

### Vat Return

If you are Vat registered you will be required to account for the Vat element of each relevant transaction quarterly to HMRC. The Vat Return in **iLaw Accounts** calculates Vat due or claimable based on the book-keeping entries made. The Vat element of each relevant entry has to be included in the Vat Return calculations for the correct totals to be shown.

This guide is split into two sections. The first section, “Preparing the Vat Return”, will help get you started and what you will be required to do in order to produce your Vat Return figures. It starts with some notes on the set-up required before you do your first Vat return.

The second section is a trouble-shooting reference in the form of Questions and Answers to help recognise and avoid any problems you may encounter with the iLaw Accounts Vat Return screen.

## Preparing the Vat Return

1. Setting the Quarterly Due Dates in Setup
2. Returning Vat Return Data
3. Crystallising the Vat Return

### 1. Setting the Quarterly Due Dates in Setup

For your first Vat return, it is advisable to check the configuration of 'Vat Quarters' in 'Setup-Accounts Setup' from the iLaw main menu.

#### VAT Return Due

Quarterly Due Dates

Q1	Q2	Q3	Q4
Jan	Apr	Jul	Oct
Feb	May	Aug	Nov
Mar	Jun	Sep	Dec

The grid below shows the start and end dates of each Vat Return Due selection.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Row 1	1 Nov - 31 Jan	1 Feb - 30 Apr	1 May - 31 Jul	1 Aug - 31 Oct
Row 2	1 Dec - Feb 28/29	1 Mar - 31 May	1 Jun - 31 Aug	1 Sep - Nov 30
Row 3	1 Jan - 31 Mar	1 Apr - 30 Jun	1 Jul - 30 Sep	1 Oct - 31 Dec



#### Cash vs. Standard Accounting

Before posting any transactions you need to select whether you are 'Cash' or 'Standard' Accounting as this will affect when the Vat element will show in the Vat Return. If Cash Accounting is selected then the Vat element of sales transactions will show in the Quarter when the invoice is paid. If Standard Accounting is selected the Vat element of a sales transaction will show when the invoice is raised.

### 2. Returning Vat Return Data

Click on the 'Vat Return' link in the **iLaw Accounts** menu. When it opens you will see the 'View Vat Return' screen which is where you'll use the totals for Vat due and Vat to be paid for your online or paper Vat return.

The Vat Return screen requires the selection of the Account and Quarter parameters to return the intended data. Select the Vat Account, the Vat Quarter and year. The Vat Account will default to 2202 VAT Account.

Vat Account

Select the Vat Quarter by clicking on one of the radio buttons at the top of the screen after or before selecting the year.

Period  Q1  Q2  Q3  Q4

The Vat screen will default to the current quarter as set in Set-up. When new parameters have been set you will always be required to click the 'Refresh' button. The Vat Return screen is set so that the screen does not populate with data until you have set the period and Account you want to create totals for.



The 'Compose VR' screen is where you will select the Vat Inputs and Outputs to be included in the Return totals for the 'View Vat Return' totals.

**VAT Return Outputs**

Date	Description	Reason	NC	Net	VAT	VR	EC
31/01/2011	Callan, Harold : CAL01/001 - Inv	Invoice No: 1570, Profit Cost	4001	221.59	44.32	<input checked="" type="checkbox"/>	<input type="checkbox"/>
31/01/2011	O'Shea, Darren : OSH07/003 Inv	Invoice No: 1571, Profit Cost	4001	221.59	44.32	<input checked="" type="checkbox"/>	<input type="checkbox"/>
31/01/2011	Lee, Ronny : LEE03/001 Invoice:	Invoice No: 1572, Profit Cost	4001	221.59	44.32	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Click in the 'VR' column to include the Vat in your Vat return. With the Inputs and Output entries ticked the 'View VAT Return' can provide the Net VAT to be paid.

**5** Net VAT to be paid to customs or reclaimed by you

**2027.06**

Placing a tick in the VR column enables iLaw to know when to post Contra entries in the next Vat Quarter should transactions be reversed in 'Ledger Cards'.

### **3. Crystallising the Vat Return**

When the entries are checked you can “crystallise” the Vat Return for that Quarter. This will raise an invoice to be paid for your Vat Account. Use the Payments Wizard option 5.2 Pay out office monies against a suppliers invoice. From the ‘In respect of who’ drop down select ‘Vat Account’. You can see the Vat Account invoices raised and which are paid in the Non Clients Ledger Card selecting ‘Vat Account’.

Crystallising the Vat Return allows iLaw to calculate the unused SMP Monies to be brought through on the next Quarter.

Click on the ‘Compose VR’ link in the ‘VAT Return’ menu. This opens a screen where you see the Vat Return Inputs and Vat Return Outputs in separate grids.

Vat Return Inputs and Outputs showing in black or red can be checked for inclusion in your Vat Return by clicking on the VR box.

## Vat Return Q & A

### Do I really have to individually click on each VR box to include the total?

You can click on the 'VR' column header of each Vat Return Inputs or Vat Return Outputs grid to either select or deselect each entry at once.

### When should I check the 'EC' box?

The 'EC' box should be checked for an Input or Output when the entry relates to a transaction to EC Member states, the total of which then populates box 8 and box 9 on the Vat return totals.

### What are the entries shown in red?

Vat Inputs and Outputs not checked from previous quarters will show in red. They can be included in the following quarters. They will keep reappearing until they are either checked in the 'VR' or 'EC' column or excluded.

#### VAT Return Outputs

Date	Description	Reason	NC	Net	VAT	VR	EC
08/02/2011	Client payment of Profit Cos	Invoice No: 95, Part payment	4004	124.99	21.88	<input type="checkbox"/>	<input type="checkbox"/>

### What exactly are the green SMP entries at the top and bottom of the VAT Outputs grid?

The green entries relate to SMP Ledger money. Those showing at the top of the grid are the unused SMP Monies from the last Quarter. The SMP Ledger entries in green at the bottom of the grid are the unused SMP monies that will be held over to the next quarter.

#### VAT Return Outputs

Date	Description	Reason	NC	Net	VAT	VR	EC
	VAT on Family SMP Ledger(s)			0.00	0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	VAT on Crime SMP Ledger(s)			(4,676.32)	(935.27)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	VAT on Civil SMP Ledger(s)			0.00	0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	VAT on Immigration SMP Ledger(s)			0.00	0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

The VAT on SMP Ledgers at the top of the VAT Return Outputs will show as a minus figure in brackets as these are negative sales.

### **The green SMP entries should be included at the top of the Inputs grid shouldn't they?**

If you want to have the green SMP entries show at the top of Inputs click on the 'Change options' link in the 'Vat return' menu and tick the checkbox labelled 'Monthly SMP contra's appear as a DR'. The Vat on SMP monies paid the last return will appear as 'Inputs' rather than a negative sale.

### **An Input or Output entry is not showing. Why is this?**

If an entry or group of entries are not showing in either the VR Inputs or VR Outputs grid then click 'Refresh' and make sure you have selected the correct Quarter and Year. If you are still not seeing a specific entry or group of entries it will be worth checking that the Vat Account has the following settings in the 'Non-Clients' screen. The Nominal Code should be "2202 VAT Liability" and the VAT Rate "Standard VAT rate".

If you are "Cash" accounting then entries will not show until the invoice is paid. The payment date will determine the Vat Quarter an entry will show in.

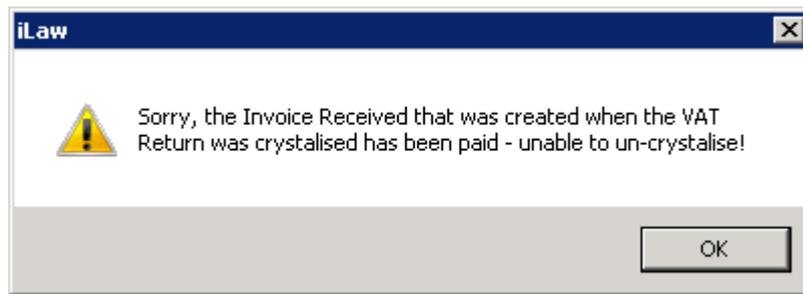
### **I have to reverse an entry in the Client/ Non Client Ledger. How will this affect the Vat Return?**

If the transaction you are reversing has the Vat element showing in the current Vat Quarter that has not been crystallised then any reversal will remove the Vat entry from the Input or Output grid.

If the transaction you are reversing is part of a previous Vat Quarter that has been crystallised then a reversal of an invoice or payment will trigger a contra entry in the following Vat Quarter to either claim back or declare the total to HMRC.

### **I need to Un-Crystallise my Vat Return. What should I be aware of?**

Un-crystallising a Vat Quarter will remove the 'invoice' raised' for the payment of Vat due to HMRC. If you try to Un-Crystallise but are presented with the following dialogue box:



The Vat invoice has been paid and you will be unable to un-crystallise until the payment is reversed. If HMRC have been paid then you may not want to do this.

### **How can I 'exclude' an entry from either Inputs or Outputs?**

You can exclude a Vat Input or Vat output showing so that it cannot be checked and included in the Vat Return Totals. Effectively you will make the item "Vat Exempt" although this should not be confused with Vat Return entries which are the Vat element of invoices or payments for suppliers who are set as Vat Exempt.

Double click on the row entry for the transaction. The 'Transaction Details' window appears. At the bottom is the 'VR Exempt' checkbox. Enter a tick and then click 'Ok'.

Click 'Refresh' to update the Vat Return. The entry will no longer show in the grid. If you want to see Exempt items click on the 'Change Options' link in the 'VAT Return' menu and tick the 'Include the excluded items' checkbox.

### **What does crystallising the Vat return involve?**

Crystallising the Vat Return can be done by clicking the 'Crystallise...' button for that quarter once you have checked the entries in the VR Input and VR Output grids.

The key effect is that it will raise an invoice to be paid to HMRC using the Payments Wizard option 5.2 Pay out office monies against a suppliers invoice.

This is essential for the Vat Return to bring forward unused SMP monies into the next quarter and for any invoices/ payments that are subsequently reversed to trigger a contra amount in the following quarter.

### **Why do I have an entry showing with an Orange background?**

Entries coloured orange are Vat postings on SMP claims that have not been allocated. They will be double counted if they were checked in the Vat return screen and then subsequently

allocated in the SMP allocation screen. These entries will only show if you are 'Standard' Accounting.

#### **VAT Return Outputs**

Date	Description	Reason	NC	Net	VAT	VR	EC
07/12/2011	Dandy, Ivan : File 01 -	Invoice No: 101, Profit Costs VAT	4001	213.35	42.67	<input type="checkbox"/>	<input type="checkbox"/>

Go to 'SMP Allocation' and make the payment before refreshing the Vat Return and checking the VR column.

#### **Why are my Input entries showing in "Strikethrough" text?**

Any entry showing in Strikethrough text indicates that the supplier for which the invoice is raised is Vat Exempt (the Vat Rate selection in 'Non-Clients' is "VAT Exempt Rate"). These entries are set to show at all times – they are not what iLaw would class as an "Excluded" item. Excluded Items are entries which you manually make Vat exempt and are remove from the Input or Output grids unless the 'Include the excluded items' checkbox in 'Change options' is ticked.

#### **Where can I enter SMP balance figures from a previous Legal Accounts package?**

You can enter SMP contra amounts in the 'Change Options' screen in the 'Vat Return'. You should only do this for your first Vat return before it has been crystallised. Once a Return has been "Crystallised", the Input boxes will not allow any totals to be entered.

You can add an SMP contra amount for these SMP Accounts:

- Family
- Crime
- Civil
- Immigration

If you have made an error with any of the totals entered, click on the 'Remove' button and then click 'Refresh'.

#### **I want to send my Inputs and Outputs to Microsoft Excel™?**

You can separately MS™ Excel by using the links in the VAT Return Navigation menu.

**Can I just print the screen as I have it currently set?**

Yes. Click on the 'Print Screen' link in the VAT return menu.