

ORT Limited
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6th. December 2011

Dear Customer

Re: Budget 2012 VAT Changes.

Further to our recent communication to you.

The recent Budget announced VAT rate changes, 21.00% increasing to 23.00% on 1st January 2012. The 13.50% rate remains unchanged.

In order to reflect the rate change correctly in your Sage Accounting System and Hire – Man Pro System certain changes will have to be carried out and procedures adhered to.

We set out in the attached:-

Appendix 1 – Sage Accounting Changes & Procedures.

Appendix 2- Hire Man Changes and Procedures

Please contact me if you want to clarify any matter.

Yours sincerely,

Jim O’Riordan

Appendix 1

Re: Budget 2012 VAT Changes.

Sage Line 50

In order to reflect the rate change correctly in your Sage Accounting System you will need to carry out the following procedures:

1. **Backup Sage. Check that the back-up file exists.**
2. If possible, make sure that all Invoices and Credit Notes for December 2011 are posted either from Hire-Man Pro or manually.
- 3.(a).In Sage, Go into “**SETTINGS**” on top Tool Bar - Click on “**Configuration**” - “**TAX CODES**” – Click on “**EDIT**” Change the applicable “T1”(Items for Resale) and “T11” (Items not for Resale – if you are using this method) . Change to 23.00%. Make sure that the **Include in VAT Return** box is ticked. Press “**APPLY**” not “**SAVE**”. Re-check that the changes are made

OR for Older Versions

- 3.(b).In Sage, Go into “**SETTINGS**” on top Tool Bar - Click on “**TAX CODES**” – Click on “**EDIT**” Change the applicable “T1”(Items for Resale) and “T11” (Items not for Resale – if you are using this method) . Change to 23.00%. Make sure that the **Include in VAT Return** box is ticked. Press “**OK**”. Re-check that the changes are made.
4. Open a new code T5 or T6, and set up a Rate of 21.00%. Do not use T4 or T7, which are used for Exports and Imports

Note: It may be necessary to use T5 or T6 for November Sales and Purchases being entered in December after the 23.00% codes are set-up in Sage and Hire-Man.

NB: When doing the Annual VAT Return of Trading Details it will be necessary to run 2 VAT Returns in Sage unless your year end on 31st December 2012

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Appendix 2

Re: Budget 2012 VAT Changes

At start of business on Friday 1st. January 2012 in the majority of cases Hire Companies will not have produced their End of month Continuous Invoices @ 21.00% and at the same time will need to produce Hire-Contracts and Invoices @ 23.00%

What this means now is:-

Hire Contracts can be produced as normal @ 23.00% from 1st. January onwards

You can produce your end of December month-end and prior Invoices at 21.00%

NB; When month-end is completed, it will be necessary to convert Hire

Contracts to the 23.00% rate .

1. It is essential that you

**Ensure that no one is logged into Hire-Man on other PC's on all Sites
Back-Up Hire-Man Data and check that the back- up file
HIRE-BACKUP.MDB exists.**

2. You will be after changing the T1 or T whatever Rate in Sage to 23.00%

3. Hire- Man will tell you that the Vat Rate in Hire-Man is different from the Vat Rate in Sage.

Click on "Yes". Following instructions and keep clicking on "Yes" and finally"OK"

Carry out a random check on your Products – Charge Scheme and under VAT , confirm that it is T1 or T whatever is 23.00%

What this means now is:-

Hire Contracts can be produced as normal @ 23.00% from 1st. January onwards

You can produce your end of December month-end and prior Invoices at 21.00%

NB; When month-end is completed, it will be necessary to convert Hire

Contracts to the 23.00% rate .

The Procedure to do this is as follows:-

4. It is essential that you

**Ensure that no one is logged into Hire-Man on other PC's on all Sites
Back-Up Hire-Man Data and check that the back- up file
HIRE-BACKUP.MDB exists.**

This procedure allows you to change the VAT Rate to 23.00% on Hire-Contracts still open e.g: continuous hire at the end of month 31st December, but that now have been invoiced up to that that date @21.00%

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5. Go to “**Modules**” Icon – **VAT Code Update** – Tick Yes –
Tick “Yes” to “Do you want to update your products table to the same rate of VAT as In Sage.
Tick “Yes “ to Do you want to update your application options.
Tick yes to – Do you want to update your Hire Contracts.
Will run through outstanding contracts and change VAT rate.
6. Take a random sample of Hire-Contracts and check the VAT Rate.