Construction Sector VAT Reverse Charge
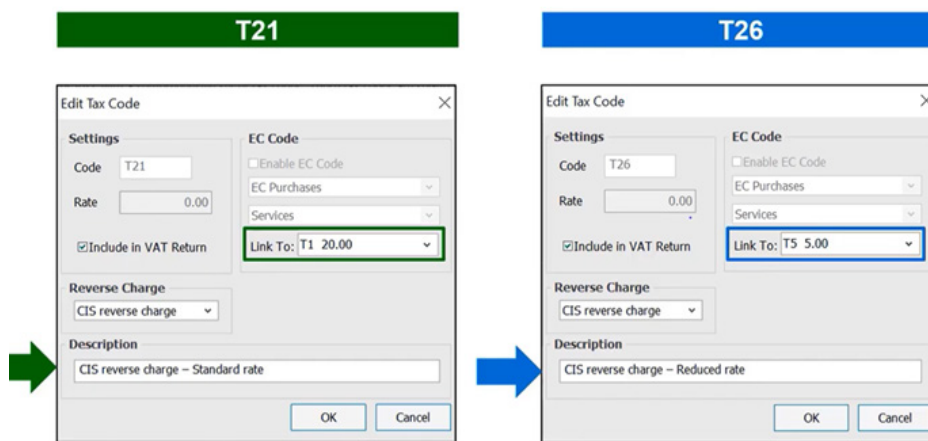
Whitley Stimpson
CHARTERED ACCOUNTANTS AND BUSINESS ADVISORS

Banbury 01295 270200 | Bicester 01869 252151
High Wycombe 01494 448122 | Witney 01993 700010

whitleystimpson.co.uk

Sage

Sage 50 Cloud Accounts

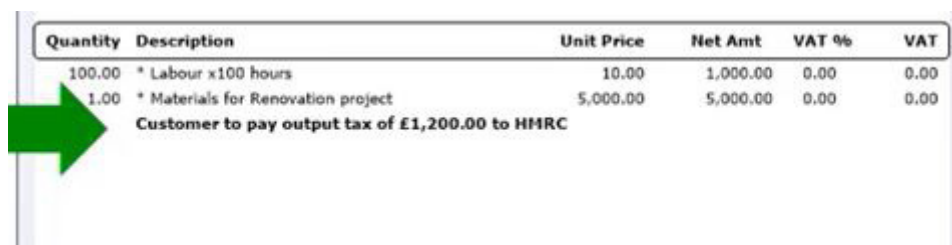If the client is using version 26 then two codes will be found automatically on the system:

- T21 - domestic reverse charge at standard rate VAT (20%)
- T26 - domestic reverse charge at reduced rate VAT (5%)

(if these codes were already in use on the client's system, then the next available codes would have been used)

T21	T26
Edit Tax Code ×	**Edit Tax Code** ×
Settings — **EC Code**	**Settings** — **EC Code**
Code T21 □Enable EC Code	Code T26 □Enable EC Code
EC Purchases	EC Purchases
Rate 0.00 Services	Rate 0.00 Services
☑Include in VAT Return Link To: T1 20.00	☑Include in VAT Return Link To: T5 5.00
Reverse Charge	**Reverse Charge**
CIS reverse charge	CIS reverse charge
Description	**Description**
CIS reverse charge – Standard rate	CIS reverse charge – Reduced rate
OK Cancel	OK Cancel

These codes by default automatically update the invoice to state it is under reverse charge when used:

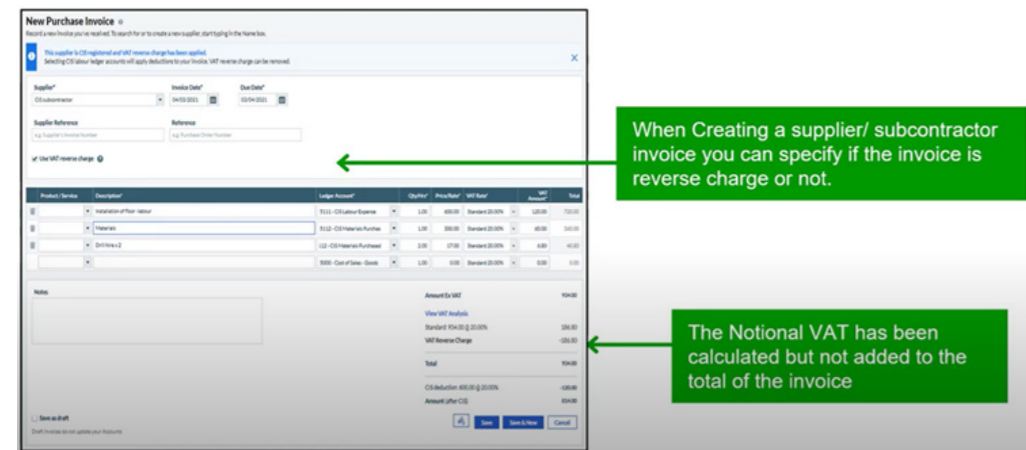| Quantity	Description	Unit Price	Net Amt	VAT %	VAT
100.00	* Labour x100 hours	10.00	1,000.00	0.00	0.00
1.00	* Materials for Renovation project	5,000.00	5,000.00	0.00	0.00
	Customer to pay output tax of £1,200.00 to HMRC				

Sage Business Cloud Accounting

Suppliers

Ensure relevant tick box is selected for the supplier, this can be overridden on an invoice by invoice basis if necessary.

Suppliers where Domestic Reverse Charge applies
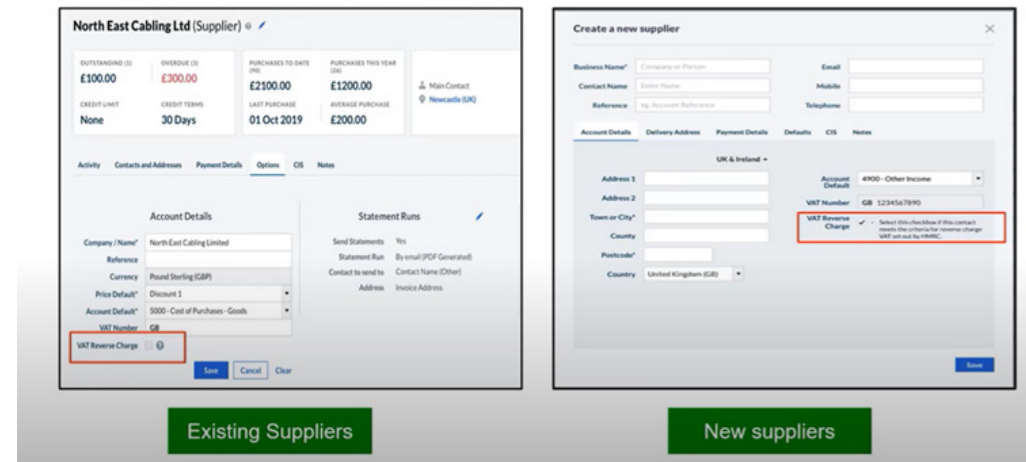
Supplier invoice where Domestic Reverse Charge applies

When Creating a supplier/ subcontractor invoice you can specify if the invoice is reverse charge or not.

The Notional VAT has been calculated but not added to the total of the invoice
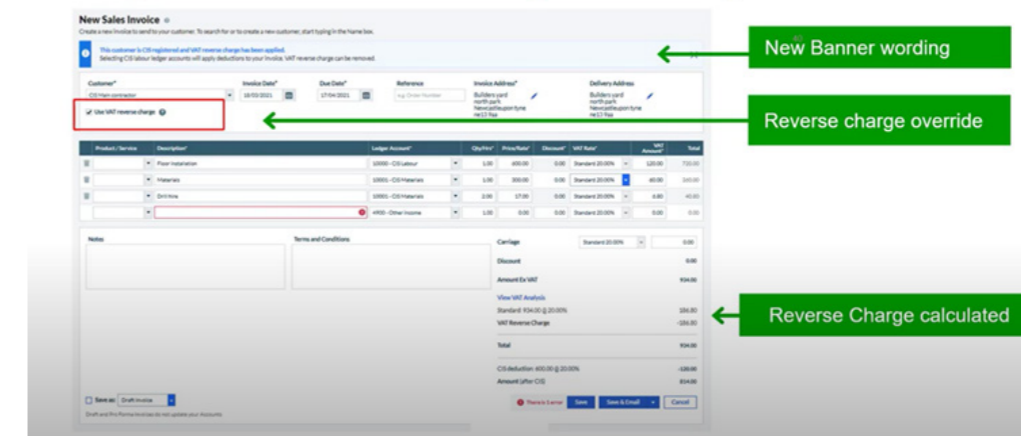
Customers

Ensure relevant tick box is selected for the customer, this can be overridden on an invoice by invoice basis if necessary.

Customers where Domestic Reverse Charge applies
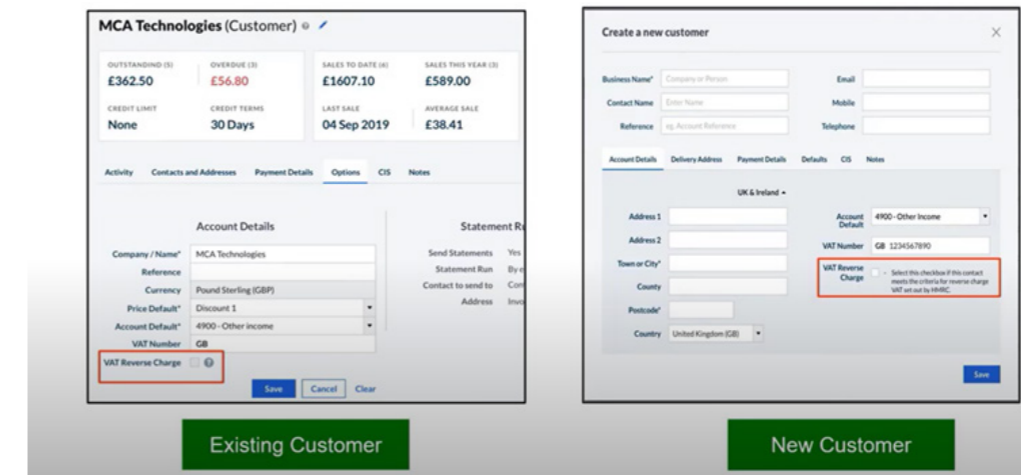
Issuing a Domestic Reverse Charge invoice to your customer

New Banner wording

Reverse charge override

Reverse Charge calculated

For a full tutorial on this by Sage please visit: https://youtu.be/d5Myo0J_L7w