SmartMode

OpenERP configuration manual

UK VAT Reconciliations module

The logic

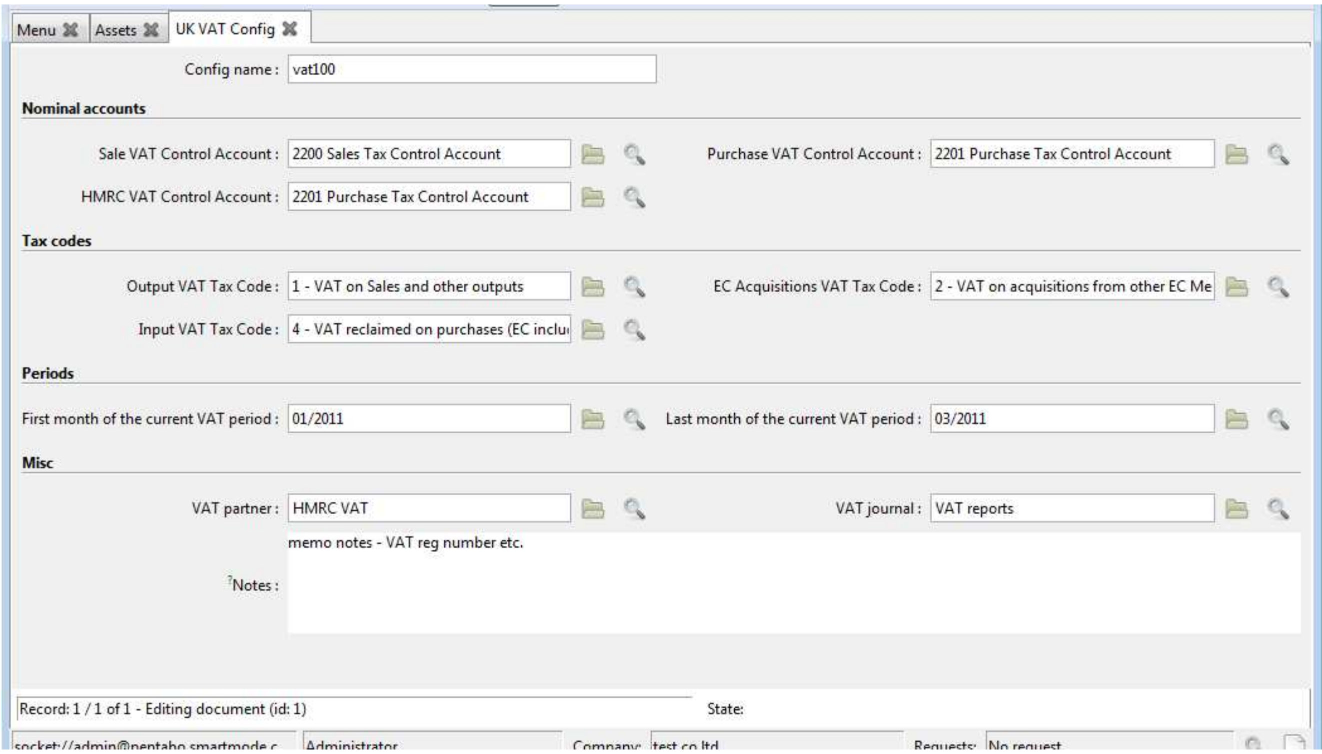
uk_vat_rec module introduces VAT reconciliations in OpenERP for the submitted returns and the necessary tools for the reviewing and printing of these. Following the correct configuration, this allows the below additional functionality:

1. Ability to include transactions from previous periods which have not been submitted before.
2. Mark as reconciled each transaction that has been already reported with its own identifier linked to the specific return.
3. New views to assist the VAT pre-submission checks and validations.
4. Print the VAT100 return and well as full transactional VAT report.
5. Automatic calculation of VAT owed/due and posting of the vat submission journal to 2202 - VAT liability, clearing the Sales and Purchase VAT nominal accounts. The journal is also linked to HMRC VAT partner account.
6. Automatically update the VAT reporting period upon each submission.
7. Documenting each submitted return for future and audit reference, ready for re-printing at any time.

Configuration instructions

1. Before beginning with the module configuration, we need to ensure we have a chart of taxes based on the 'UK alliance chart of accounts' logic. Download freely from here - http://www.smartmode.co.uk/site/UK-SME-chart-of-accounts-for-OpenERP
2. Then we need to configure a new journal via 'Accounting > Configuration > Financial Configuration > Journals. We will call it VAT Returns, code – VAT, type – General. **NB** – do not tick the checkbox 'skip draft state for manual entries' . Click save.
3. Also we need to have created a partner account for the tax authority – HMRC VAT which will have the default 'Accounts Payable' set to the default VAT liability account – 2202 as per Sage/ UK alliance chart of accounts. Click save. Please note that if most of your VAT returns are VAT repayments due from HMRC, you may like to assign the 'type receivable' to account 2202 and configure this partner account 'Accounts Receivable' to it instead. It will be helpful when allocating the transactions with the tax authority.
4. Now it is time to configure the module from its configuration page:
    - Config name – Enter a name to refer to this configuration – ie – UK HMRC (later developments of the module will allow for more than one VAT country for each company)
    - Sale VAT Control Account – this is the nominal account from your chart of accounts that carries the sales vat entries – Sage/ UK alliance chart of accounts – 2200
    - Purchase VAT Control Account – this is the nominal account from your chart of accounts that carries the purchase vat entries – Sage/ UK alliance chart of accounts – 2200
    - HMRC VAT Control Account - this is the nominal account from your chart of accounts that carries the vat liability entries – Sage/ UK alliance chart of accounts – 2202
    - Output VAT Tax Code – assuming you used the UK alliance chart of accounts tax codes, select code '1'
    - EC Acquisitions VAT Tax Code – code '3'
    - Input VAT Tax Code – code '4'
    - First month of the current VAT period – self-explanatory
    - Last month of the current VAT period – self-explanatory
    - VAT journal – select the VAT journal configured in step 1 – VAT
    - VAT partner – select the HMRC partner configured in the step 3 above.

The end result of the configuration page will look as below:



5. This is all that was required for the module configuration; please refer to the operating manual for usage instructions. If you have done a migration from a different system or have used the OpenERP logic for creating returns, you may like to work with your management accountant to reconcile the previous returns in the order they have been submitted and doing the necessary adjustments as necessary.