

# Tax Change – 2018

## VAT increase to 15% for South Africa

### Version build and release dates

Version	Build	Release date
18	18.2.1	16 March 2018
17	17.1.5	23 March 2018
14	14.2.2	23 March 2018

**The upgrade is free of charge for all clients that are on Active Support Cover. Please contact Sage, or your Business Partner to assist with activating your cover subscription.**

# Table of Contents

## VAT increase to 15% for South Africa

VAT update .....	3
Rebuild process .....	3
VAT Increase preparation.....	4
Process from 01 <sup>st</sup> of April 2018.....	5
Process when you manually created the 15% tax type.....	6
Manual changes that need to take place if automatic update is not done .....	7
Open batches, recurring batches and post-dated batches.....	7

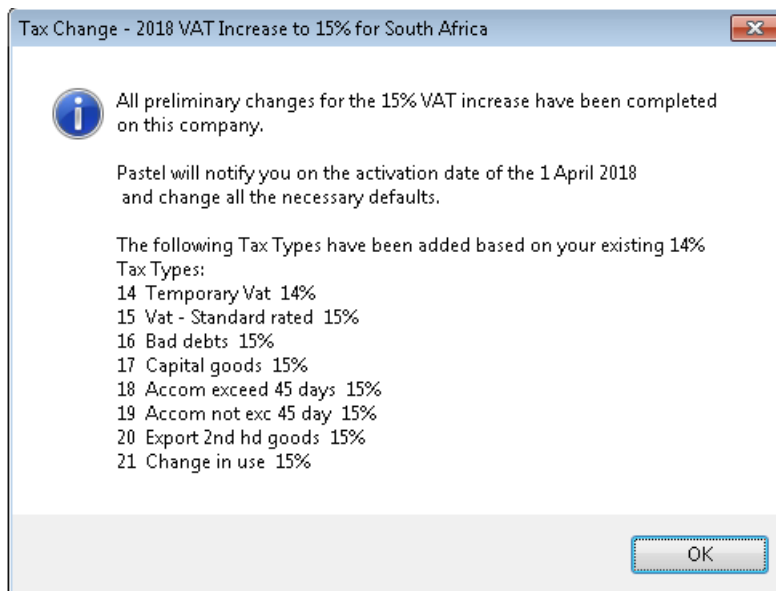
From 01<sup>st</sup> of April 2018, the standard tax for South Africa will increase to 15%. To disrupt Sage Pastel Accounting clients as little as possible, an update will be sent so that the Standard Tax can automatically be updated to 15% without changing the inclusive selling prices or with changing the inclusive selling prices and the default settings will be set to the new Standard Tax.

## VAT update

1. You will receive an in-app message to download the update file.
2. Once the update file has been downloaded, you can run the installation.

## Rebuild process

3. After the update has run, your company will rebuild the company files to the new build.
4. Once you log into your company you will receive the following message:



# VAT Increase preparation

The following changes will be made to the company automatically:

1. The new Tax Types will be created based on 14% tax types that have not expired yet. The system will create the new 15% tax type on row 15 but if this row is not available, then the system will check rows 20, 25, 30, 35 and so on till there are 7 consecutive rows available. The Temporary VAT will be created on the row before the new 15% VAT.

No	Description	Tax %	Start	End
11		0.00	01/01/80	31/12/10
12		0.00	01/01/80	31/12/10
13		0.00	01/01/80	31/12/10
14	Temporary Vat	14.00	01/04/18	31/03/20
15	Vat - Standard rated	15.00	01/04/18	01/04/43
16	Bad debts	15.00	01/04/18	01/04/43
17	Capital goods	15.00	01/04/18	01/04/43
18	Accom exceed 45 days	15.00	01/04/18	01/04/43
19	Accom not exc 45 day	15.00	01/04/18	01/04/43
20	Export 2nd hd goods	15.00	01/04/18	01/04/43
21	Change in use	15.00	01/04/18	01/04/43


2. The Box layout will duplicate the corresponding 14% Tax Types.

Entry Type	D/C	13	14	15	16	17	18	19	20	21
CB 1 Payments	DR		15	15	22	14	07	10	16	
CB 1 Payments	CR		15	15	22	14	07	10	16	
CB 1 Receipts	DR		01	01	22	02	07	10	16	
CB 1 Receipts	CR		01	01	22	02	07	10	16	
CB 2 Payments	DR		15	15	22	14	07	10	16	
CB 2 Payments	CR		15	15	22	14	07	10	16	
CB 2 Receipts	DR		01	01	22	02	07	10	16	
CB 2 Receipts	CR		01	01	22	02	07	10	16	
General Journal	DR		15	15	17	14	07	10	16	
General Journal	CR		01	01	17	02	07	10	16	
Payroll Journal	DR		22	22	22	22	22	22	22	
Payroll Journal	CR		22	22	22	22	22	22	22	
Depreciation Journal	DR		22	22	22	22	22	22	22	

## Process from 01<sup>st</sup> of April 2018

1. When you log into the company after 31<sup>st</sup> of March 2018, you will receive the following message. This message will only display if you have supervisor rights or personalised rights to the Setup Tax menu:

**Tax Change - 2018 VAT Increase to 15% for South Africa**

 Pastel has detected that you have not yet changed your defaults to the new 15% VAT Tax Types.

To make a backup now, click the Backup button.

I want to change my defaults to 15% VAT now

Keep Inclusive prices the same.

Increase Inclusive prices.

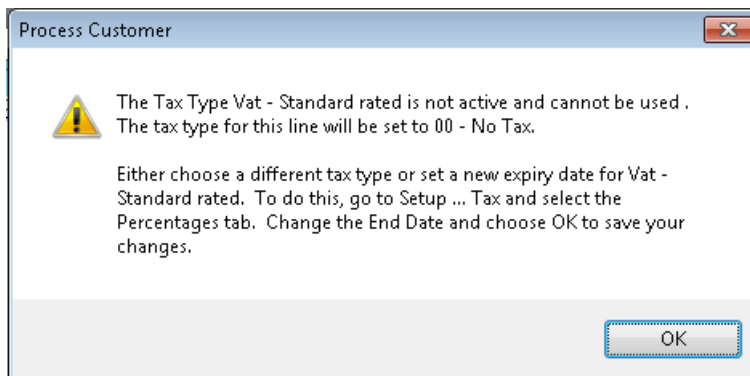
If the government has changed the implementation date to a date other than 1 April 2018 then choose this option and select the new effective date.

2. It is recommended that you first make a backup before updating your VAT.
3. The first option **I want to move my default to 15% VAT now** will move all your default VAT from 14% to 15%. Defaults that will be updated include inventory, suppliers, customers, general ledger and the price lists.
  - 3.1. The sub option, **Keep Inclusive prices the same**, will allow you to continue selling all your items at the prices before the VAT increase. This will allow you to change your prices at a more convenient time
  - 3.2. The sub option, **Increase Inclusive prices**, will keep all your exclusive selling prices the same and increase your inclusive selling prices. This will change the inclusive selling prices.
4. Only select the second option **If the government has changed the implementation date to a date other than 1 April 2018 then choose this option and select the new effective date** if the legislative implementation date of 01<sup>st</sup> of April 2018 changes.

- The next screen will indicate that the VAT update has been completed.



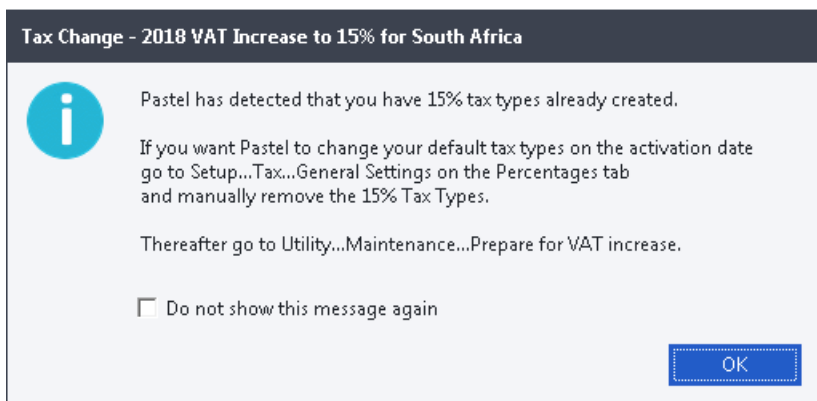
- It is recommended to view your price list after the update has been completed to confirm that your selling price is correct. The system will take the exclusive price and recalculate the inclusive price with the new VAT tax type.
- If you process a document after 31<sup>st</sup> of March 2018 and process the default tax type 14%, you will receive the following message.



- If you have run the update, you will not receive this message as the new default tax type will automatically be selected.

## Process when you manually created the 15% tax type

- If you have manually created a 15% tax type and this was not created using the update, the update will detect the entry and the following screen will display:



- Go to Setup...Tax...General Settings on the Percentages tab and delete the manually created 15% or change the end date to expire before the 31<sup>st</sup> of March 2018.

## Manual changes that need to take place if automatic update is not done

- Tax types that need to be created are:
  - Temporary VAT 14%
  - VAT – Standard rated 15%
  - Bad debts 15%
  - Capital goods 15%
  - Accom not exc 45 days 15%
  - Export 2<sup>nd</sup> hd goods 15%
  - Change in use 15%
- Default configurations that need to be updated are:
  - Customers
  - Suppliers
  - Inventory
  - General Ledgers

You will need to run the Adjust Tax Type assistant for each of the following:

- Customers
  - Select range to change
    - Select Old tax type (Default tax type) then select New tax type (Default tax type)
    - Select Old tax type (Force tax type) then select New tax type (Force tax type)
- Suppliers
  - Select range to change
    - Select old tax type (Default or Force Tax) to new tax type (Default or Force Tax)
    - Select Old tax type (Force tax type) then select New tax type (Force tax type)
- Inventory
  - Select range to change
    - Select old tax type (Default or Force Tax) to new tax type (Default or Force Tax)
    - Select Old tax type (Force tax type) then select New tax type (Force tax type)
- General Ledgers
  - Select range to change
    - Select old tax type (Default or Force Tax) to new tax type (Default or Force Tax)
    - Select Old tax type (Force tax type) then select New tax type (Force tax type)

### Important Note:

The above process needs to be completed for each tax type.

## Open batches, recurring batches and post-dated batches

The auto update will not update the default tax type for open batches, recurring batches or post-dated batches.

For each of these batches, you need to open the batch and adjust the date after 01 April 2018 then manually select the new default tax type.

Once you have made the changes, you can process these batches as normal.