

**SAGE INSTANT  
INFORMATION SHEET  
VAT RATE REDUCTION TO 15% from 17.5%**

The standard rate of VAT will be reduced to 15% from 17.5% with effect from 1 December 2008, for thirteen months, to 31 December 2009.

**To implement the new rate for your business you will need to change your accounting system by amending the default % on your Sage system.**

When you actually do this will very much be determined by the most practical time for your individual business and how your systems operate. For example:

- If you produce your sales invoices from Sage on a daily or weekly basis the likely ideal time will be 1 December, so that all invoices with a tax point date of 1 December onwards will be correctly calculated at 15%. (You must remember to overwrite the VAT entry for any November supplier invoices processed late).
- If you create your sales invoices manually, or on Word for example, you may want to wait until you have all of your November entries processed, before changing the default VAT rate. If you do this, you must keep your December invoices to one side until you change the system.

Each business will be different and therefore if you are in any doubt, and would like to talk through your individual circumstances, please do not hesitate to contact us.

Tel: 0191 478 1513 or email: [ahabebi@rhk.co.uk](mailto:ahabebi@rhk.co.uk)

**The Sage default can be changed as follows:**

Go to **Settings – Configuration**



Click **Tax Codes** tab

**Highlight T1. Click Edit and rate from 17.5 to 15%**

The screenshot displays the Sage Instant Accounts interface. The main window is titled "Welcome to Sage Instant Accounts" and is in "Practice Mode". A "Configuration Editor" dialog box is open, showing the "Tax Codes" tab. Within this tab, there is a table of tax codes and an "Edit Tax Code" sub-dialog box.

Code	Rate	In Use	EC
T0	0.00	Y	N
<b>T1</b>	<b>17.50</b>	Y	N
T2	0.00	Y	N
T3	0.00	Y	N
T4	0.00	Y	Y
T5	5.00	Y	N
T6	0.00	Y	N

The "Edit Tax Code" dialog box shows the following settings for tax code T1:

- Code: T1
- Rate: 17.50 (being edited to 15.00)
- EC Code:
- EC Sales:
- EC Purchases:
- Link To: T0 0.00
- Include in VAT return:
- Reverse Charge:
- Description: Standard rated transactions

The task instructions indicate that the rate for T1 should be changed from 17.5 to 15%.