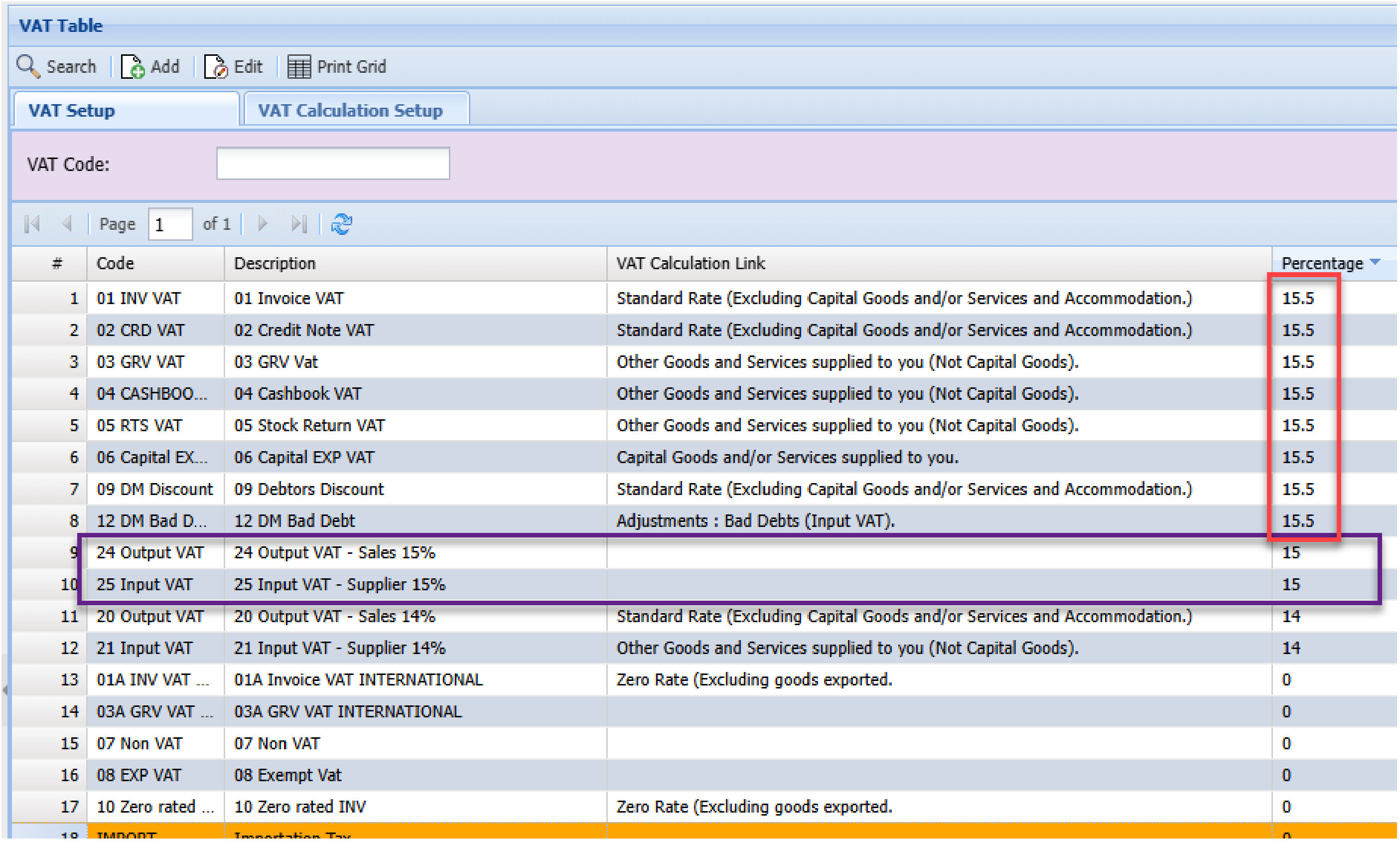
Search

Note:

1. All the VAT rates on the existing VAT Types have been updated to 15.5%
2. Existing VAT types with 0% VAT rate will not be affected
3. Two new VAT types have been created with the 15% rate:

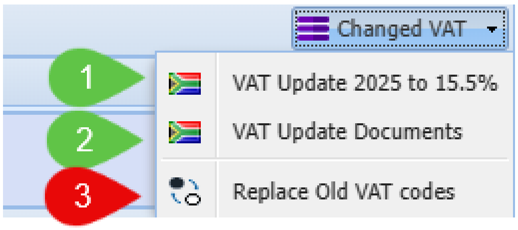
Output VAT - Sales 15%	This VAT Type will be used for any Debtor / Sales transactions that the 15% VAT rate should apply to.
Input VAT - Supplier 15%	This VAT Type will be used for any Creditors transactions, GRVs, RTS & expenses that the 15% VAT rate should be applied to

Essentially, these 2 new VAT types will be used of any open transactions that are dated prior to 01 May 2025.



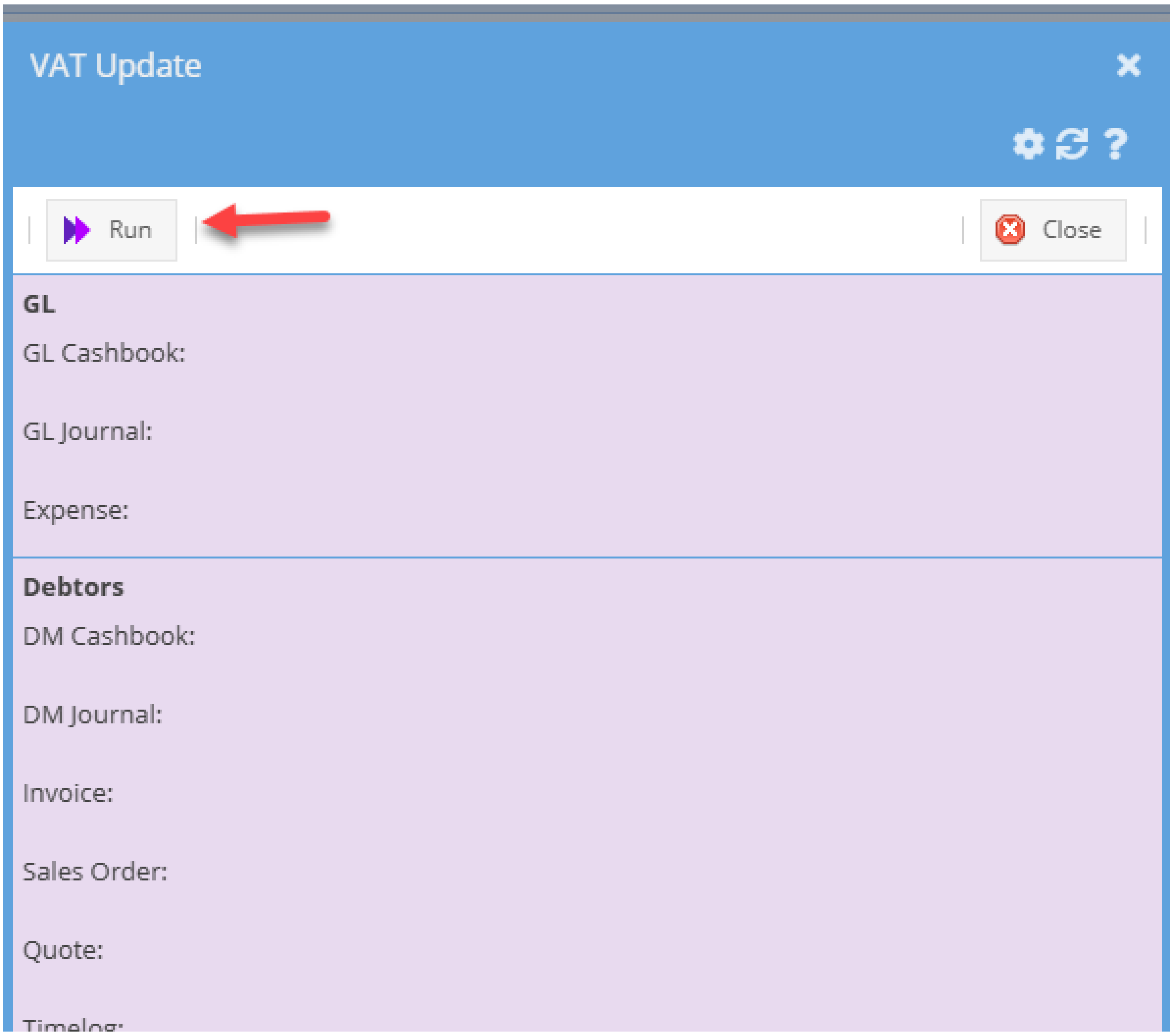
#	Code	Description	VAT Calculation Link	Percentage
1	01 INV VAT	01 Invoice VAT	Standard Rate (Excluding Capital Goods and/or Services and Accommodation.)	15.5
2	02 CRD VAT	02 Credit Note VAT	Standard Rate (Excluding Capital Goods and/or Services and Accommodation.)	15.5
3	03 GRV VAT	03 GRV Vat	Other Goods and Services supplied to you (Not Capital Goods).	15.5
4	04 CASHBOO...	04 Cashbook VAT	Other Goods and Services supplied to you (Not Capital Goods).	15.5
5	05 RTS VAT	05 Stock Return VAT	Other Goods and Services supplied to you (Not Capital Goods).	15.5
6	06 Capital EX...	06 Capital EXP VAT	Capital Goods and/or Services supplied to you.	15.5
7	09 DM Discount	09 Debtors Discount	Standard Rate (Excluding Capital Goods and/or Services and Accommodation.)	15.5
8	12 DM Bad D...	12 DM Bad Debt	Adjustments : Bad Debts (Input VAT).	15.5
9	24 Output VAT	24 Output VAT - Sales 15%		15
10	25 Input VAT	25 Input VAT - Supplier 15%		15
11	20 Output VAT	20 Output VAT - Sales 14%	Standard Rate (Excluding Capital Goods and/or Services and Accommodation.)	14
12	21 Input VAT	21 Input VAT - Supplier 14%	Other Goods and Services supplied to you (Not Capital Goods).	14
13	01A INV VAT ...	01A Invoice VAT INTERNATIONAL	Zero Rate (Excluding goods exported.	0
14	03A GRV VAT ...	03A GRV VAT INTERNATIONAL		0
15	07 Non VAT	07 Non VAT		0
16	08 EXP VAT	08 Exempt Vat		0
17	10 Zero rated ...	10 Zero rated INV	Zero Rate (Excluding goods exported.	0
18	IMPORT	Importation Tax		0

3.2. Second Utility - VAT Update Documents



Select VAT Update Documents from the above drop down

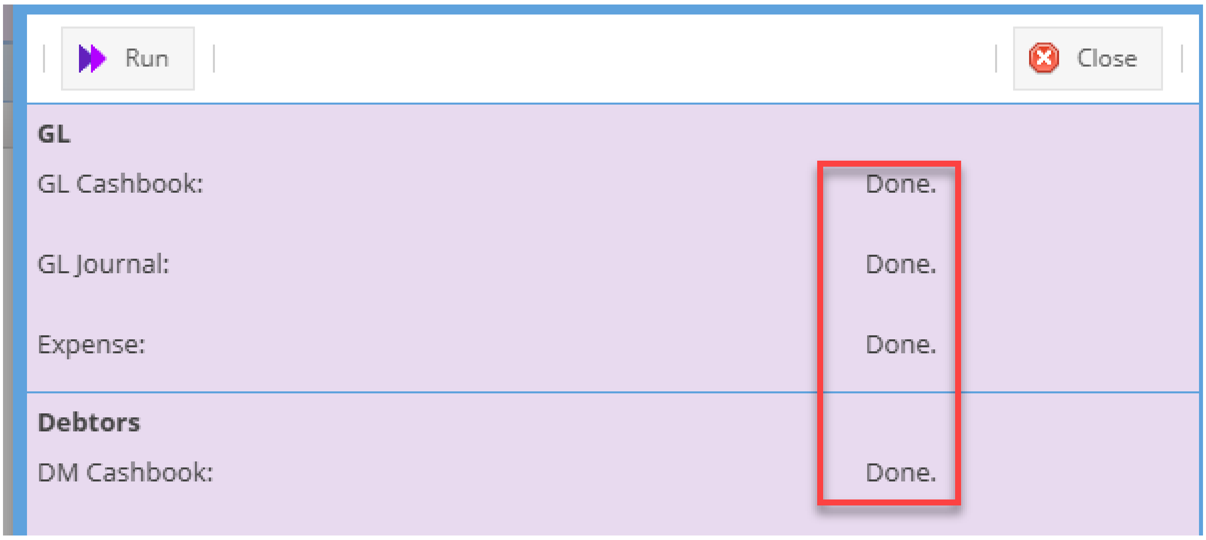
Then click Run



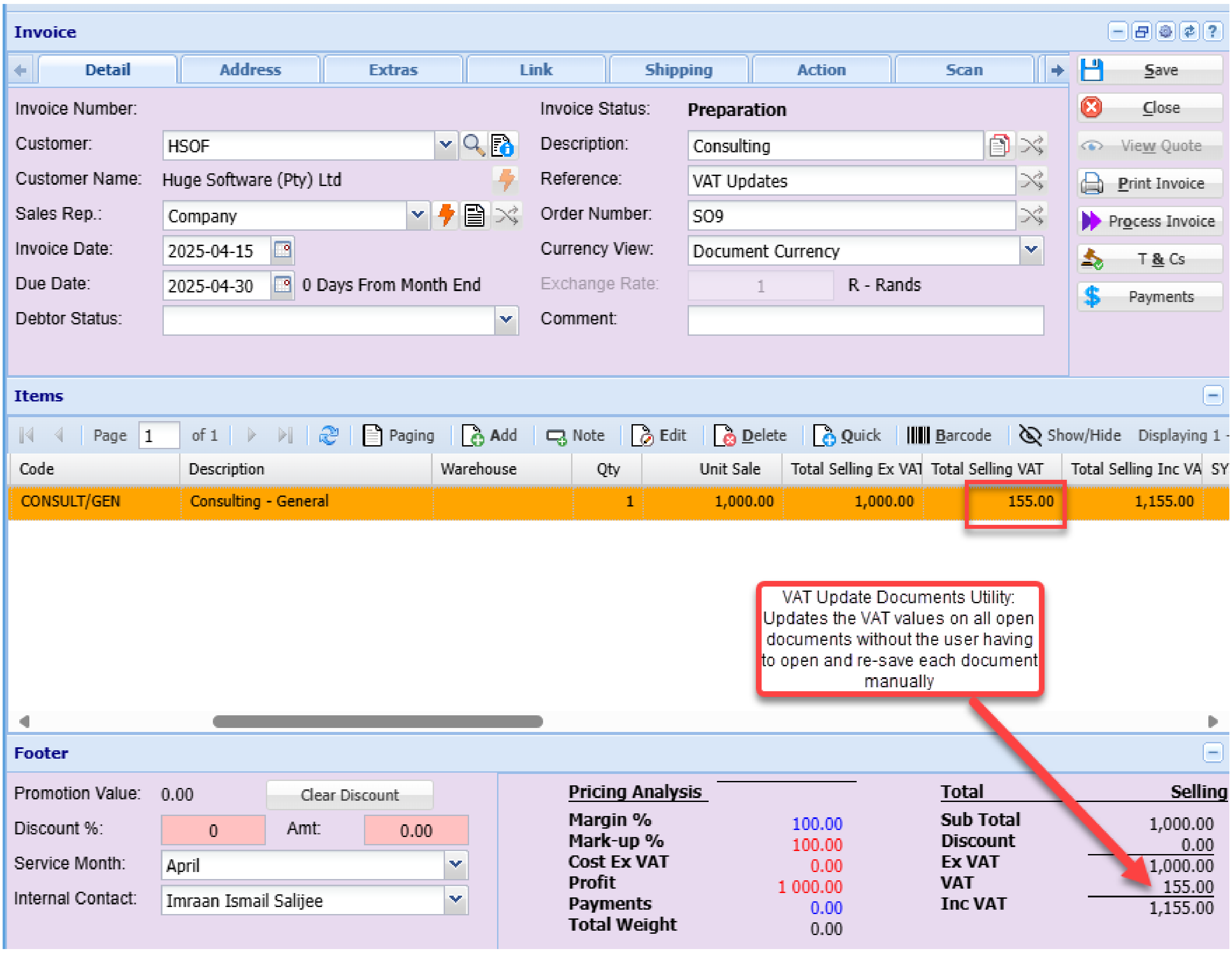
This utility will look for all open documents and update the VAT value displayed on the document and search grids.

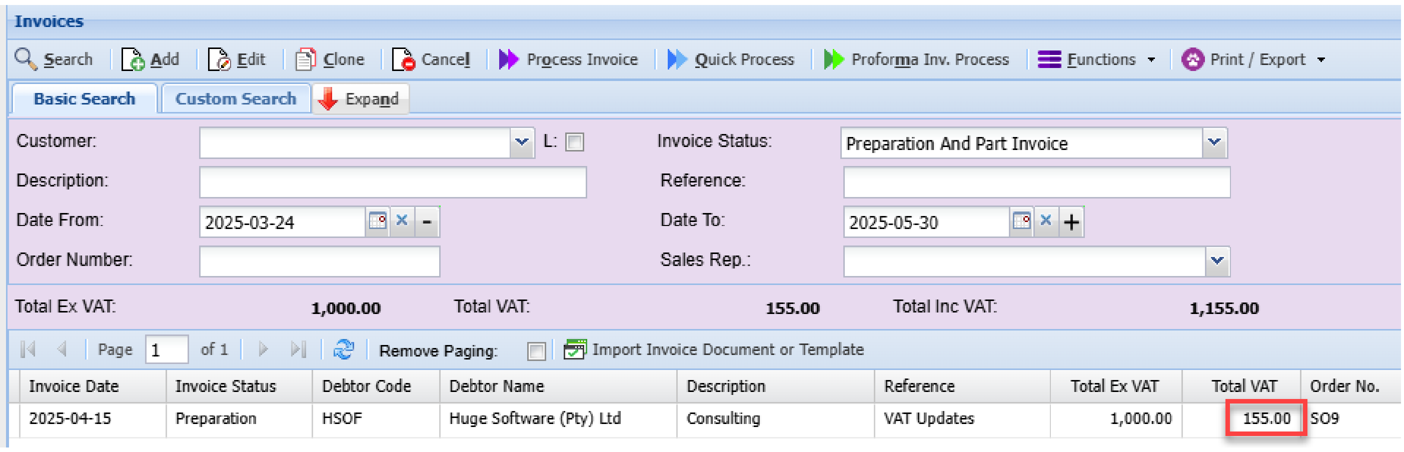
This means that the user does not need to open and re-save each transaction manually to update the VAT values.

A 'Done" result will be returned as the respective document types are updated



When you then search any document in preparation, you will notice the VAT value is updated to the new VAT rate.





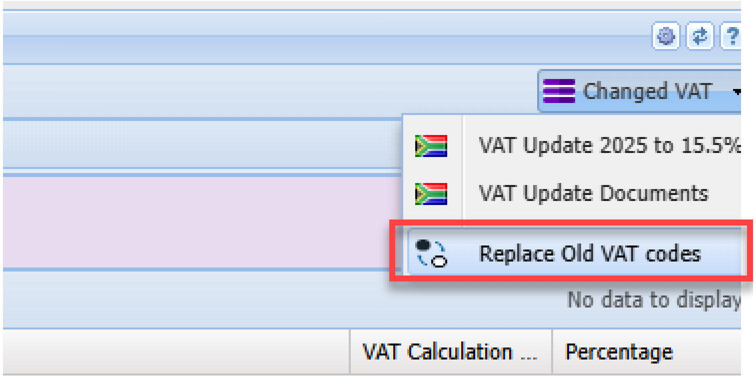
This Utility will also update the VAT value on any created recurring transactions that have been setup for future months.

3.3. Third Utility - Replace Old VAT codes

> Warning: Only run this utility if you want to change the Tax Type to old VAT rate on open documents

This utility is used to update any open transactions that may still be dated prior to 01 May 2025, and the old VAT rate (15%) should be applied.

Select Replace Old VAT codes from the change VAT drop down



This utility needs to be run per transaction type

Example: If you wish to update all open Cashbooks dated before 01 May 2025 to the 15% rate:

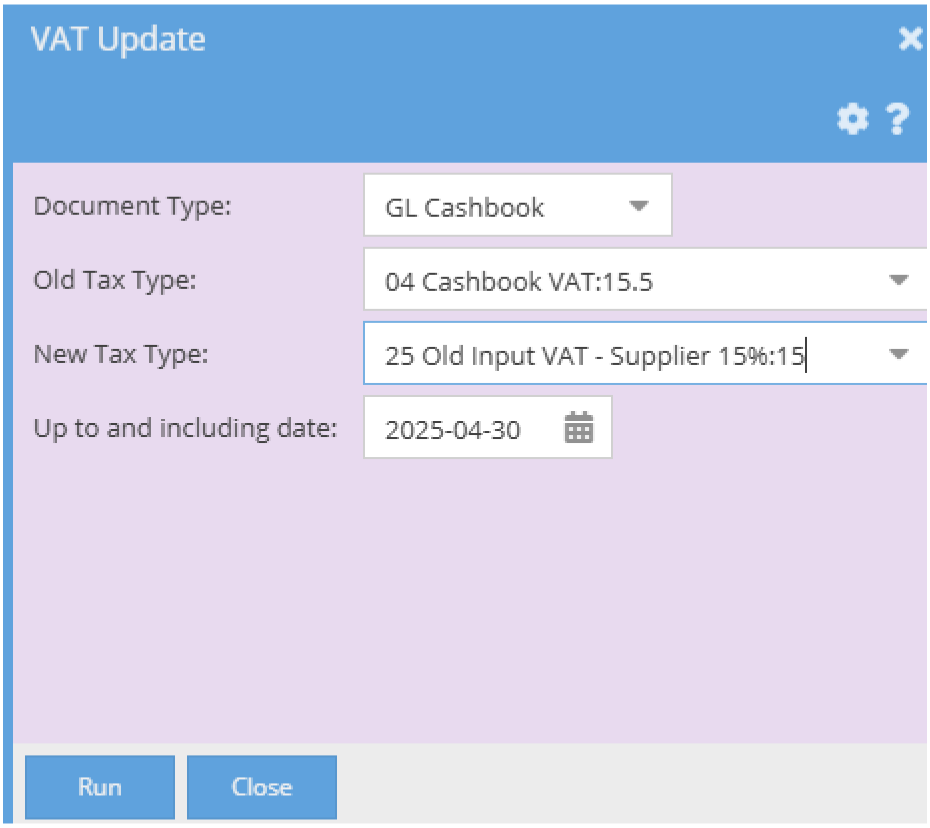
Select Document type: GL Cashbook

Enter Old VAT Rate: 04 Cashbook VAT -   (remember this was updated with the second utility above to the new 15.5% VAT rate)

Enter New Tax Type: Input VAT - Supplier 15%

Enter the end date: 2025-04-30 - this is the last day the initial 15% VAT rate is to be applied.

The utility will search for any open cashbooks entries that are dated on or before 30 April 2025 and update the VAT type to Input VAT - Suppliers 15%



Document Type	Select the required document type from the drop down
Old Tax Type	This is the Updated VAT type with the15.5% rate
New Tax Type	Select the VAT Type to be applied. There would have been 2 new VAT types created with the first VAT Utility. 1. Output VAT - Sales 15%: use for Debtors/ Sales documents 2. Input VAT - Supplier 15%: use for Creditors / Purchase Documents & Cashbook entries
Up to and Including date	This is the last date that the current or old VAT rate will apply; in this case 30 April 2025

Click Run

This will then find any open documents for the respective document type selected, dated on or before the 30 April 2025, example Cashbook and change the VAT Type and the VAT rate to the15% rate.

Repeat this step for all the other document types that you may have open documents for that the 'old" 15% rate should be applied to

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