



Global 3000 Service Pack Note Postponed Accounting

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INTRODUCTION

This service pack updates Global 3000 V6.0 to comply with the changes for 'Postponed Accounting'.

These changes apply to Global 3000 V6.0 onwards only. Earlier versions of Global 3000 and all versions of Global 2000 have not be updated.

Sources of Information

The information in this introduction section has been sourced from the following places:

<https://www.gov.uk/guidance/check-when-you-can-account-for-import-vat-on-your-vat-return>

<https://www.gov.uk/guidance/complete-your-vat-return-to-account-for-import-vat>

<https://www.gov.uk/government/publications/changes-to-vat-treatment-of-overseas-goods-sold-to-customers-from-1-january-2021>

From HMRC website:

From 1 January 2021, if your business is registered for VAT in the UK, you'll be able to account for import VAT on your VAT Return for goods imported from anywhere in the world.

This means you'll declare and recover import VAT on the same VAT Return, rather than having to pay it upfront and recover it later.

The normal rules about what VAT can be reclaimed as input tax will apply.

When you can account for import VAT on your VAT Return

You do not need to be authorised to account for import VAT on your VAT Return and can start doing so from 1 January 2021. You can account for import VAT if:

- the goods you import are for use in your business
- you include your EORI number, which starts 'GB' on your customs declaration

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- you include your VAT registration number on your customs declaration, where needed

If you initially declare goods into a customs special procedure, you can account for import VAT on your VAT Return when you submit the declaration that releases those goods into free circulation from the following special procedures:

- customs warehousing
- inward processing
- temporary admission
- end use
- outward processing
- duty suspension

You can account for import VAT on your VAT Return when you release excise goods for use in the UK – also known as ‘released for home consumption’. This includes when goods are released from an excise warehouse after being in duty suspense since the point of import.

When you cannot account for import VAT on your VAT Return

You will not be able to account for import VAT on your VAT Return if you are authorised to use simplified declarations for imports and you complete your simplified frontier declaration before 1 January 2021.

This will be the case even if you complete your supplementary declaration after this date.

When you must account for import VAT on your VAT Return

If you’re eligible to defer submitting your supplementary declarations for up to 6 months, you must account for import VAT on your VAT Return.

To complete your VAT Return, you’ll need to use the record of imported goods that you make for customs purposes.

If you act on behalf of someone else

If you’ve been authorised to act on behalf of your client, you must use their EORI number or VAT registration number on the customs declaration.

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If you import goods in consignments not exceeding £135 in value

Further guidance will be provided on the VAT treatment of goods in consignments not exceeding £135 in value in a later update.

Also from HMRC website:

How to complete your VAT Return

An online monthly statement will be available to download and keep for your records. It will show the total import VAT postponed for the previous month which you should include in your VAT Return. Due to postponed VAT accounting, there will be changes to the way you complete the boxes on your VAT Return.

Box 1

Include the VAT due in this period on imports accounted for through postponed VAT accounting.

Box 4

Include the VAT reclaimed in this period on imports accounted for through postponed VAT accounting.

Box 7

Include the total value of all imports of goods included on your online monthly statement, excluding any VAT.

Consignments Under 135.00

HMRC have released the following guidance.

Business to business sales not exceeding £135 in value will also be subject to the new rules. However, where the business customer is VAT registered in the UK and provides its valid VAT registration number to the seller, the VAT will be accounted for by the customer by means of a reverse charge.

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G3000 V6.0Changes

Note: These changes only apply if the selected company has its VAT accounting scheme set to 'Standard (UK)'.

The tax options within system parameters have been updated to include a new low value consignment threshold along with controls to switch on postponed accounting.

General Ledger transaction entry (standard journal entry) has been updated to include a new button labelled 'Postponed VAT'. When pressed the user is prompted (via a new window) for the three 'box' figures from their online monthly statement. On completion journals are automatically generated to adjust the VAT return based on the details entered.

The journal for postponed import VAT is assigned tax class 'PD'.

The journal for postponed reclaimed VAT is assigned tax class 'PV'.

The journal for the total value (net) of the imported goods accounted for using postponed VAT is assigned tax class 'PN'.

The VAT reconciliation report has been updated to process tax classes 'PD', 'PV' and 'PN' as follows:

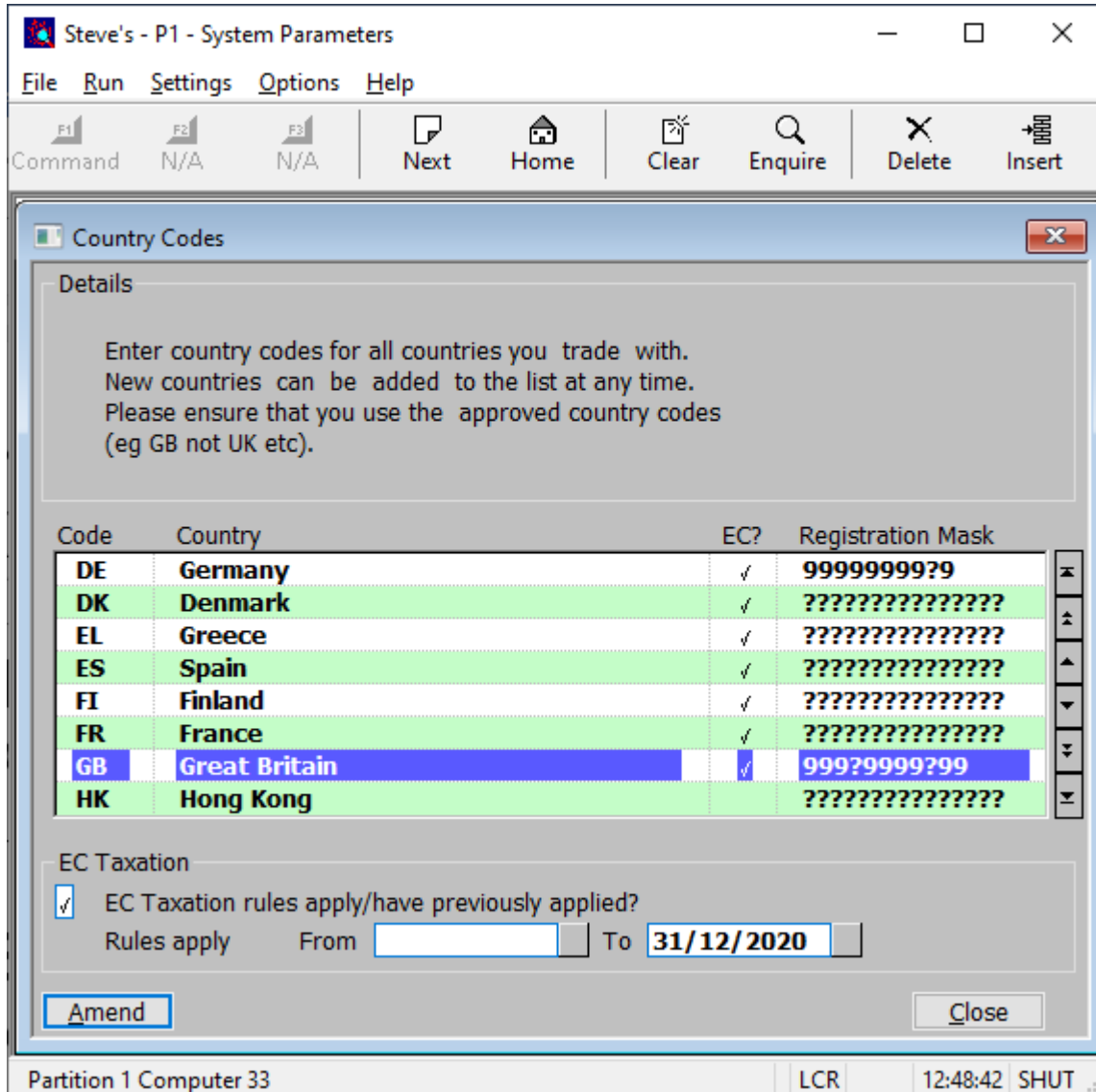
- For tax class 'PD'. The VAT amount is included in Box 1.
- For tax class 'PV', the VAT amount is included in Box 4.
- For tax class 'PN', the net amount is included in Box 7.

Creditors Ledger and Purchase Order Processing invoicing have been updated so that invoices from foreign suppliers (to a UK company) check the net value against the low value consignment threshold and if it is lower the tax code is defaulted to the reverse charge tax code (which can be overridden if required). If it is higher, tax information is not passed to the General Ledger and is manually supplied using the 'Postponed VAT' option within General Ledger journal entry.

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SOFTWARE CONFIGURATION

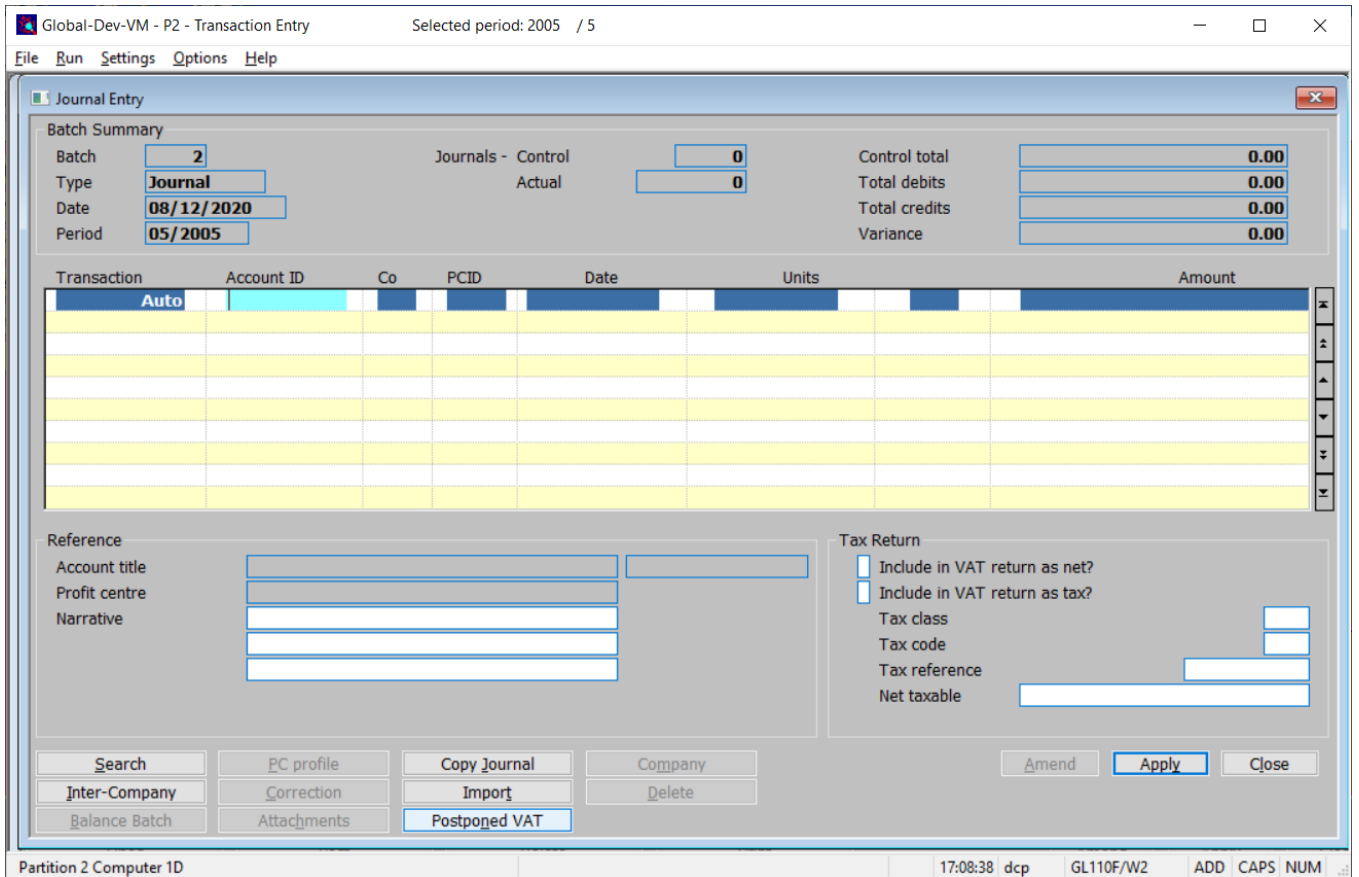
Within country code maintenance you must adjust the date range the EC taxation rules apply so that they do not apply on 01/01/2021 (i.e. set the end of range date to 31/12/2020).



You must also ensure the tax 'Code for non-domestic reverse charge supplies' is set up along with its rate and control account detail.

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GL Transaction Entry – Journal Entry Window



Postponed VAT *(Only available for Journal batches if the system is configured for standard (UK) VAT)* This allows journals to be generated based on the details from the monthly postponed accounting statement.

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GL Postponed Accounting Window

Purpose This window enables you to generate journals that adjust the tax return based on the details from your monthly online postponed account statement.

The prompts are:

Company The company being posted to.

Online monthly statement date Enter the date from the online monthly statement

Online monthly statement reference Enter the reference from the online monthly statement

Note The date and reference entered above are used to form the narrative for the journals.

Date for journals Enter the date for the journals generated for postponed accounting.

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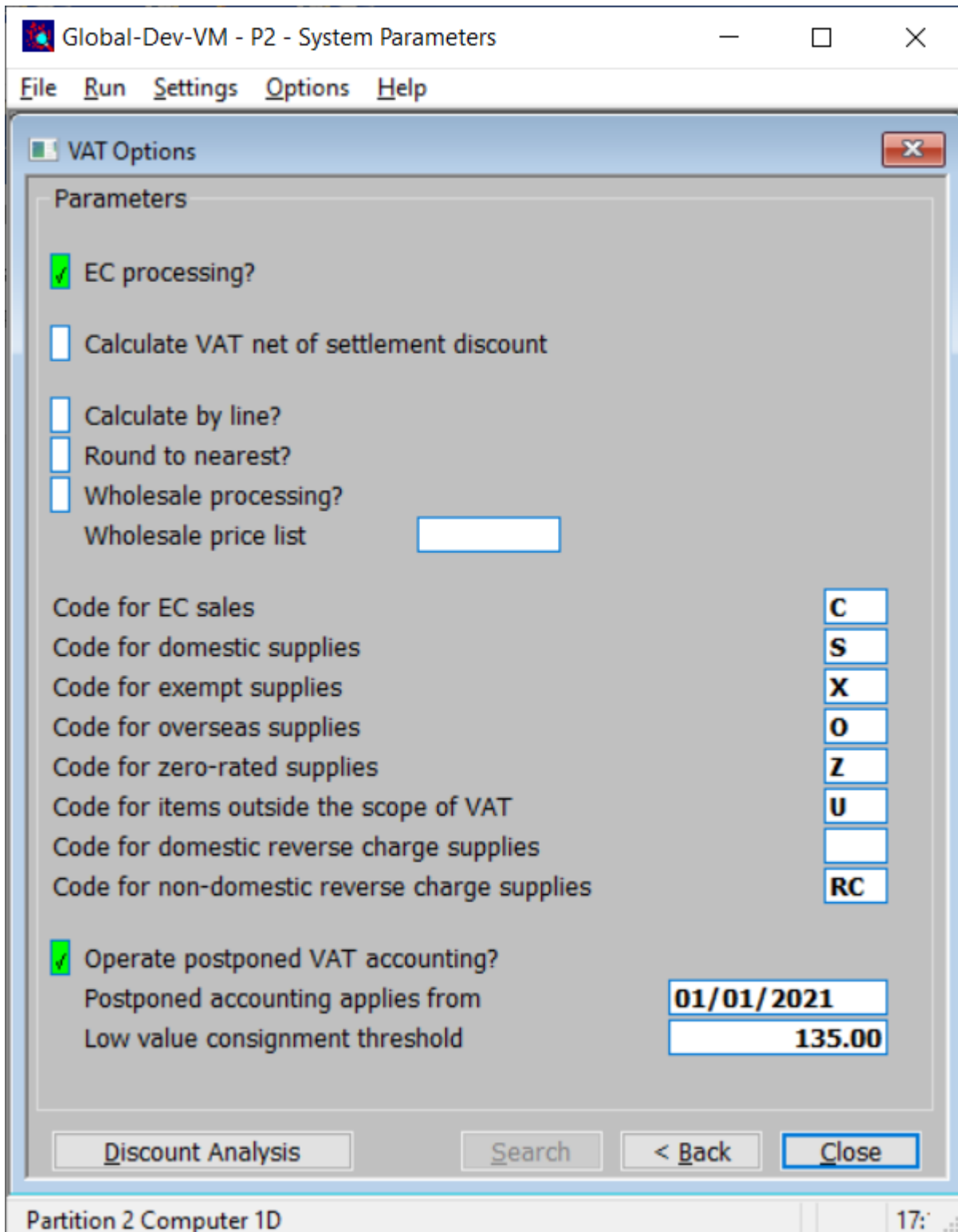
- Profit centre (Tax return box 1)** *(Display Only)*. The profit centre for the journal for VAT due on imports accounted for through postponed VAT accounting. This is the profit centre for the input tax account.
- Account (Tax return box 1)** *(Display Only)*. The account for the journal for VAT due on imports accounted for through postponed VAT accounting. This is the input tax account and will be debited.
- Amount (Tax return box 1)** Enter the amount for VAT due on imports accounted for through postponed VAT accounting. This can be left set to zero if no journal is required.
- Profit centre (Tax return box 4)** *(Display Only)*. The profit centre for the journal for VAT reclaimed on imports accounted for through postponed VAT accounting. This is the profit centre for the input tax account.
- Account (Tax return box 4)** *(Display Only)*. The account for the journal for VAT reclaimed on imports accounted for through postponed VAT accounting. This is the input tax account.
- Amount (Tax return box 4)** Enter the amount for VAT reclaimed on imports accounted for through postponed VAT accounting. This can be left set to zero if no journal is required.
- Profit centre (Tax return box 7)** *(Display Only)*. The profit centre for the journal for the total value of all imports of goods included on your online monthly statement, excluding any VAT. This is the profit centre for the input tax account.
- Account (Tax return box 7)** *(Display Only)*. The account for the journal for the total value of all imports of goods included on your online monthly statement, excluding any VAT. This is the input tax account.
- Amount (Tax return box 7)** Enter the amount for the total value of all imports of goods included on your online monthly statement, excluding any VAT. This can be left set to zero if no journal is required.

The buttons are:

- Search** Press this (when available) for a look-up.
- Generate Journals** Press this to generate the journals based on the information entered above.
- Cancel** Press this to cancel the journal creation and return to the journal entry window.

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Tax Options Window



Operate postponed accounting?

(Only available if the system is configured for standard (UK) VAT). Set this to configure the system to operate postponed tax accounting. When this is set, Creditors Ledger postings to General Ledger for overseas suppliers **do not** carry any tax information. The import tax information is then entered directly within General Ledger using journals (a new 'Postponed VAT' option has been added to aid this). Postponed accounting only applies to (invoice) values above the 'Low value consignment threshold'.

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**Postponed
accounting applies
from**

(Only available if postponed accounting is in use). Transactions dated on or after this date are subject to postponed accounting.

**Low value
consignment
threshold**

(Only available if postponed accounting is in use). Creditors Ledger and Purchase Order Processing use this to determine whether an invoice from an overseas supplier qualifies as a low value consignment and as such should be treated using the reverse charge rules. If an invoice does qualify as a low value consignment based on its net value the tax code is defaulted to the 'reverse charge' tax code defined within system parameters, this default can be overridden if required.

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