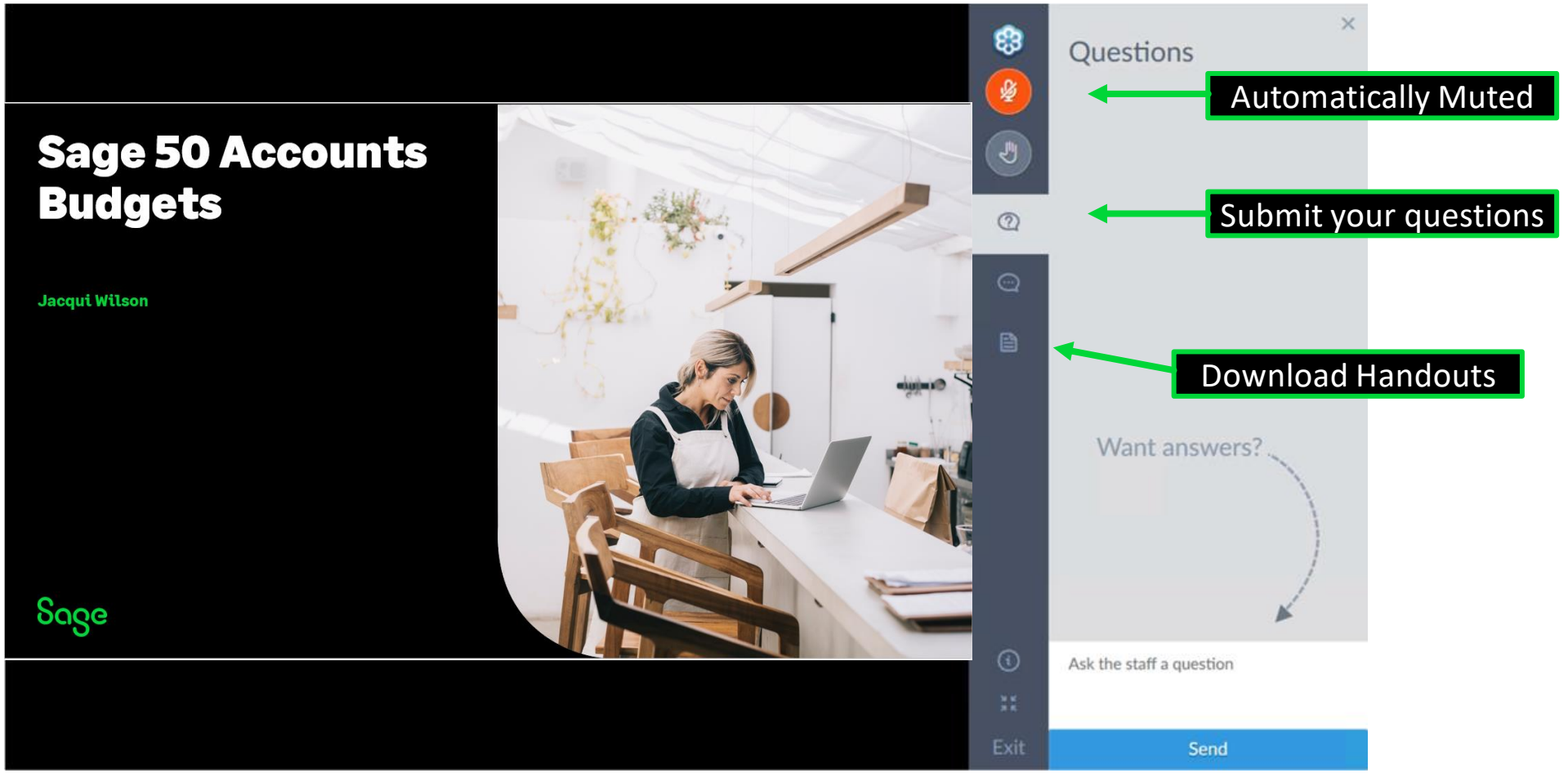
VAT – A perfect return in Sage 50 Accounts.

Jacqui Wilson

Housekeeping



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MTD submission

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Poll

Are you submitting a

- UK VAT Return?
- A ROI VAT return?
- Both?

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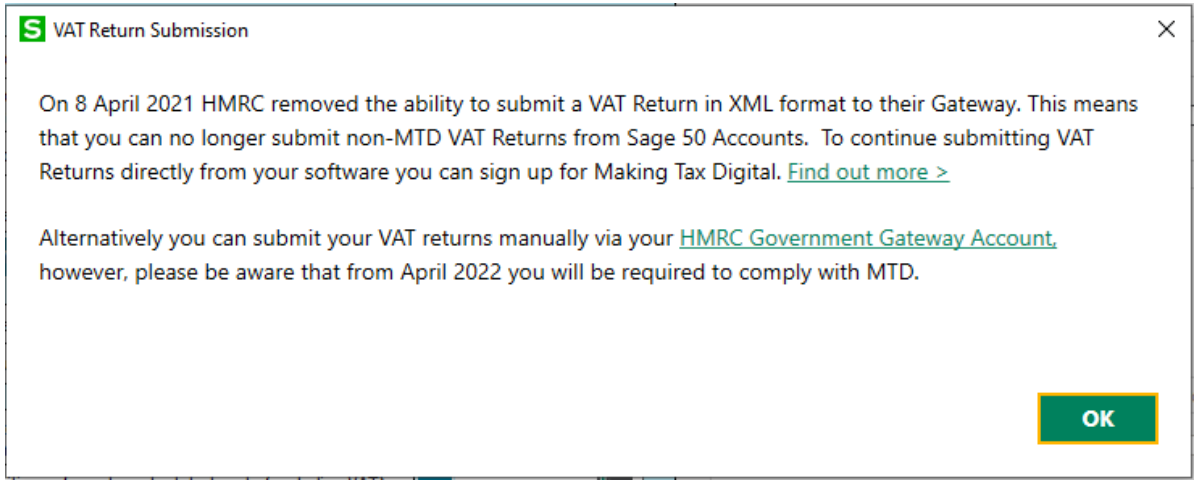
Activate MTD.



- You can no longer make a non MTD submission through your software.
- You need to ensure you are registered with HMRC for MTD and then activate your software.
- If you attempt to submit without activating, the program will not allow you to submit via your software
- If you are not yet registered for MTD with HMRC you can still submit manually however it will become mandatory from April 2022.

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Running A VAT return

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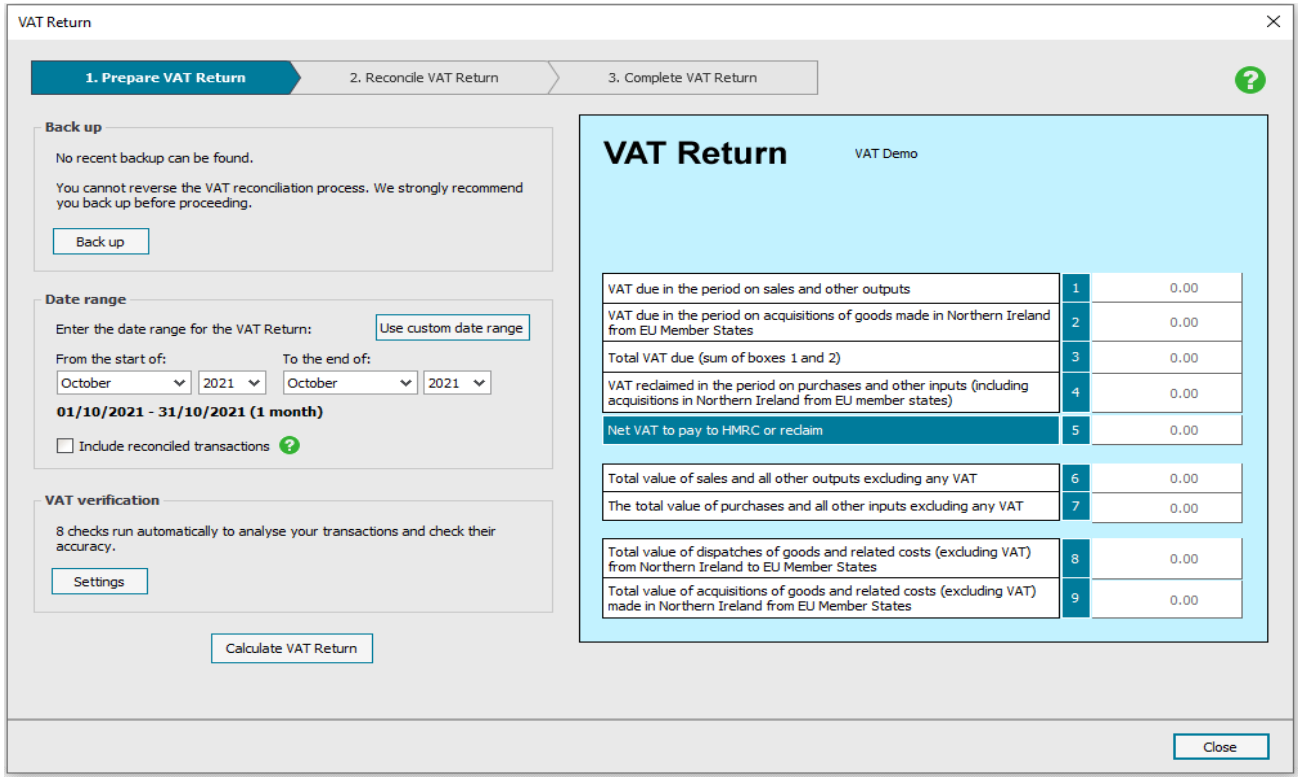
Step 1 – Prepare VAT return.

- Backup your data – Once reconciled the VAT return cannot be undone.
- Select your date range – Ensure this is in line with your HMRC obligation periods.
- VAT verification – Allow the software to check for ‘odd’ activity in your data.



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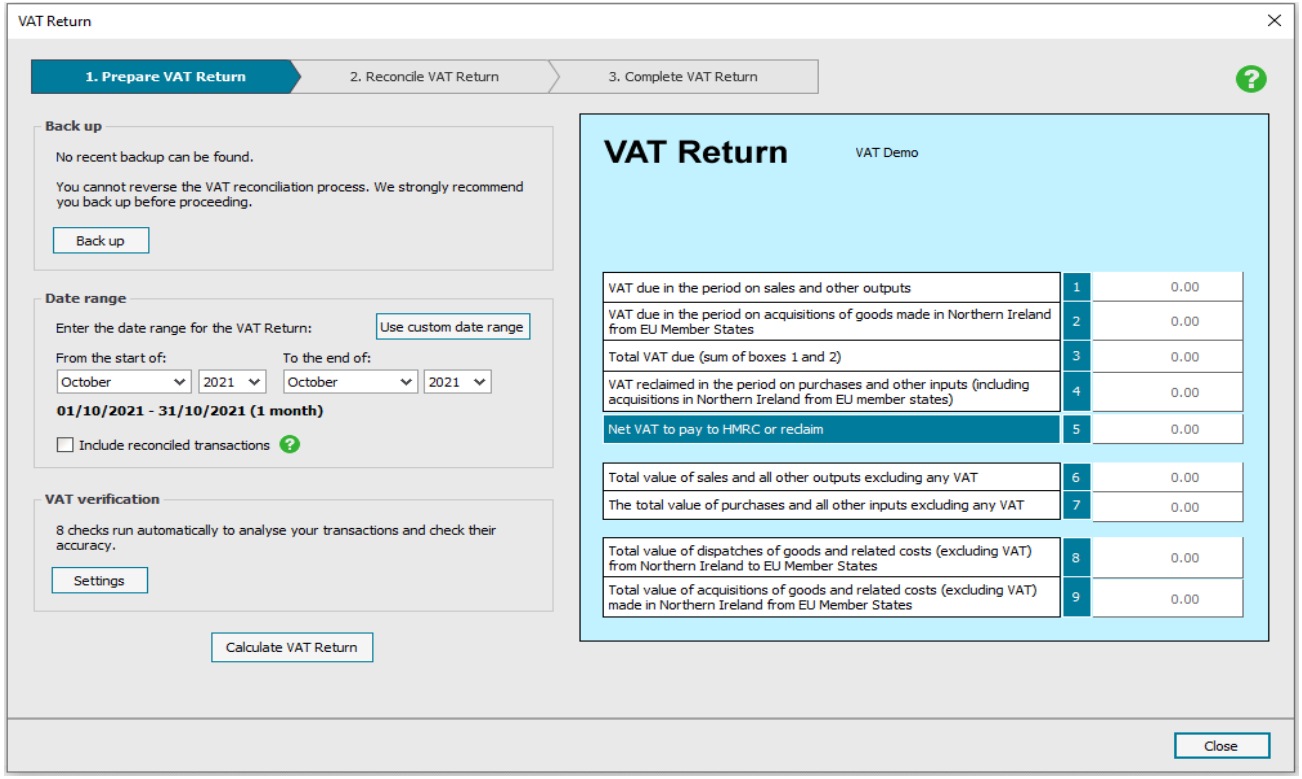
Step 2 – Reconcile your VAT return.

- Check your verification results.
- Where appropriate, make adjustments. This is normally due to a request from HMRC or your accountant or due to you being on a specialist VAT return.
- Check the figures on the return to ensure they are correct before submission.
- Reconcile the return.



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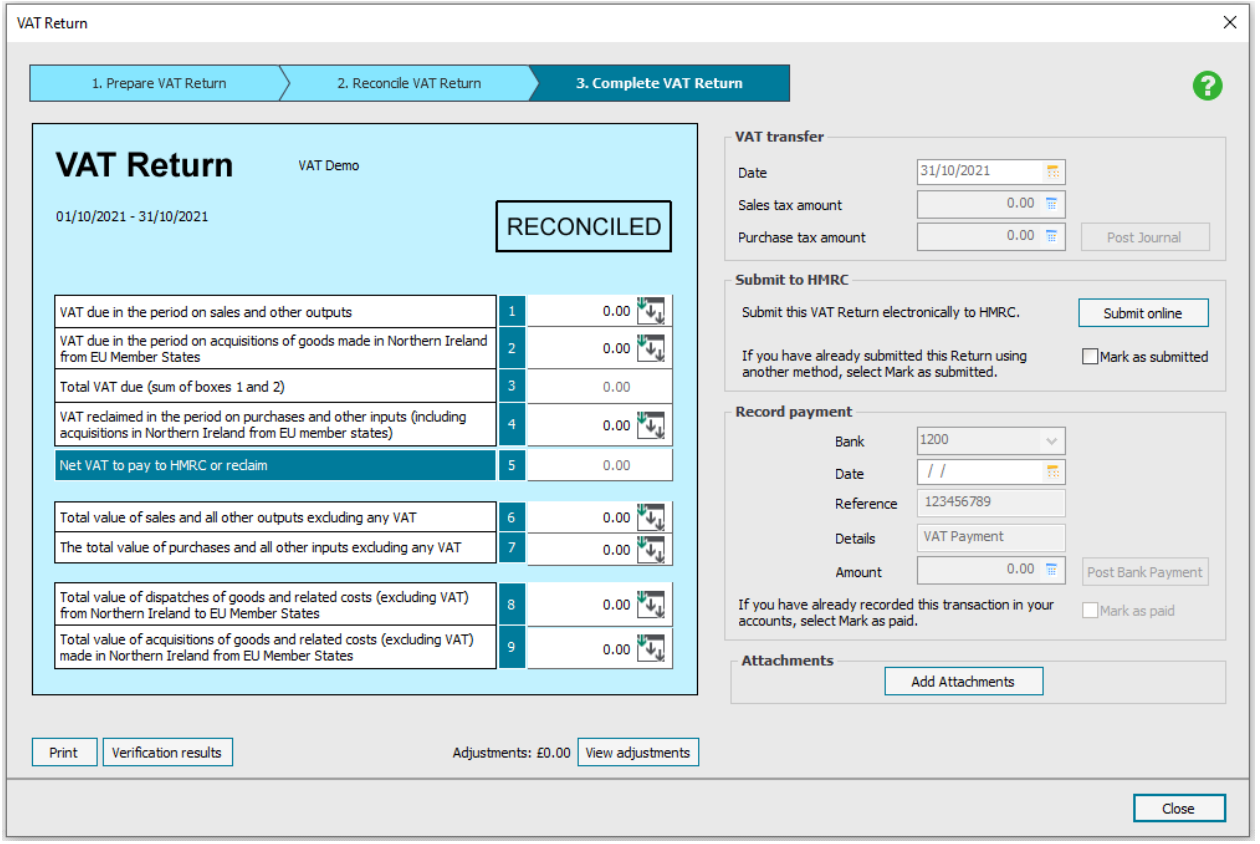
Step 3 – Complete VAT return.

- VAT transfer –moves the sales and purchase figures from their respective control accounts onto VAT liability. To demonstrate what the liability is for this return.
- Submit your return figures direct to HMRC under MTD submission.
- Mark your return as paid and post the payment/ receipt within your software.



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Penalties

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Penalties.

A new penalty system will apply from 1 January 2023. This is split into 2 different penalties.

- **Late submission penalty** - A points-based system for missed submission deadlines.

- **Late payment penalty -** Penalties applied based upon how late a payment is made for taxed owed to HMRC.

These points and penalties are applied automatically, but HMRC, at its own discretion, may choose not to do so.

Once a point or penalty has been applied HMRC cannot remove it unless you use the reviews and appeals process.

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Late submission penalty.

Late submission penalties are based on a points system, once a certain number of points are reached by a business or individual a financial penalty of £200 is automatically applied.

One point is applied each time a submission deadline is missed.

The points threshold for the penalty is based on the frequency of VAT submissions

- **Monthly –** Five points are required for the penalty to be applied
- **Quarterly –** Four points are required for a penalty
- **Annual –** Two points are required

These points are separate from any points received for income tax submissions and separate penalties can be applied.

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Late payment penalty.

Like the points system for late submission, this is automatically applied as follows:

- **Up to 15 days late** – No penalty
- **Between 16- 30 days overdue** – 2% of amount due
- **Day 31 after payment was due** – 2% of what was due on day 15, plus 2% of amount due on day 30.
- **Day 31 onwards** - 4% of the outstanding amount, applied daily

The standard 2.5% interest rate is also applied.

Prepare for upcoming changes to VAT penalties and VAT interest charges - GOV.UK (www.gov.uk)

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Summary

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Summary.

- Always ensure you have a backup.
- Ensure the date range you enter matches the obligation period set with HMRC.
- Use the verification checks to your advantage by configuring them to the needs of your business.
- Avoid using the manual adjustments for transactional corrections. A journal is posted as a result of adding a manual adjustment.
- Complete the VAT return to ensure all balances are moved to the correct nominal codes and the returns marked as paid.

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Upcoming Webinars.

Upcoming	Key Topics
VAT Return	**Festive messaging using the letters feature** **Dec 1st 2pm** How to add a festive message to your letters, this can also be used to inform your customers on upcoming offers, prices changes and discounts too.
Projects - Part 2	
Invoicing	
Report Designer Edit your invoice layout	**Credit Control – Aged Reports** **Dec 1 st 3pm** How to run Aged reports in order to assist with getting paid on time. .
Recurring items	
Tips and Tricks in Sage 50cloud Accounts	

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What is Sage Membership ?

Sage University – **Sageu.com**

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Sage Masterclass

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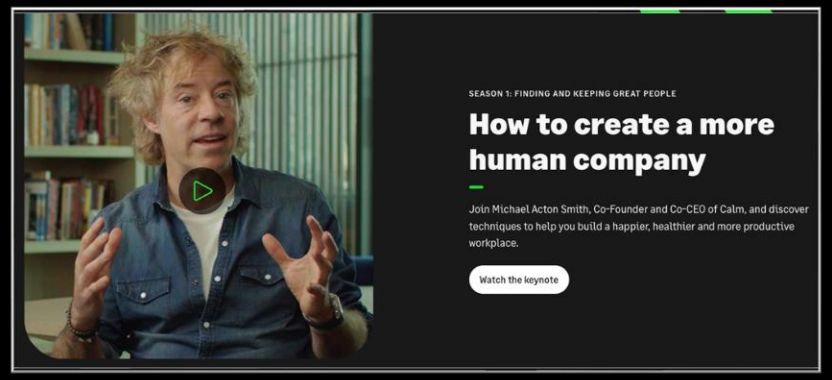

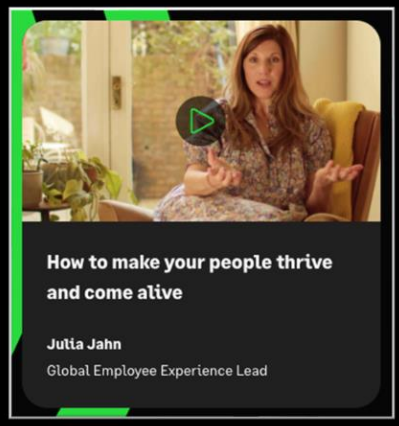

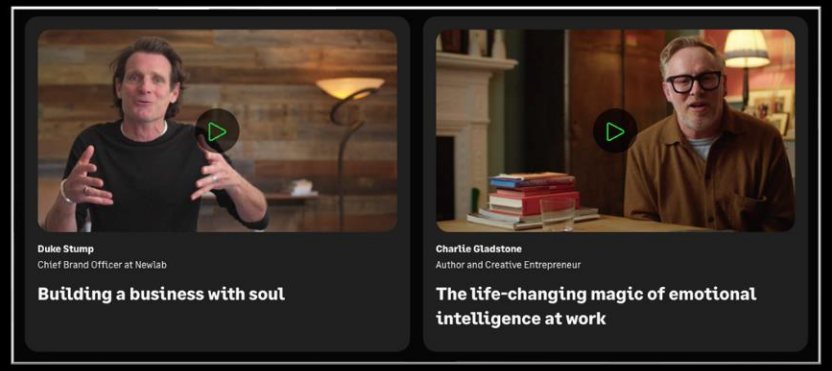

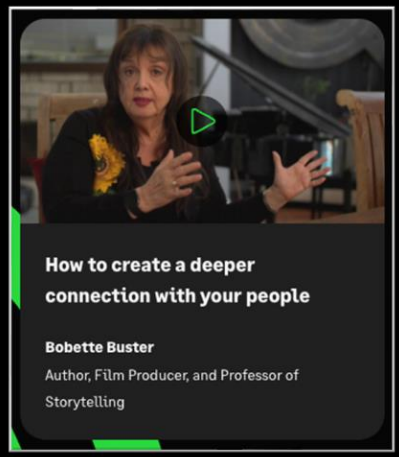

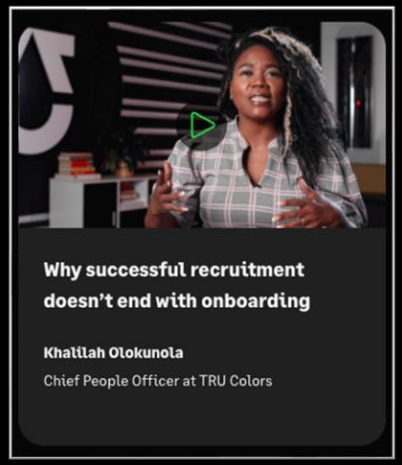

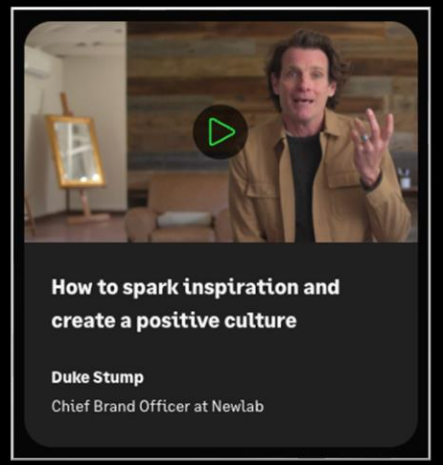

And more...

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