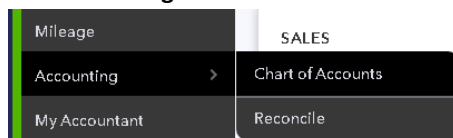


Changing the VAT Rate in Your QuickBooks Online Organisation

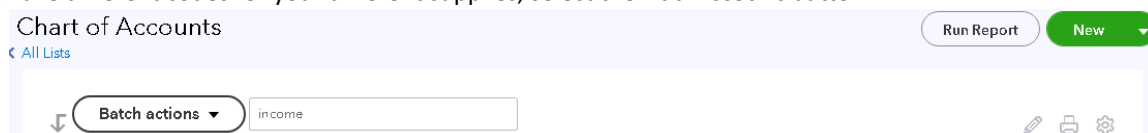
Following the Chancellor's summer statement announcement, from the 15th July 2020 to 12th January 2021 the standard 20% rate of VAT has been reduced to 5% VAT on some (**NOT ALL**) supplies made in the hospitality, accommodation and attractions sector. For the full information on these changes our award winning tax team has prepared this document [here](#)

To help you record these changes efficiently in your QuickBooks Online account, we recommend reviewing your chart of accounts and ensuring you have different account codes to record your different types of sale. If not, you may need to set up some new codes to split the different supplies you provide. Once you have the account codes for your different types of sale, you can then amend the default VAT rate in line with the above guidance to avoid needing to change the VAT rate on every sales invoice you raise. Remember, the reduction in VAT rate is only applicable for sales between 15 July 2020 and 12 January 2021 so you will need to revert the VAT rate to 20% in 6 months time. Below is some guidance on how to set up new chart of account codes and amend their default VAT rate.

- + To review your Chart of Accounts, select **Accounting** from the side menu bar and **Chart of Accounts** from the options.

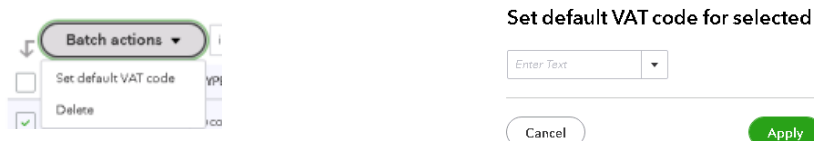


- + Within the Chart of Accounts screen, enter **Income** in to the search box to review accounts with the income type. If you do not have different codes for your different supplies, select the **Add Account** button



- + This will open the box shown below, allowing you to create a new nominal. Firstly, the **Account Type** should be **Income** and **Detail Type** should be **Sale of Product Income**. Enter an appropriate **Name** for the account based on the type of supply it represents. The **Default VAT Code** option is the default rate that will be applied when the account code is used on any sales transaction. Therefore, select this as **5% R** if it falls in to the reduced rate supplies. If not and you are setting up this account to separate all sales types, ensure **20% S** is selected. Select **Save and Close** when done and the account code will now be available to use.

- + If you have already split your sales between different types and only need to amend the default tax rate, simply click on the tick boxes next to the appropriate accounts and select the **Batch actions** button and select **Set default VAT code** from the dropdown. You will then need to select the appropriate VAT code from the drop down and click **Apply** which will update all selected accounts.



- + If you do not record the VAT on sales directly in QuickBooks Online and instead have a till or front of house system that integrates with QuickBooks Online, you will need to ensure these have been updated to reflect the changes. If your system integrates with QuickBooks Online, you will need to review the mapping settings to ensure the transactions sync with the correct VAT rate. Each system differs slightly in it's set up so feel free to get in touch at digitalsupport@gabrutelliott.co.uk should you have any specific queries.