adminsoft

Adminsoft Accounts User Guide

Sales Tax and VAT

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Adminsoft Accounts Basic User Guide – Sales Tax/VAT

INTRODUCTION

Probably the majority of countries across the world have some form of tax which is applied at the point of sale. Mainly there are two types of tax: Sales Tax which businesses add on at the point of sale, and usually cannot claim back on purchases. Then there's VAT, which businesses also added on at the point of sale, but usually can claim back on their purchases. However, methods of applying Sales Tax and VAT in particular vary greatly.   Some countries operate VAT as if it were Sales Tax, and vice versa. Also, there may be several layers of taxation, for example, in many places there may be a federal tax, a state tax, a county tax, and even a city tax, all at different rates.

However Sales Tax/VAT is handled, Adminsoft Accounts is probably flexible enough to handle it. When you install the software and setup a company/organization, you will need to specify what country the company/organization is in. If your company/organization is in a country that uses VAT, it'll set up for VAT, if you're in a country that uses Sales Tax, it'll setup for Sales Tax. In theory, and if it has the details for your country. It doesn't always get it right, and it often won't set up for the range of tax rates you may need for a specific city/state. Whatever country you're working in, you'll need to thoroughly check out the Sales Tax/VAT setup, and no doubt edit it, before you enter any transactions.

If you are in the United Kingdom, you're reading the wrong guide! There is another guide specifically about handling VAT in the UK.

The following details are for both Sales Tax and VAT in all other countries.

To setup Sales Tax/VAT, click on 'Setup' on the top menu bar, go down to 'Miscellaneous' and then select the option that will read something like 'Sales Tax Codes and Rates', or it may read 'VAT Codes and Rates'. There is an image of this form a few paragraphs down.

In the top left hand corner, you can enter the text that best describes your Sales Tax/VAT overall. There are two input fields, one which is a maximum of 6 characters for a very short description, and the second input field is 30 characters, that allows for a fuller description.

Beneath these two input fields are two more input fields: 'A/R Acnt. Method' and 'A/P Acnt. Method'. These are the accounting methods used for accounting for the tax. There are two methods to pick from: 'Standard' which means the tax is due on invoices, whether those invoices have actually been paid or not. The other method is 'Cash Accounting', which means the tax is NOT due on invoices until they're actually paid. The General Ledger menu contains a Sales Tax/VAT Period end report and processing option (more about this later), which will take into account the accounting method you have selected. Normally, it would be the same accounting method for both ledgers, but there may be a country out there somewhere that's different! Though, in the case of Sales Tax, the A/P Ledger setting is irrelevant. Note, although you can enter transactions with Sales Tax/VAT into the General Ledger, they will always be treated as paid. Regardless of whether there are any postings to a cash or creditors/debtors account in the transaction.

Next, we have the section titled '**Description of Tax Types**'. This allows you to setup up to four different types of Sales Tax/VAT. In the image below, we have setup three, just to give you some idea of what this might look like:

If you see a message in red at the bottom of this form "The account system is setup not to accept tax codes for purchases related transactions. So, any tax codes you set up here are for sales related transactions only.". This means, you will not be able to enter sales tax into purchase invoices, which is correct for most countries. But if you need to be able to do this, select 'Setup' on the top menu bar, go down to 'A/c. Payable' and select 'Settings'. In the form that opens, click on the 'Miscellaneous' tab, in there is an input field '**Allow Sales Tax codes to be input**' in the bottom right hand corner, set this to '**Y**'.

Note, there are no tax rates entered here. This is just to setup the different *types* of Sales Tax/VAT you may use. You'll notice the column '**Tax Calculated on**', this allows you to specify how the sales tax is calculated. Usually, each type of tax is simply calculated on the subtotal (ie. the total of all goods and services). But it can also be calculated on the total plus the first tax. For example, the invoice might contain goods and services to the value of $100.00 One tax at 10% is added, making it $110.00 Then there's another tax, is this other tax calculated on the $100.00 or the $110.00 ? The '**Tax Calculated on**' allows you to specify.

In our example (screen shots above and below), we've cobbled together what it might look like for someone setting up to run a company/organization in New York city, USA. Please don't take it as being complete, or even correct, it's for illustration purposes only.
Once you're happy with this we can go on to setup tax rates. Note, what you enter here is not 'set in stone'. It can be changed at any time.

Click on the '**Tax Table**' tab. This will display a list of tax rates already setup. There may only be one. In our example below there are two. You can setup up to 100 tax codes (0 to 99), but that would be very unusual! Normally it would be anywhere between 1 and 10. Each tax code can be set to use a different tax rate for each type of Sales Tax/VAT. In our example, as we entered three types of sales tax in the '**Tax Setup**' section: 'NYSTax', 'NYCTax', and 'MCTD', we can setup a rate for each.
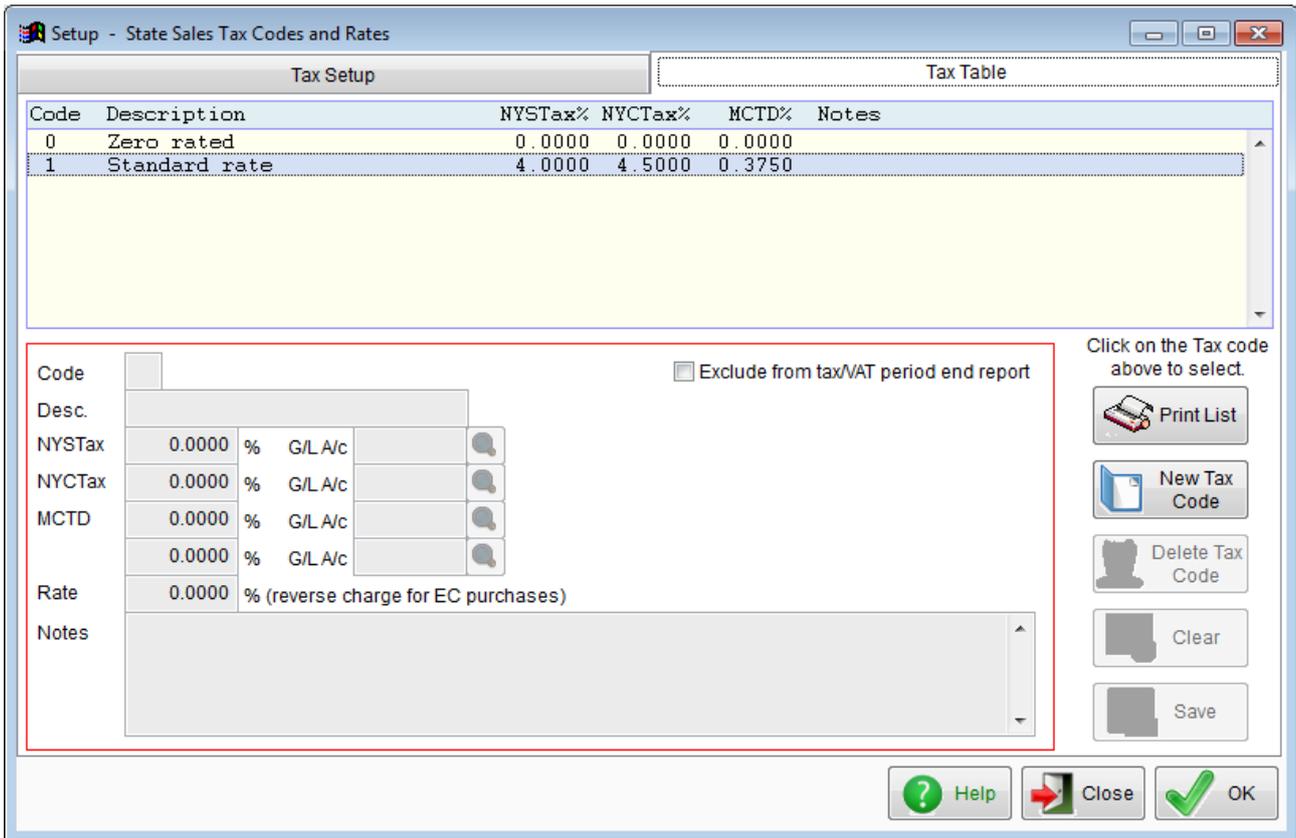
In this example, we've already setup the tax rates for sales tax code 1. To create a new tax code, just click the '**New Tax Code**' button. To edit an existing code, single left click on it. See the example below, in which we've clicked on tax code 1:
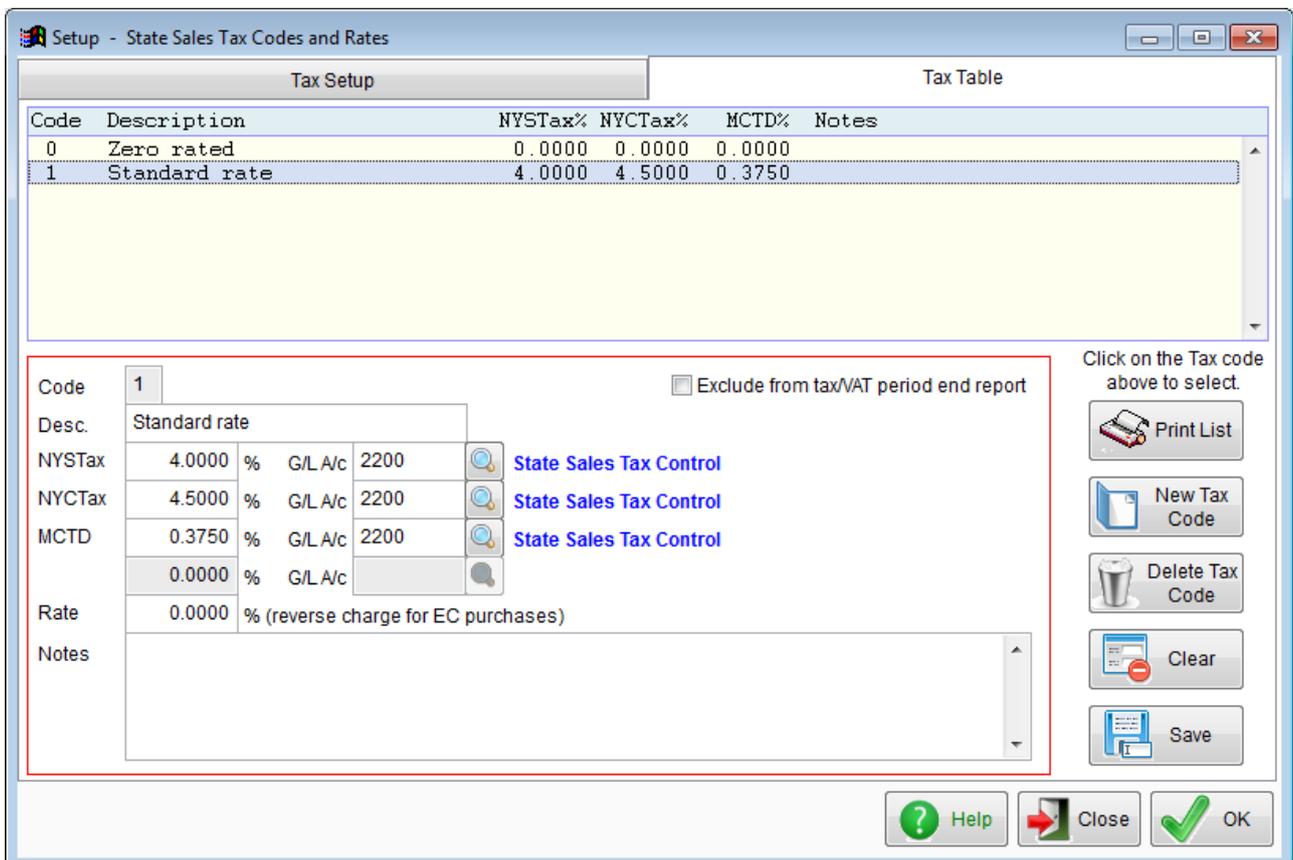
The '**Code**' input field is greyed out. This cannot be changed. If it is no longer required, you can click the '**Delete Tax Code**' button. But be careful deleting Sales Tax/VAT codes, because if you delete one that has already been used, it could cause problems, especially if it's still required for a Sales Tax/VAT period end report and processing. There are reports you can run to see if a code has been used.

The '**Description**' input field is a description of this particular tax code. Below that, we have the three types of Sales Tax/VAT (that we set up in the '**Tax Setup**' tab previously), each with their own tax rate. To the right of them are input fields in which you must enter (or click the find button to locate) the General Ledger account for the tax liability. You can use the same account for all three, as we've done here, or you can use different accounts. If you have to pay the different Sales Taxes to different authorities, you may want to use different accounts. So, you can see at a glance what your liability is to each authority.

Beneath the tax rates, you may see an input field '**Rate**'. We would expect most people using Sales Tax would ignore this input field. It's for reverse charging VAT. ie. for when you buy goods or services from another state or country, and have to 'self tax'. It's mainly used for VAT in Europe.

Finally, there is an option '**Exclude from tax/VAT period end report**'. If you tick this option, then the Sales Tax/VAT code will NOT appear in the Sales Tax/VAT period end report, and will NOT be processed as part of the Sales Tax/VAT period end. This may be useful if you need to enter tax amounts that you cannot reclaim and do not need to report. They can have their own tax code, along with a General Ledger account (probably an expense a/c).

That's pretty much all there is when it comes to setting up Sales Tax/VAT.

Entering Sales Invoices

When you enter a Sales or Purchase Invoice, you can enter a Sales Tax/VAT code on each line (in fact you have to, unless the system is set up not to accept tax codes in Purchase Invoices). The invoice will total automatically, and automatically calculate the tax due. This is probably more relevant to Sales Invoices, because with Purchase Invoices (depending on how your tax system works in your state/country) you may always enter tax code 0, and enter any tax amount into the body of the invoice as part of the cost of the goods/service. You may need to set up a Purchase Analysis code to handle the Sales Tax/VAT amount that cannot be reclaimed.

The example below is a Sales Invoice, with just one line entered, which is using sales tax code 1. This is based on the rates as setup in our example above:

The total tax on the $100.00 has been calculated as $8.88 To see how this has been made up, click on the '**Details**' tab at the top of the form:

You can see in the lower left, a section called '**Tax Details**', which has itemised each tax for sales tax code 1. This section can handle up to 4 different tax codes. If you disagree with any of the tax calculations, you can actually click into the tax amount field and edit it. But note: if you then change anything in the invoice, or even just click into the invoice body, the tax amounts will be re-calculated, wiping out your edit.

When entering a Sales Invoice, if you're invoicing using stock items, each item has its own tax

code, and this would automatically appear in the invoice (although you can edit it). But both customer and supplier accounts can be set to have their own default tax code. This default code will override any tax code setup in the stock item details. This facility is usually used when selling to some government body (or out of state/country company/organization) that does not pay Sales Tax/VAT.

When entering a Sales or Purchase invoice, if you're not sure which tax code you need, when you're in the '**Tax**' input field, if you type nothing but just press the Enter or Tab keys on your keyboard, a list of available tax codes will appear, allowing you to select one. Using the Sales Tax code we setup for New York City, the tax code list that pops up would look like this:
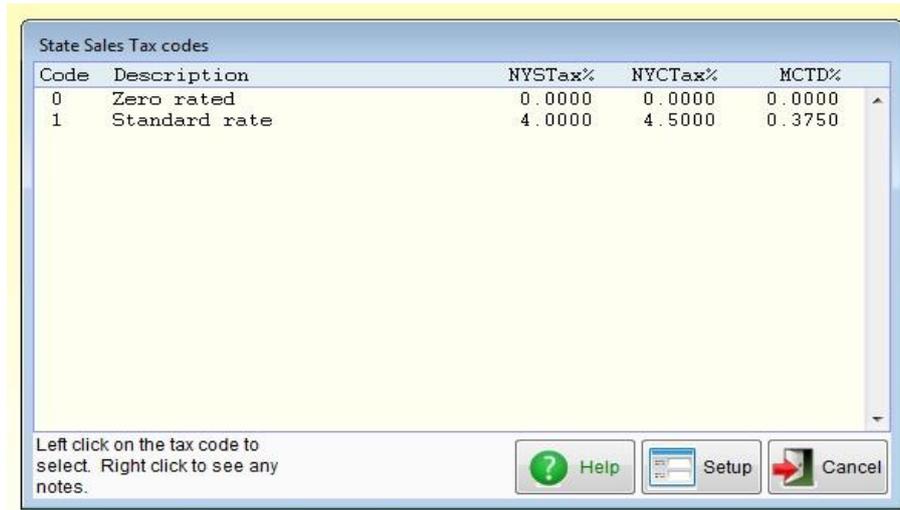
You just have to single left click on the Sales Tax/VAT code line you require, and that tax code would be inserted into the invoice, and when you enter the goods/service amount, the Sales Tax/VAT would be automatically calculated. If you find you need to create a new tax code, or edit an existing one, you can click the 'Setup' button. If this button is greyed out, it means the Adminsoft Accounts user does not have access rights to setup options.

In our example, we setup all three taxes with the same G/L account. So, when this invoice is posted, instead of making three separate postings to the same G/L account for Sales Tax, it'll add them all together and make just the one posting.

If for any reason you need to raise an invoice for Sales Tax/VAT only, there is a procedure to follow to achieve this. Enter 1 into the '**Quantity**' column, enter the description, then enter a Sales Analysis code into the '**S/A**' column, it doesn't matter what the code is, as nothing will be posted to the G/L account for it, enter a Sales Tax/VAT code for the tax charge, then enter an amount in the '**Each**' column. Again, it doesn't matter how much you enter, as this will be removed later. Then click on the '**Details**' tab, in there in the '**Tax Details**' section you will be able to edit the tax amounts as required. When done, click the '**Text – Quantity & Prices**' tab to get back to the body of the invoice. In the '**Each**' column set the amount you entered earlier to 0.00. The software will ask if you want the tax to be re-calculated, click on **No**'. You now have an invoice for a Sales Tax/VAT amount only. The same procedure works with purchase invoices.

Entering Purchase Invoices

If you can reclaim tax incurred on purchases, this is quite straight forward. You just enter the details of the suppliers invoice in much the same way as you enter details to create a sales invoice.

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The Sales Tax/VAT period end report will produce a summary showing the total tax you have charged on sales, and the total tax you have incurred on purchases. If you can reclaim tax incurred on purchases, this is the only way to handle it.

If you can't reclaim tax on purchases, there are three possible ways you can handle this:

1 Enter a tax code as per Sales Invoices.

You can still enter purchase invoices in the same way as you enter sales invoices, but the problem with this method is that the same G/L account will be used for sales and purchases that use the same tax code. So, when entering purchase invoices, if you want the purchase tax to be calculated, you'll have to use different tax codes for purchases, so they can use different G/L accounts. Otherwise your tax liability will never be correct. You may want to account for Sales Tax/VAT incurred on purchases using an expense account. However, if you buy something from outside of your city or state, the tax may vary substantially. So, you may just want to enter purchase invoices using a code with a rate set to 0%, and then enter the Sales Tax/VAT charged into the '**Tax Details**' section on the '**Details**' tab (which is not available when using the accounts system in Basic mode). If you want to account for Sales Tax/VAT in an expense account (because you can't reclaim it), there may be an easier way:

2 Disable tax codes in A/c. Payable ledger, and enter any Sales Tax/VAT as an Expense

The option to do this is found by clicking 'Setup' on the top menu bar, go down to 'A/c. Payable' and select 'Settings'. Lower righthand side of this form you'll see an input option '**Allow Sales Tax codes to be input**'. Set this to '**N**', then no options within A/c. Payable will use Sales Tax/VAT codes.

If you want Sales Tax/VAT to be charged to an expense account in the General Ledger, setup an account for it, then setup a Purchase Analysis code that links to that account. Then when entering a purchase invoice, you can (probably on the last line of the invoice) enter a 1 in the 'Quantity' column and enter the Purchase Analysis code for Sales Tax/VAT, and then enter the Sales Tax/VAT amount. It will be posted to the General Ledger just the same as any other item on the invoice.

3 Disable tax codes in A/c. Payable ledger, and enter any Sales Tax/VAT as part of cost of item

You may want to add the Sales Tax/VAT to the cost of any items purchased. Disable the use of Sales Tax/VAT codes as described in option 2 above. When entering a purchase invoice simply add the Sales Tax/VAT amount to each item (assuming the item is showing the suppliers invoice exclusive of Sales Tax/VAT). So for example if you purchase two items, one at $30.00 and one at $40.00 and the Sales Tax/VAT is 10%, totalling $7.00, you may want to enter the items as $33.00 and $44.00 ie. dividing the Sales Tax/VAT proportionally for each item. I'm afraid the accounts system can't automatically apportion the tax for you, you have to work it out manually.

Although entering Purchase Invoices like this will be more laborious. It does make your accounting more accurate, in that whatever stock/expense G/L accounts you are posting the purchases to, will show the correct and full cost of purchase. Using methods 1 or 2 above, the Sales Tax/VAT gets posted to one G/L 'Sales Tax/VAT Paid' account that you may have created for the purpose. While this will balance your accounts, many of your stock and expense accounts will not show the true cost of the stock/expense because they will not include any Sales Tax/VAT.

There is no right or wrong way to handle purchases in which Sales Tax/VAT cannot be reclaimed. It's more a matter of how you want to show this expense in your accounts. Although, some countries may have specific tax law that dictates exactly how the tax is to be accounted for.

Cash Accounting Scheme

While A/c Receivable and A/c Payable ledgers can each be set to operate Sales Tax/VAT on a 'Standard' or 'Cash Accounting' basis, it would be very unusual to not set both ledgers to one or the other. The tax systems in most countries will insist both ledgers operate using the same method. Note: if you set a ledger to operate Sales Tax/VAT on a 'Cash Accounting' basis, this only refers to the way in which Sales Tax/VAT is reported. It does not mean the ledger will operate on a cash accounting basis. Adminsoft Accounts always operates on an accrual basis.

Under cash accounting, if an invoice is only part paid, only part of the invoice value will be reported, in proportion to the amount paid. If an invoice is later refunded or the payment allocated to it is removed, the value that appeared in the Sales Tax/VAT Period end will be reversed in the next period end. This is important, because not all countries may accept this method of operation. The software uses the allocation of a payment (or credit note) to determine whether an invoice has been paid. So, for example, in A/c Payable if you have an invoice on the system for $200, and the full $200 is outstanding, if you make a payment for $200 but do not allocate it to the invoice, the invoice will not appear in the Sales Tax/VAT period end report, as it is still outstanding. It will only appear in the Sales Tax/VAT period end report when a payment (or some other transaction) has been allocated to it. When allocating a transaction, it's the date of allocation that determines when the invoice was paid. This may be the actual date of the payment, or a different date, you can edit the date when allocating.

Purchase Order Processing

Regardless of the settings, P/O's will always require you to enter a Sales Tax/VAT code into each line. They will then try and calculate the Sales Tax/VAT applicable. If the tax is not calculated correctly, I'm afraid (unlike with Sales or Purchase Invoices) it is not possible to correct it. But as it's a P/O, it has no bearing on your accounts, and your supplier will probably ignore any Sales Tax/VAT calculations anyway. So, it's probably better to enter a Sales Tax/VAT code for 0%.

When entering a Purchase Invoice that has a corresponding Purchase Order/s, you can select items off the Purchase Order/s and they will automatically appear in the body of the invoice. Complete with the price, excluding any Sales Tax/VAT.

Inventory

The retail price of all stock items by default excludes Sales Tax/VAT. Unless you are using either the AutoManager or Sales/Cafe Manager modules, in which case the default is to INCLUDE Sales Tax/VAT in the stock item retail prices. If the tax is included, when raising a Sales Invoice, the tax is removed from the item, so the item will go into the invoice without tax, and then it's added back on to the invoice total. Note, this can sometimes cause rounding errors, particularly with very low priced items. If you're not using the AutoManager or Sales/Cafe Manager modules, but want stock item retail prices to include Sales Tax/VAT anyway, click on 'Setup' on the top menu bar, go down to 'Inventory', and click 'Settings'. In the lower righthand side of the form, you'll see the input field

'**Retail prices incl. Tax**', set this to '**Y**'. If you already have items in stock, setting this to '**Y**' will NOT automatically change all the retail prices to include Sales Tax/VAT. You will have to manually go through each item and edit it, or, you may be able to use the 'Wholesale Stock Changes' option in the 'Inventory' menu to increase all retail prices by a given percentage.

Entering Transactions into General Ledger that have a Sales Tax/VAT element

If you're entering transactions into what is effectively the 'cash book', ie. the 'Money Received', 'Money Paid Out', 'Payment' or 'Receipt' options, you can simply enter the Sales Tax/VAT code (even if you're just using code 0 for purchases).

If you're entering a journal, perhaps using the 'Enter Journals' option in the General Ledger menu, then life gets a little more interesting!   For purchases, you can just enter the amount including any Sales Tax/VAT, or you can enter the amount excluding tax, and then post the tax separately into another account. But for when entering sales, it's a little more involved. In the image below, we've started entering a transaction:
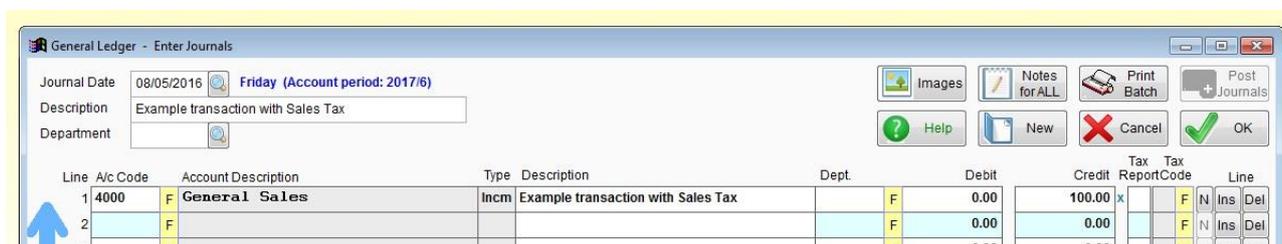
You can see we've selected the a/c for the sales, and we've entered the amount of the sale, $100.00 in this case. Next, we need to handle the Sales Tax/VAT. So we enter the letter '**G**' into the '**Tax Report**' input field (or it may say '**VAT Report**'). This tells the software the line we entered is for goods (which includes services for tax purposes here). Then in the next input field we enter the Sales Tax/VAT code, a '**1**' in this example. You can click the '**F**' button to the right of it, and a list of available Sales Tax/VAT codes will appear, as per entering Sales/Purchase invoices. As soon as a code is selected or typed in, the other accounts that relate to the types of Sales Tax/VAT automatically appear, along with the amounts already calculated. As below:
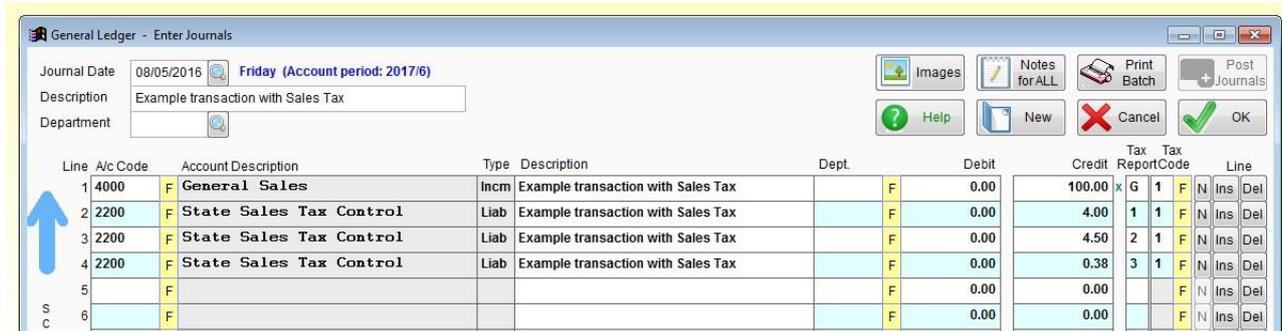
That saves a lot of work. It's all done for you. All you have to do now is complete the journal by entering the bank or cash account, or the control account if balance is still outstanding.

Each account for the Sales Tax/VAT, is the account as entered when setting up the Sales Tax/VAT types and rates. As we used the same a/c for each one, you can see our description on each Sales Tax/VAT line is the same. If you journal a lot of sales directly into the General Ledger, you may want to consider using a different account for each type of Sales Tax/VAT.

It's vital the '**Tax Report**' and '**Tax Code**' columns contain the appropriate information, as

demonstrated above. Otherwise the journal will NOT appear in your Sales Tax/VAT period end reports. Just posting an amount to a Sales Tax/VAT control account will NOT make the posting appear in your Sales Tax/VAT period end reports, it needs the end two columns ('**Tax Report**' and '**Tax Code**') filling in.

Any other lines in the journal should not have anything in the '**Tax Report**' or '**Tax Code**' input fields, otherwise they'll also end up in the Sales Tax/VAT period end report. This includes the bank or cash account, or the control account posting.

You can add as many lines as you like to a journal, up to a maximum of 999. So, in theory you could enter some quite sophisticated Sales transactions, with lots of items, maybe using several different Sales Tax/VAT codes. But we suggest you keep them as simple as possible. In fact, if a sale needs more than one line, consider entering it through the A/c Receivable ledger instead. Where possible, we always recommend entering most sales and purchases through the A/c Receivable and A/c Payable ledgers, partly because the transactions will less prone to human error, but also because there is a wealth of reports that you may find useful. If sales and purchases are posted directly into the General Ledger, they will not appear in these reports, limiting their effectiveness.

All sales and purchases entered directly into the General Ledger are considered to be cash transactions for the purposes of Sales Tax/VAT. Regardless of whether they are balanced off against a control account or a cash/bank account. It's important to note this if you are using a cash accounting scheme to account for your Sales Tax/VAT.

Sales Tax Period End

Every month, or quarter, you will have to file a Sales Tax/VAT period end with the relevant authority. To do this, there is an option 'Sales Tax Period End' (or similar) in the 'General Ledger' menu.

Selecting this option produces the follow form:

This shows the date the last Sales Tax/VAT period end was run. In our example, this is the first

time, so the date is blank. It also has the input field '**This period end**'. This may need to be edited to the correct period end date. In our example it's the end of September 2022, the date is in USA format (MM/DD/YYYY). The date format used in your system should always reflect that generally used in your country, it's picked up automatically by Adminsoft Accounts from Windows.

You can setup your tax period, so the date is always correct. Click on 'Setup' on the top menu bar, go down to 'General Ledger' and select 'Settings'. About half way down the left hand side of the form you'll see the input field 'Last Tax period end date', you can enter the date of your last period end in there. The input field below it allows you to enter the duration of your tax period in days, weeks, or months. To the right of this you can select what the number you have just entered means, eg. days, weeks, months. There is one selection 'Months (end)', this will always set the date to the end of the calculated month. By default, the system will be set to 3 months, end of month.

Anyway, getting back to the Sales Tax/VAT period end option, there are two reports you can run. If you just wanted to see what your Sales Tax/VAT liability looks like, click the '**Display Summary Only**' button. This will display a basic summary of the current status of your Sales Tax/VAT liability. However, if it's the end of your Sales Tax/VAT period, click the '**Run Report**' button. This will produce a full report, transaction by transaction, with a summary at the end. There are a few options you can select above this button, for printing out individual invoice/credit notes lines, including the address of each customer and supplier account, and printing a wide version of the report (which includes more detail on each line). Only when you've run this report can you click the '**Run Tax Period End**' button. We recommend you print the report off, and possibly save it to a text or PDF file too. So, you can prove at any time where your Sales Tax/VAT figures came from. Although Adminsoft Accounts can reproduce Sales Tax/VAT reports from Sales Tax/VAT period ends (bottom of the G/L menu), we do not recommend you completely rely on it.

Below is a sample report produced by the '**Display Summary Only**' option (note, this is for a period a year earlier than the screen shot of the Sales Tax/VAT period end option):

```
Test Company Inc. - USA State Sales Tax summary for tax period to 09/30/22
Produced on 09/30/22 at 16:15 by MT

A/C RECEIVABLE STATE SALES TAX

                                  <---- Invoices --->
Code   Description              Goods      NYSTax         NYCTax         MCTD
1      Standard rate           100.00        4.00           4.50         0.38
                             -----------  -----------    -----------  -----------
                              100.00        4.00           4.50         0.38


                                  <-- Credit Notes ->
Code   Description              Goods      NYSTax         NYCTax         MCTD
                             -----------  -----------    -----------  -----------
                                0.00        0.00           0.00         0.00

Invoices less Credits:        100.00        4.00           4.50         0.38


A/C PAYABLE STATE SALES TAX

                                  <---- Invoices --->
Code   Description              Goods      NYSTax         NYCTax         MCTD
1      Standard rate            50.00        2.00           2.25         0.19
                             -----------  -----------    -----------  -----------
                               50.00        2.00           2.25         0.19


                                  <-- Credit Notes ->
Code   Description              Goods      NYSTax         NYCTax         MCTD
                             -----------  -----------    -----------  -----------
                                0.00        0.00           0.00         0.00

Invoices less Credits:         50.00        2.00           2.25         0.19
```

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```
GENERAL LEDGER STATE SALES TAX

                             <---- Credits ---->
Code   Description             Goods        NYSTax         NYCTax         MCTD
                           -----------  -----------    -----------    -----------
                                  0.00         0.00           0.00           0.00


                             <---- Debits ----->
Code   Description             Goods        NYSTax         NYCTax         MCTD
                           -----------  -----------    -----------    -----------
                                  0.00         0.00           0.00           0.00

Credits less Debits:              0.00         0.00           0.00           0.00

Debits are purchases, and Credits are sales.


Total tax on sales less tax on purchases:                   4.44

IMPORTANT NOTICE:  The total tax figure is based on all the tax you have
charged on sales, less tax you have been charged on your purchases, from all
ledgers.  Some transactions older than your current tax period that have not
appeared on any previous report (perhaps due to being received/input late) may
be included here.  The 'tax date' for each transaction is used to decide in
what period it falls (unless it's missed a previous tax period end).
Adminsoft Ltd. and any of its associates or software developers cannot accept
any responsibility whatsoever for the accuracy of the information presented here
or the method by which any of the figures have been arrived at.  It is your
responsibility to ensure your tax filings and payments are correct.
```

There are two differences between this report and the Full Report:

1) the '**Full Report**' will list all the transactions that went into making up the summary, and

2) the '**Full Report**' can be output to a spreadsheet if required, whereas the '**Display Summary Only**' option cannot. This can be very useful for calculating your Sales Tax/VAT liability.

As you can see, the summary is in three sections, one for each ledger.   In this example, the numbers are pretty small!   There's only one transaction posted through the A/c. Receivable ledger and one through the A/c. Payable ledger. This is assuming Sales Tax/VAT code 1 was used in both transactions. In practice, you probably won't use the same Sales Tax/VAT code for A/c. Payable transactions, you might not even use Sales Tax/VAT codes at all, in which case all figures for the A/c. Payable section would be 0.00. Remember the '**Allow Sales Tax codes to be input**' input field in the 'Settings' setup option we talked about earlier on.

The Sales Tax/VAT amounts for any Adjustments, Early Settlement Discounts, and Write-offs entered into the A/c. Receivable and A/c. Payable ledgers always appear under 'Credit Notes', as they're usually reducing the balance. They will NOT affect the 'Goods' figure as they reflect changes to an account balance, and are not connected with sales or purchases. Use of a Sales Tax/VAT code is optional with these transactions.

The layout is fairly self explanatory. It's unlikely to present the figures in the way you need them to file your Sales Tax return, but there should be sufficient information to enable you to file your return. As mentioned above, the '**Full Report**' can output to a spreadsheet, which may be useful in calculating your Sales Tax/VAT liability.

The '**Run Tax Period End**' button will go through each transaction that appeared on the report, and write the Sales Tax/VAT period end to it. So, it knows which transactions have already been reported, and in which period. If you were to run the report again, after running the period end, the report would be blank.

If after running the Sales Tax/VAT period end, you have to enter one of more transactions that

should have gone into that period, they will automatically appear in the next period end. So, while they may be late, they won't get missed.

At the bottom of the Sales Tax/VAT Period end Processing form is a link 'Click to obtain further information on setting up Sales Tax/VAT'. This takes you to the user guide page on our web site. From there you can download the latest Sales Tax/VAT user guide, and any other guide you think may be useful.

General

Both customer and supplier accounts can have default Sales Tax/VAT codes (this feature is not available when the accounts system is running in Basic mode). If you set a default code in an account, it will be used in all transactions relating to that account. Even if you're raising a Sales Invoice from stock, any default Sales Tax/VAT code on the customer account will override any default Sales Tax/VAT on the stock item.

Note, if an account is given a default Sales Tax/VAT code, and the accounts system is then used in Basic mode, although you will not be able to see the default Sales Tax/VAT code in the account, it will still be used. This feature is to ensure integrity where you have some users using the accounts system in Advanced mode and some in Basic mode.

You can also setup the accounts system so that all new customer or supplier accounts automatically use a default Sales Tax/VAT code. For sales accounts, click on 'Setup' on the top menu bar, go to 'A/c. Receivable' and select the 'Customer Defaults / Mandatory Input' option. You can set up a number of other defaults in this option, and also tell the system that some input fields are mandatory. ie, they have to be filled in before the account can be saved. There is a similar option for A/c. Payable

When calculating Sales Tax/VAT on a Sales Invoice, Purchase Invoice, or when generating a sales receipt in the Cafe/Shop Manager module, Adminsoft Accounts adds up the total value of all items that use a particular Sales Tax/VAT code, and then works out the Sales Tax/VAT. This is the preferred way of doing it by the tax authorities in most countries. The alternative (and some other accounting systems do this), is to work out the Sales Tax/VAT on a per line basis. But this can lead to rounding errors, particularly where there are low priced items.   For this reason, you may sometimes receive a Purchase Invoice and discover Adminsoft Accounts has calculated a slightly different Sales Tax/VAT figure, even though the supplier may be next door to you!

WARNING: It is YOUR responsibility to ensure your tax filings are correct. We have provided the tools to help you, but cannot guarantee that you will use them correctly, or that the software will handle the figures correctly. It's vital that you check the figures very carefully, and do not assume the software is correct. It may well not be. Adminsoft Ltd. and its associates and software developers cannot accept any responsibility whatsoever for the accuracy of the information presented in this guide or by the accounts system.

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