

VAT Changes and their impact on ProspectSoft and IRIS CRM

These notes are intended to help you manage the first VAT Rate Change since 1991, particularly where you have ProspectSoft or Iris CRM linked to a supported accounting system.

Whilst an important subject it should be born in mind that for business to businesses transactions this is a self-balancing exercise, and that the letter we have all received from HM Customs and Excise both recognises the administrative difficulties that may be encountered and promises a 'light touch' in relation to errors particularly in the first quarter following the change.

This advice is given in good faith but given the many different combinations of CRM Versions with differing Accounting system versions, ProspectSoft cannot accept responsibility for any consequences of following these guidelines.

We recommend that you discuss these notes and your particular situation with your CRM support provider before taking any action and that you take care to back up both your ProspectSoft and Accounting systems before making any changes, and that having made changes you examine in detail the results on a small number of transactions before progressing too far and finding out that you, or the VAT Authorities, are unhappy with the results.

The areas to be considered are:

Do you produce VAT inclusive quotations from within CRM?

Do you have the Sales Order Processing module linked to a directly supported accounting system, and if so which one?

What version of ProspectSoft is in use?

VAT Inclusive Quotations

Recommendation

If you produce VAT Inclusive Quotations we recommend you contact your support provider immediately irrelevant of what accounting system the CRM system is connected to.

Explanation

Over the years the production of VAT inclusive quotations has evolved, but in many cases having arrived at a satisfactory solution it is highly likely that older and less ideal solutions have been left in situ and not been updated.

The result is that for many organisations the VAT calculations on quotes are contained in the quote documents and will not change as a result of updating the ProspectSoft data.

CRM Quotation Processing

In general the factors determining the necessary course of action are which Accounting System and which version of CRM is in use.

Iris Exchequer

Recommendations

None, other than the need to follow the advice of HM Revenue and Customs regarding when to change the VAT Rate and your Iris support provider as to how to do this.

Explanation

When integrated with Iris Exchequer, the CRM system relies entirely on Exchequer for the VAT calculations and therefore there is no specific action required within the CRM system.

Sage 50

Recommendations

Firstly follow the advice of HM Revenue and Customs regarding when to change the VAT Rate and of your Sage support provider as to how to do this.

Secondly, immediately following the change of VAT Rate(s) within Sage, perform a CRM Accounts Import ensuring that the VAT Rate Tab is active.

Thirdly, if you have long lead times, or have large volumes of quotes in the CRM awaiting confirmation into the accounting system, you may wish to talk to your CRM Support Provider who may be able to assist in making bulk changes to your data

Explanation

Our testing shows that a quotation generated in ProspectSoft with VAT at 17.5% will, when posted as an order in Sage, arrive with a VAT value based on the 17.5% VAT irrespective of the settings in Sage, but when invoiced from within Sage, the VAT will be recalculated to that corresponding to Sage Tax Code (e.g. T1).

Access Dimensions

Recommendations

Follow the advice of HM Revenue and Customs regarding when to change the VAT Rate and your Access Accounts support provider as to how to do this.

Secondly, immediately following the change of VAT Rate(s) within Access, perform a CRM Accounts Import ensuring that the VAT Rate Tab is active.

Thirdly, if you have long lead times, or have large volumes of quotes awaiting confirmation into the accounting system, you may wish to talk to your CRM Support Provider who may be able to assist in making bulk changes to your data

Explanation

ProspectSoft imports and holds the Access Dimensions VAT data and it is this ProspectSoft data which is used to calculate the VAT values on quotations before they are posted to the accounting system.

Our testing shows that a quotation generated in ProspectSoft with VAT at 17.5% will, when posted as a batch order in Access Dimensions, arrive with the correct new VAT at 15% and the VAT values will be recalculated. as the VAT code is passed when posting the order. However, the quotation in ProspectSoft would still have values corresponding to the old VAT of 17.5%, although this may be of little consequence

The VAT calculation within ProspectSoft CRM is only revised when there is a change to the Quote Line, and is not triggered by a change to the VATRate table.

Pegasus Opera with CRM 5.30 or Later

Recommendations

Follow the advice of HM Revenue and Customs regarding when to change the VAT Rate.

Seek advice from your Opera Support Provider with regard to those orders in Opera which were created prior to 1st December but which will not be shipped and invoiced until after the change in the VAT Rate, irrespective of how they were created.

WARNING When changing the VAT Rates in Opera do not use the Rate 2 field and date, but ensure the changes are made to the Rate 1 field at the correct point in your processing timescale.

Immediately the change has been made, perform a CRM Accounts Import ensuring the VAT Rates Tab is active

If you wish to see the correct VAT within the CRM system, ensure that the relevant fields are revised to the new VAT Rates, either by manually editing each line and observing the change in the VAT Percentage or by having your CRM Support Provider make these changes in bulk, and then performing some manual checks.

However,

Explanation

In talking to various Opera Dealers and from our own testing it would appear that the VAT rate is attached to the order when processed into Opera and thereafter is never changed by the Opera system unless the particular quote line is edited in a way which forces a recalculation of the VAT.

The CRM system imports and holds the Opera VAT data and it is this ProspectSoft data which is used to calculate the VAT within the CRM system.

The VAT calculation within CRM is only revised when there is a change to a particular Quote Line, and is not triggered by a change to the VATRate table.

Whilst Opera has two rates associated with any one VAT Code and dates on which they become applicable to new orders, ProspectSoft does not emulate this behaviour or utilise it when processing orders into Opera, and it is therefore necessary to change the VAT Rate 1 at the correct time.

[Pegasus Opera with CRM Version 5, prior to 5.30](#)

The only accounting system integration for which there have been significant changes to the way in which VAT is processed and displayed or not within the CRM system, is when attached to Opera

The only significant difference in this context is that if it is considered necessary to have the VAT correct within the CRM system.

[Recommendation](#)

As above with regard to timing, amending the Opera VAT Rate 1 and doing a CRM Accounts Import

IN ADDITION If it is important to you that all quote lines in ProspectSoft reflect the correct rate of VAT, then they must be amended by your CRM provider programmatically, or by deleting and then reinstating the necessary quote lines.

Merely editing the quote line is not sufficient to change the VAT Rate on the quote line.

[Explanation](#)

Prior to 5.30 the CRM system did not carry the VAT Code against each quote line, merely the VAT Percent and the VAT Value.

However when quotations are posted into Opera the CRM processes recalculate the VAT in accordance with the relevant VAT Code and its associated Rate 1 in Opera at the moment the posting is made.

The warning that once a VAT Value is written into Opera whether from CRM or the keyboard, Opera will not recalculate the VAT unless the line is suitably edited in Opera equally applies here.