

Brexit Tax codes.

Jacqui Wilson

Sage





Housekeeping


Sage 50 Accounts Budgets


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Poll

Are you a

- In the UK (mainland)?
- In Northern Ireland?
- In the Republic of Ireland?

Postponed Accounting



Postponed Accounting.

- The UK Government have confirmed that postponed accounting will be available for all imports (EU and non-EU) from 1st January 2021.
- Like the 'reverse charge' mechanism used for EU trade whereby import VAT is not physically paid upfront and then reclaimed on the subsequent VAT Return but is instead accounted for as input and output VAT on the same return.
- The net effect is the same but the importer benefits from not having the initial cash outflow which is then recovered.

£135 consignment rule

- Applicable to b2b imports of goods from outside the UK that do not exceed £135.
- The VAT registered business accounts for the VAT and recovers it as input tax on the same VAT return

VAT and overseas goods sold directly to customers in the UK - GOV.UK
(www.gov.uk)

Brexit Tax codes



Brexit Tax codes.

Tax code	Description	VAT return boxes impacted	Other highlights
T14	Import of goods – No VAT charged	7	Only in V27.2 and Above
T15	Purchase of services from ROW – Reverse charge	1,4, 6 and 7	Notional VAT
T16	Purchase services from ROW –No VAT	7	Only required on VAT cash accounting. T0 can be used on Standard VAT
T17	Import of goods – Under import reverse charge threshold	1,4 and 7	Referred to as the '£135 scheme'
T18	Import of goods – Postponed VAT	1,4 and 7	Will post a VAT only credit note automatically
T19	Import of goods – VAT not postponed	4 and 7	Only required on VAT cash accounting. T1 can be used on Standard VAT

Check your Tax codes.

To check your Tax codes this can be done in Settings> Configuration> Tax codes

Configuration Editor

Custom Fields | Email | Dispute Reasons | Credit Control | Project Costing
Terms | **Tax Codes** | Account Status | Products | Fixed Assets

Tax Codes

Sage 50 Accounts helps you to keep track of VAT with a comprehensive set of tax codes. These tax codes are set-up by default when you install the program, and you will not normally need to change any of the settings.

If you do need to modify any of the tax codes, you can do this below.

For more information on VAT and tax codes, visit the HM Revenue and Customs web site - just select "HM Revenue and Customs" from the WebLinks menu.

Code	Rate	In Use	Exports	Imports	Description
T11	0.00	N	N	N	
T12	0.00	N	N	N	
T13	0.00	N	N	N	
T14	0.00	Y	N	Y	Import of goods - No VAT
T15	0.00	Y	N	Y	Purchase of services from ROW - Reverse charge
T16	0.00	Y	N	Y	Purchase of services from ROW - No VAT
T17	0.00	Y	N	Y	Import of goods - Under import reverse charge threshold
T18	20.00	Y	N	Y	Import of goods - Postponed VAT
T19	20.00	Y	N	Y	Import of goods - VAT not postponed
T20	0.00	Y	N	N	Domestic reverse charge
T21	0.00	Y	N	N	CIS reverse charge - Standard rate
T22	0.00	Y	Y	N	Sales of services to VAT registered customers in EC
T23	0.00	Y	N	Y	Zero rated purchases of services from suppliers in EC
T24	0.00	Y	N	Y	Standard rated purchases of services from suppliers in EC

Edit

OK Cancel

Postponed Accounting.




When you use the T18 tax code, or equivalent, for a purchase invoice, it has the following effect:

- The postponed VAT amount adds to the invoice value.
- A VAT only credit note automatically posts to T18 for the postponed VAT value. This reduces the outstanding value.
- The credit note allocates to the invoice automatically.
- The VAT due for the purchase adds to boxes 1 and 4 of the VAT Return so its paid and reclaimed on the VAT Return.
- The credit note doesn't impact the VAT Return. It corrects the supplier balance.
- The net value of the purchase adds to VAT return box 7.
- If the invoice has multiple item lines with VAT values, a credit posts automatically for each line

Processing Postponed accounting.

[illegible]

Processing Postponed accounting.

Refresh			Filter	Find	<input type="text" value="Search..."/>			All records (2)											
No	▲	Type	Account	Nominal	Dept	Project	Details	Date	Posted Date	Due On	Ref	Ex.Ref		Net	Tax	T/C	Paid	Amount Paid	Bar
1		PI	SPAIN	5000	0			14/12/2022	14/12/2022	13/01/2023				200.00	40.00	T18	N	40.00	-
2		PC	SPAIN	5000	0		Postponed VAT amount for Purchas...	14/12/2022	14/12/2022	14/12/2022				0.00	40.00	T18	Y	40.00	-

Processing sales to ROW



Sales - Goods.

New new tax codes are required for sales to the rest of the world however these may differ from the codes used pre Brexit

Brexit - Tax codes -
before and after 1
January 2021 - UK only
(sage.com)

Before Brexit	After Brexit	
	Based in England, Wales and Scotland	Based in Northern Ireland
T0 (box 6), T1 (boxes 1 and 6) or T2 (box 6) Sale of goods - no VAT registration provided	T0 (box 6) - Zero rates transactions - assuming sale is zero rated	No change: T0 (box 6), T1 (Boxes 1 and 6) or T2 (Box 6).
T4 (boxes 6 and 8) Sales of goods to VAT registered customers in EC	T0 (box 6) - Zero rates transactions - assuming sale is zero rated	No change: T4 (boxes 6 and 8) - Sales of goods to VAT registered customers in EC

Sales - Services.

New new tax codes are required for sales to the rest of the world however these may differ from the codes used pre Brexit

Brexit - Tax codes -
before and after 1
January 2021 - UK only
(sage.com)

Before Brexit	After Brexit	
	England, Wales and Scotland	Northern Ireland
T1 (boxes 1 and 6) Sale of services - no VAT registration provided	No change: T1 (boxes 1 and 6) - Standard rated transactions	
T22 (box 6) Sales of services to VAT registered customers in EC	T0 (box 6) - Zero rates transactions	

Tax code finder

Tax code finder

Here at Sage we cannot tell you what code to use. However based on your answers to a set of questions we can offer **guidance** on the best tax code to use in most cases. If you are still unsure we recommend speaking to your accountant or HMRC.

[Which tax code should I use? - from 1 January 2021 \(UK only\) \(sage.com\)](#)

[Default tax codes - v27.1 and above - Ireland \(sage.com\)](#)

Which tax code should I use? - from 1 January 2021 (UK only)

Created on 02 September 2021 | Last modified on 03 November 2022

☐ Highlight Matches

Summary

This guide helps you find the right tax codes to use in Sage 50cloud Accounts.

Description

The [Sage tax code](#) you use for a transaction depends on several things. Here you can find the correct tax code by answering a few questions about your sale or purchase. Use this guide together with [HMRC VAT rates guidance](#) to make sure your VAT Return is correct every time.

★ **TIP:** Keep this guide handy by setting it to open when you press F12 in your software. [Read more >](#)

Let's get started!

Select the type of transaction you want the tax code for:

Sale

Purchase

Bank charge or interest

Not VAT registered? If you're not registered for VAT, you should post all transactions using the non-vatable tax code, normally T9. [Read more >](#)

Other useful guides

- [List of tax codes before and after 1 January 2021 >](#)
- [Pre-Brexit tax code finder - UK only >](#)
- [Tax codes to use for popular goods and services - UK only >](#)

Import Duty and VAT

This depends on whether postponed accounting is being used.

If not there are 2 different suggested methods depending on whether or not the C79 for has been received.

The following article details the steps in each case and how to post adjustments if the VAT posted differs to that on the invoice

[How do I post import VAT and duty on goods purchased from a country outside the UK? \(sage.com\)](#)

[Back](#)

How do I post import VAT and duty on goods purchased from a country outside the UK?

Created on 28 January 2021 | Last modified on 09 May 2022

Summary

This guide explains how to process import VAT and duty on good in Sage 50 Accounts.

Description

NOTE: This article is supplementary to the VAT Notice 702 *Imports*, and deals with claiming the import VAT on **goods** only. If services have been supplied, or if you need to clarify whether import VAT should be reclaimed or not, you should contact your local VAT office.

When you purchase goods from a country outside the UK, import VAT may be applied. Normally, your supplier invoice doesn't contain any VAT but a separate invoice is supplied from the import agent detailing any import VAT and duty they've paid on your behalf at customs. If your company is registered for VAT you can normally reclaim the import VAT providing you have supporting C79 certificates from HMRC.

Since leaving the EU on 1 January 2021, [Postponed VAT Accounting](#) was introduced which means import VAT due on goods arriving in the UK from anywhere in the world can now be accounted for on your VAT Return rather than having to pay the VAT as soon as the goods arrive at the border. If postponed VAT Accounting is used then the value of import VAT that has been postponed will no longer be included on the import agent invoice and will instead be confirmed on a monthly statement available from HMRC.

NOTE: Please note that if you are based in Northern Ireland this will only apply to goods imported from outside the EU.

Resolution

Skip to:

[Create a supplier record for the import agent](#)

[When using Postponed VAT Accounting](#)

[Option 1](#)

[Post an invoice for the purchase of goods and import VAT](#)

[Post an invoice for the import duty](#)

Summary



Summary.

- 6 new tax codes have been introduced for UK purchases from the rest of the world to be used post Brexit. Not all of these may apply to you
- These tax codes are only available in v27.1 or above.
- Post Brexit sales to the rest of the world does not use any new tax codes however the codes applied may differ to those that may have been used prior to Brexit.
- Postponed accounting has been introduced to assist businesses with Cash flow post Brexit by allowing the VAT to be paid and reclaimed on the same VAT return
- The tax code finder article can help you to work out which tax code to apply in different scenarios.

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Upcoming Webinars.

Upcoming

VAT Return

Projects - Part 2

Invoicing

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Edit your invoice layout

Recurring items

Tips and Tricks in
Sage 50cloud Accounts

Key Topics

Global changes

Fri Jan 6 11am

Need to apply a price increase to your products? Need to revisit Customer credit limits? Global changes allows changes to multiple records. Join us to work through how to use this time saving feature

MTD – New penalties in 2023 – UK only

Thurs Jan 12 10am

In this session we will be recapping the MTD for VAT legislation, Discussing where we are now and highlighting the changes to penalties from January 1st 2023.

What is Sage Membership ?

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Sage City – Sagecity.com

Sage Masterclass

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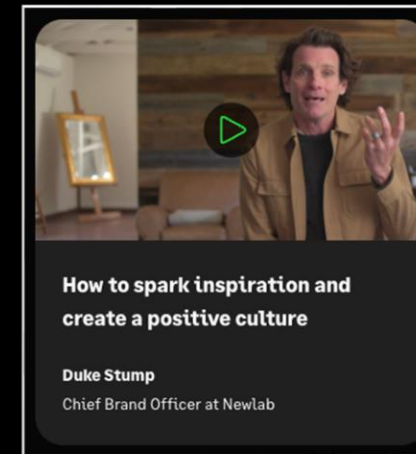
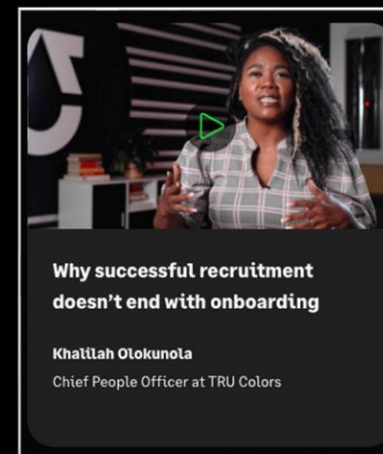
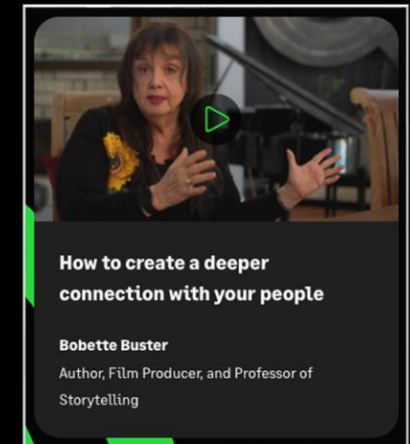
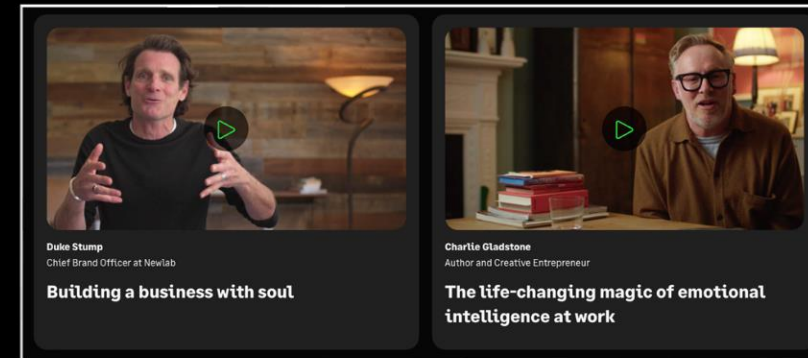
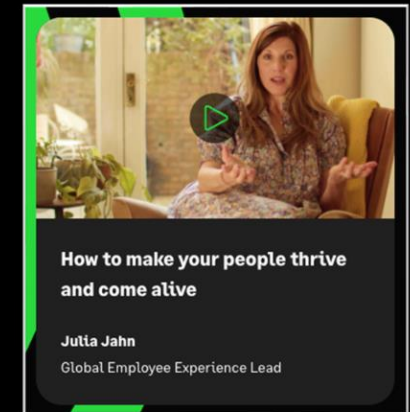
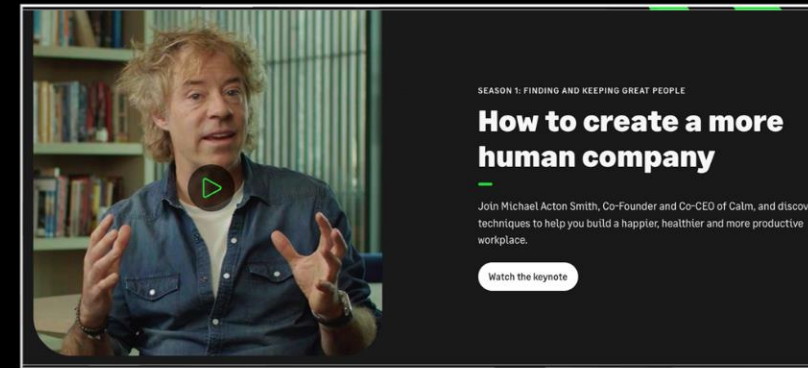
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Thank you!