

OpenERP Operating manual

UK VAT Reconciliations module

*This guide assumes that the administrator has set-up
the module as per the official configuration instructions.*

VAT calculation

To calculate the VAT liability at any point in time, navigate to Accounting > UK VAT > UK VAT Declaration. You will be presented with a screen as below:

Taxes Report

This menu calculates and reconciles the VAT due to/from authorities based on invoices. Select one or several periods of the fiscal year and click on Calculate VAT. This data is updated in real time, so you can preview the tax you owe at any point in time. Please refer to the operating manual for further instructions.

VAT config variant:

Periods

Start period: End period:

Include un-reconciled transactions from previous periods:

Step 1: VAT calculation

VAT amount:

Step 2: VAT Reconciliation

Post reconciliation journal: Mark current return as draft:

No record selected State:

socket://admin@pentah... Administrator Company: test co ltd Requests: No request

By clicking on 'Calculate VAT', you will be shown the Net VAT amount due to/from Tax authorities between the Start period and End period. By ticking the 'Include un-reconciled transactions from previous periods', the search will automatically take into consideration any transactions from earlier periods that have not been accounted for VAT before.

VAT reconciliation

When we are fairly confident that most of the invoices for the period which need reported have been booked into the system, we can create a draft VAT return for review from the same screen shown on the previous page.

1. Click on Calculate VAT.
2. Leave the 'Mark current return as draft' checked, unless you need the posting to be final.
3. Leave the 'Post reconciliation journal' checked, unless you don't want the system to automatically post the reconciliation journal for you.
4. Click on Reconcile VAT.
5. This has now created a draft VAT return with all the included transactions marked as such, ready for a thorough review. Click on 'Show Result'. You will be presented with a new screen:

VAT return number	Sales VAT amount	Purchase VAT amount	Total VAT amount	Date of the VAT report submission	First day of the VAT report	Last day of the VAT report
1	0.00	20.00	20.00	09/02/2011	01/01/2011	31/03/2011
2	0.00	20.00	20.00	10/02/2011	01/01/2011	31/03/2011

6. This is the list of all past and current VAT returns. The draft VAT return will be marked as such and will have 3 buttons – print, revert and done. Click on print and then select to print the report 'with the breakdown of transactions'. Now in are in the position to carry on a full review of transactions that will be part of the VAT return.
7. If no changes are required, just click on the 'Mark it done' button. This will confirm the VAT return and post the balancing journal from draft to done as follows:
 CR Purchase tax control account
 DR Sales tax control account
 DR/CR VAT HMRC VAT Control account (HMRC partner)

Job done! This has marked all the transactions included in the return with the return number as well as cleared the vat nominal accounts transferring the difference to the HMRC account.

If at any point in time you need to reprint a past report, this is simple – Accounting > UK VAT > Print UK Vat Declaration and select the needed return from the popup box.

VAT payment/repayment.

When it is time to record the VAT payment:

1. Go to Accounting > Suppliers > Supplier payment
2. Click on New
3. In the name box type HMRC and click on TAB. This should update the screen with the current unsettled transactions. Select the required bank account, enter the payment amount and follow the usual payment procedures.

Supplier: Total: Payment Method:

Date: Payment Ref: Memo:

Payment Information

Supplier Invoices and Outstanding transactions (1/1 of 1)

Journal Item	Account	Date	Due Date	Original Amount	Open Balance	Amount
VAT reconciliation for period to 2011-03-31	2202 VAT Liability	10/02/2011		40.00	40.00	40.00

Open Balance: 40.00 Payment: 40.00

Credits (0/0 of 1)

Journal Item	Account	Date	Original Amount	Amount
Payment: 0.00				

Internal Notes

Payment Options

Payment Difference:

Other Information

Number:

State:

No record selected State:

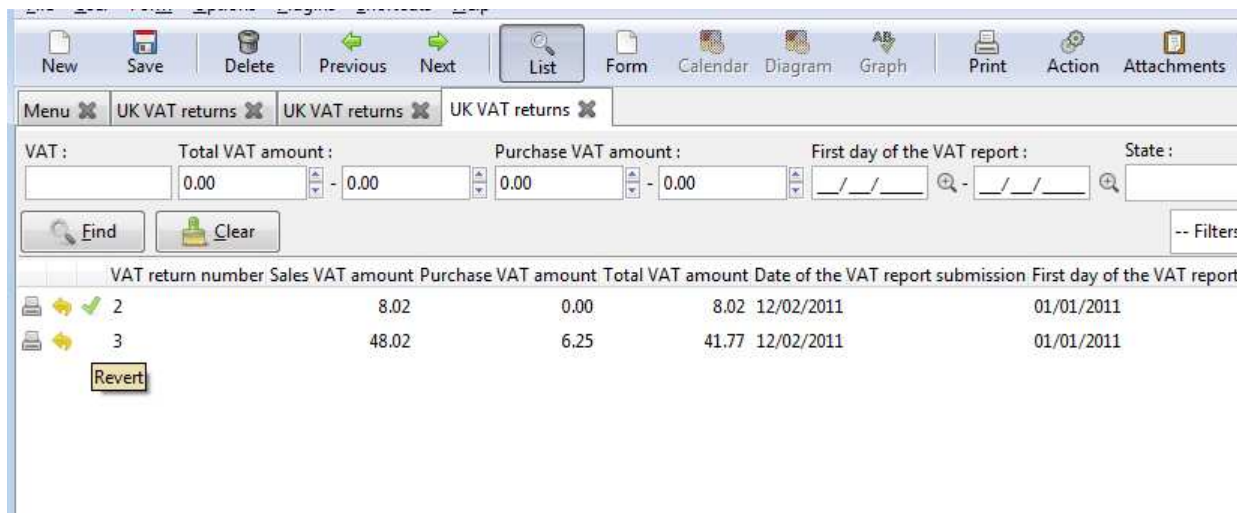
socket://admin@pentaho.smartmode.co... Administrator Company: test co ltd Requests: No request

Please note that if your returns are usually VAT repayments, then you will need to create a debtors vat control nominal account of type receivable and configure the current module to use that instead of 2202. Likewise the HMRC partner account should use this account instead of the default receivable 1100. Then you will be able to use the Customer payment option from the Accounting > Customers menu when recording the VAT repayments.

Undo a VAT return.

To undo a VAT return:

1. Go to Accounting > UK VAT > Vat returns
2. Locate the return that need re-submitted.
3. Click on revert icon:



Please note, if your VAT journal does allow cancelations, then this will undo a submitted VAT return as well – use with care!

Reviewing the vat activity – raw analysis.

This part of the guidance is for Finance Managers who prefer raw data analysis with the ability to make corrections in the same view.

The VAT activity can be reviewed without printing the VAT reports – directly in OpenERP. To do so, navigate to Accounting > UK VAT > Display VAT entries. You will be presented with the raw nominal activity, grouped by VAT return and then by VAT100 lines as below:

The screenshot shows the OpenERP interface for displaying VAT entries. The window title is 'UK VAT Transactions'. The interface includes search fields for 'unknown', 'State', and 'Period', along with 'Find' and 'Clear' buttons. There are also 'VAT return' and 'VAT 100 Line' buttons, a 'Filters' dropdown, and a 'Group By...' dropdown. The main table displays VAT activity with columns: Return number, Tax Account, Effective date, Period, Move, Reference, Invoice, Name, and Partner. The table is grouped by return number (2, 3) and then by VAT100 lines (1, 4, 6, 7). The '7 - Total value of purchases ex VAT (2)' line is highlighted in blue. The bottom of the window shows 'Total debit: 62.48' and 'Total credit: 31.24'.

Return number	Tax Account	Effective date	Period	Move	Reference	Invoice	Name	Partner
2 (6)								
3 (49)								
	1 - VAT on Sales and other outputs (2)							
	4 - VAT reclaimed on purchases (EC included) (2)							
	6 - Total value of sales ex VAT (box 8 included) (2)							
	7 - Total value of purchases ex VAT (2)							
3	7 - Total value of purchases ex VAT	12/02/2011	02/2011	ecnj/2011/0001	test refund	ecnj/2011/0001	test service	test suppli
3	7 - Total value of purchases ex VAT	12/02/2011	02/2011	EXJ/2011/003	EXJ2011003	EXJ/2011/003	test service	test suppli
	Undefined (41)							
	Undefined (12)							

You can click on + /- to expand/collapse the entries from each group:

- First level groupings are the actual VAT returns. (1,2, 3 etc), undefined are non-reconciled transactions.
 - Second level groupings are the VAT100 lines, which contain only the transactions that are part of a specific return.

Another useful feature in the same screen is the ability to filter by period which is located at the top of the screen. This could be useful if you wish to check that none of the transactions made it into the wrong month or if you just like to view any transactions from a specific period that didn't make it into the VAT return.