MODULE 8: VAT

Module Overview

Value-Added Tax (VAT) is a tax on consumption that is paid by the end consumer.

For the seller, it is a tax only on the value that is added to a product, material, or service.

All companies are required to calculate and report VAT on sales and purchases. Therefore, companies must become familiar with the setup process, in addition to how to calculate, display, and adjust VAT amounts in sales and purchase documents.

Additional functions that make the required VAT reporting more efficient include the following:

- Import VAT
- VAT Corrections
- VAT Reporting
- VAT Settlement
- Unrealized VAT
- Payment Discount VAT Adjustments

📋 **Note:** *Although the general concepts of VAT are the same in all countries that apply VAT, statements and VAT rates differ from country to country. This module explains VAT based on the Microsoft Dynamics NAV 2013 worldwide (W1) database. To be compliant with national VAT legislation, most country versions of Microsoft Dynamics NAV 2013 include localizations on VAT.*

Objectives

The objectives are:

- Explain the different VAT calculation types.
- Show how to reverse a VAT charge.
- Describe how to correct a posted VAT entry.
- Show how to record Import VAT.
- Explain the **Prices Including VAT** fields on sales and purchase documents.
- Explain how to adjust calculated VAT amounts in sales and purchase documents and journals.

- Describe unrealized VAT.
- Explain, create, and print a VAT Statement.
- Explain and run the Calc. and Post VAT Settlement batch job.

VAT Calculation Type

In Microsoft Dynamics NAV 2013, VAT is calculated based on the VAT Business Posting Group and the VAT Product Posting group.

The VAT posting setup resembles the general posting setup and is covered in the course *Application Setup in Microsoft Dynamics NAV 2013.*
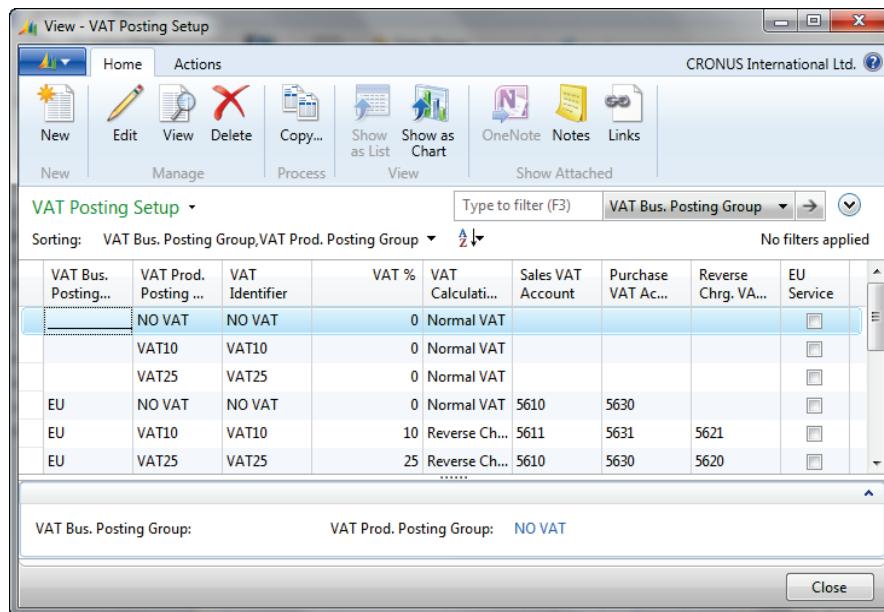

FIGURE 8.1: VAT POSTING SETUP WINDOW

The VAT posting setup also includes the **VAT Calculation Type** field. With the **VAT calculation type** field, the method of calculating VAT is defined.

VAT Calculation Type Overview

Microsoft Dynamics NAV 2013 has four methods of calculating VAT. The following table provides a description for these four methods.

Option	Description
Normal VAT	Use this option to calculate VAT for items sold or purchased with this particular combination of business posting group and product posting group code.
	With this option, the seller of the item calculates and withholds the VAT.

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Option	Description
Reverse Charge VAT	Use this option when you are trading with other countries, and, or regions within the European Union (EU), where the purchaser must calculate and settle VAT accounts that have the tax authorities.
	If this option is used, the **Reverse Chrg. VAT Acc.** field must be filled in.
	When you are selling goods with reverse charge VAT, VAT is neither calculated nor withheld.
	When you are purchasing goods, the program calculates the VAT amount, debits the Purchase VAT Account, and credits the Reverse Chg. VAT Account.
Full VAT	Use this option when the amount to post, with this particular combination of the VAT business posting group and the VAT product posting group, consists completely of VAT.
	This option is useful, for example, when you record import VAT, or make an entry to correct a VAT calculation error. If the correct entry is made by using Full VAT, the original VAT entries are not referenced. This can make the preparation of the VAT Statement more difficult.
Sales Tax	Use this option only if United States (U.S.) sales tax is recorded instead of VAT.

Demonstration: EU Purchases with Reverse Charge VAT

Scenario: On January 23 2014, April, the accounts payable coordinator at CRONUS International Ltd., receives a purchase invoice from the German vendor JB-Spedition for 1,200.00 euros for delivery expenses.

April uses G/L account 8450 to post the delivery expenses.

Because JB-Spedition is a European Union (EU) vendor and it does not invoice VAT, April must make sure that she uses the reverse charge VAT when she is posting the purchase invoice.

Demonstration Steps

1. Create the purchase invoice for vendor 49989898 – JB-Spedition and analyze the results.
   a. On the **Navigation Pane**, click **Departments** > **Financial Management** > **Payables** > **Purchase Invoices**.
   b. In the ribbon, click **New** to create a new purchase invoice.

c. In the **Buy-from Vendor No.** field, click the drop-down list.

d. Locate and select vendor 49989898.

e. In the **Posting Date** field, enter 01/23/14.

f. In the **Vendor Invoice No.** field, enter RC001.

g. In the lines, in the **Type** field, click the drop-down list and select **G/L Account**.

h. In the **No.** field enter 8450.

i. In the **Quantity** field, enter 1.

j. In the **Direct Unit Cost Excl. VAT** field, enter 1200.

k. In the ribbon, click **Post**.

l. Click **Yes** to post the invoice.

m. Close the **Purchase Invoice** window.

To review the posted result, follow these steps.

n. In the **Search** box, enter **Posted Purchase Invoices**, and then click the related link.

o. Locate and select the line for vendor 49989898.

p. In the ribbon, click **Navigate**.

The navigate function shows all the records, linked to this posted purchase invoice.

To review the G/L entries, follow these steps.

q. Select the G/L entry line.

r. In the ribbon, click **Show**.

FIGURE 8.2: GENERAL LEDGER ENTRIES WINDOW

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Notice that there are four G/L entries. Because of the reverse charge VAT, there are two entries with VAT amounts. These entries use the G/L accounts set up in the VAT posting setup.

To review the VAT entry for this invoice, follow these steps.

     a.   With the **General Ledger Entries** window open, click **ESC** to return to the **Navigate** window.

     b.   Select the VAT entry line.

   c.   In the ribbon, click **Show**.
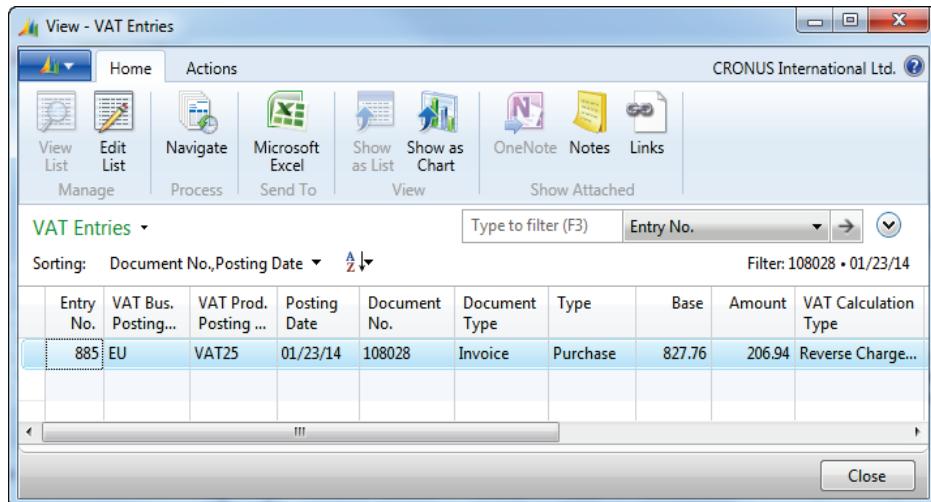
FIGURE 8.3: VAT ENTRIES WINDOW

Based on the VAT posting setup, the combination of the VAT business posting group "EU" and the VAT product posting group "VAT25" results in the **Reverse Charge VAT** calculation type.

Demonstration: Set Up and Post Import VAT

Scenario: April, the accounts payable coordinator at CRONUS International Ltd. posts a purchase invoice of 100,000.00 local currency (LCY) for imported goods, that is received from a U.S. vendor on January 30, 2014.

When the VAT invoice from the transport company (vendor 62000 – WalkerHolland) arrives, it shows a calculated import VAT amount of 25 percent of the invoice amount (25,000.00 LCY). Therefore, the posting of this VAT invoice should result in a VAT base of zero (0) and a VAT amount of 25,000.00 LCY.

The first step is to set up a general ledger account and the VAT posting setup to accommodate the Import VAT. In this demonstration, the import VAT is posted by using a purchase invoice.

Demonstration Steps

1. Set up the Import VAT.

   a. Set up the following to record Import VAT by using a general journal:

      - VAT Product Posting Group
      - G/L Account
      - VAT Posting Setup combination for Import VAT

   b. To set up the VAT product posting group for Import VAT, follow these steps.

      i. On the **Navigation Pane**, click **Departments** > **Administration** > **Application Setup** > **Financial Management** > **VAT Posting Group** > **VAT Product Posting Groups**.

      ii. Click **New**.

      iii. In the **Code** field, enter IMPVAT.

      iv. In the **Description** field, enter Import VAT.

      v. Close the **VAT Product Posting Group** window.

   c. To set up the G/L account for Import VAT, follow these steps.

      i. On the **Navigation Pane**, click **Financial Management** > **General Ledger** > **Chart of Accounts**.

      ii. Click **New**.

      iii. In the **No**. field, enter 5650.

      iv. In the **Name** field, enter Import VAT 25%.

      v. In the **Income/Balance** field, click the drop-down list and select Balance Sheet.

      vi. On the **Posting** FastTab, in the **General Posting Type** field, click the drop-down list and select Purchase.

      vii. In the **Gen. Bus. Posting Group** field, click the drop-down list and select NATIONAL.

      viii. In the **VAT Bus. Posting Group** field, click the drop-down list and select NATIONAL.

      ix. In the **Gen. Prod. Posting Group** field, click the drop-down list and select MISC.

      x. In the **VAT Prod. Posting Group** field, overwrite the default value with IMPVAT.

      xi. Click **OK**.

      xii. Click **Indent Chart of Accounts**.

      xiii. Click **Yes** to continue with the indent function.

d. To set up the VAT posting setup for Import VAT, follow these steps.

    i. On the **Navigation Pane**, click the **Departments** > **Administration** > **Application Setup** > **Financial Management** > **VAT Posting Group** > **VAT Posting Setup**.

    ii. Click **New**.

    iii. In the **VAT Bus. Posting Group** field, click the drop-down list and select NATIONAL.

    iv. In the **VAT Prod. Posting Group** field, click the drop-down list and select IMPVAT.

    v. Leave the **VAT %** field set to zero (0).

    vi. In the **VAT Calculation Type** field, click the drop-down list and select Full VAT.

    vii. In the **Purchase VAT Account** field, enter 5650.

e. No other fields have to be populated in this card.

2. Post a purchase invoice to record Import VAT.

a. On the **Navigation Pane**, click **Departments** > **Financial Management** > **Payables** and then select **Purchase Invoices**.

b. Click **New**.

c. In the **Buy-from Vendor No.** field, click the drop-down list.

d. Locate and select vendor 62000 - WalkerHolland.

e. In the **Posting Date** field, enter 01/30/14.

f. In the **Vendor Invoice No.** field, enter WH001.

g. In the lines, in the **Type** field, click the drop-down list and select G/L Account.

h. In the **No**. field, enter 5650.

i. In the **Quantity** field, enter 1.

j. In the **Direct Unit Cost Excl. VAT** field, enter 25000.

📝   **Note:** *You can view the result of the VAT calculation type* **FULL VAT** *before you post the invoice by going to the* **Purchase Invoice Statistics** *page (***F7***).*

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k. Click **Post**.

l. Click **Yes** to post the invoice.

m. Close the **Purchase Invoice** window.

To review the posted entries, follow these steps.

 a. In the **Search** box, enter **Posted Purchase Invoices**, and then click the related link.

 b. Locate and select the line for vendor 62000.

 c. In the ribbon, click **Navigate**.

The navigate function shows all the records that are linked to this posted purchase invoice.

To review the G/L entries, follow these steps.

 a. Select the G/L entry line.

 b. In the ribbon, click **Show**.
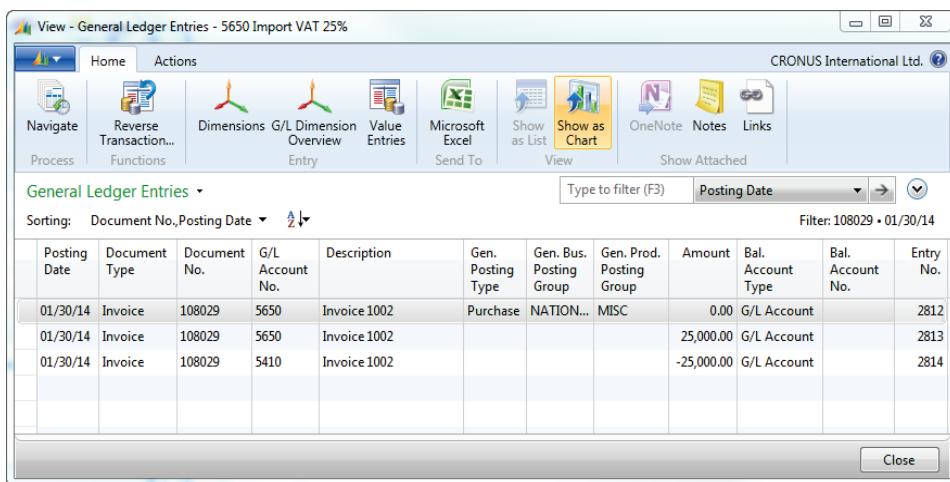
FIGURE 8.4: GENERAL LEDGER ENTRIES WINDOW

There are two G/L entries with the same G/L account. The first entry is for the VAT base amount and it is zero. The second entry is for the VAT amount.

To review the VAT entry for this invoice, follow these steps.

 a. With the **General Ledger Entries** window open, click **ESC** to return to the **Navigate** window.

 b. Select the VAT entry line.

 c. In the ribbon, click **Show**.

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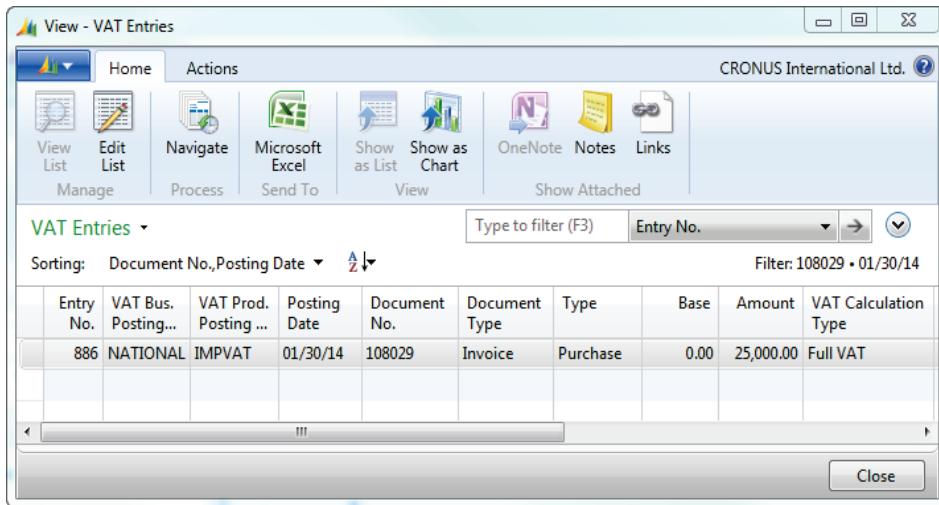
FIGURE 8.5: VAT ENTRIES WINDOW

In the **VAT Entries** window, the **Base** field is 0.00 and the **Amount** field is 25,000.00 local currency (LCY).

Demonstration: Set Up and Post a VAT Correction

Scenario: April, the accounts payable coordinator at CRONUS International Ltd., receives an invoice from the vendor Electronics Ltd. (No 61000). The invoice is for 1,250.00 LCY and includes a 25 percent VAT. With the VAT25 posting combination, the following entries are made:

- 1,250.00 LCY credit to both the relevant vendor account and the payables account.
- 250.00 LCY debit to the purchase VAT account.

April later receives the vendor invoice that states the amount including VAT is 1240.00 LCY. Therefore, a 10.00 correction must be posted. April contacts Cassie, the accountant, to make the correction.

Because this is the first VAT correction that is made at CRONUS International Ltd., Cassie sets up the following to prepare for the correction:

- Purchase VAT 25% account is set up for Direct Posting.
- The correction VAT Product Posting Group is created.
- The VAT Posting Setup combination for National (domestic) vendors and the Correction VAT Product Posting Group is created, for Full VAT, with a zero VAT %.

As soon as the setup is complete, she posts the correction by using a general journal and then reviews the posting. As soon as the posting and review are complete, she removes the Direct Posting features on the G/L accounts.

Demonstration Steps

1. Set up the G/L account and VAT posting groups.

   a. On the **Navigation Pane**, click **Departments** > **Financial Management** > **General Ledger** > **Chart of Accounts**.

   b. Locate G/L account 5630.

   c. In the ribbon, click **Edit**.

   d. Click the **Direct Posting** check box to insert a check mark.

   e. Click **OK** to close the G/L account card.

   f. In the **navigation** pane, click **Administration** > **Application Setup** > **Financial Management**, click **VAT Posting Group** > **VAT Product Posting Groups**.

   g. Click **New**.

   h. In the **Code** field, enter Correct.

   i. In the **Description** field, enter VAT corrections.

   j. With the new line selected, click **Setup**.

   k. In the ribbon, click **New**.

   l. In the **VAT Bus. Posting Group** field, click the drop-down list and then select NATIONAL.

   m. In the **VAT Calculation Type** field, click the drop-down list and then select Full VAT.

   n. In the **Purchase VAT Account** field, enter 5630.

   o. Click **OK**.

   p. Click **Close**

   q. Click **OK**.

2. Post a VAT correction by using the general journal.

   a. On the **navigation** pane, click **Financial Management** > **General Ledger** > **General Journals**.

   b. In the **Batch Name** field, click the drop-down list and select Default.

   c. Click **OK**.

   d. Delete any existing journal lines.

   e. Open the **Choose Column** feature and add **VAT Bus. Posting Group** and **VAT Prod. Posting Group**.

   f. In the **Posting Date** field, enter 01/01/14.

   g. In the **Account No.** field, enter 5630.

   h. In the **Amount** field, enter -10.00.

   i. In the **General Posting Type** field, click the drop-down list and then select **Purchase**.

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j. In the **VAT Bus. Posting Group** field, click the drop-down list and then select National.

k. In the **VAT Prod. Posting Group** field, click the drop-down list and then select Correct.

l. In the **Bal. Account Type** field, click the drop-down list and then select **Vendor**.

m. In the **Bal. Account No.** field, enter 61000.

n. Click **Post**.

o. Click **Yes** to post the journal.

p. Click **OK**.

q. Close the **General Journals** window.

To view the VAT correction entries, follow these steps.

a. In the **Search** box, enter **G/L Registers**, and then select the related link.

b. Press **CTRL+END** to move to the last entry.

c. In the ribbon, click **General Ledger**.

d. Open the **Choose Column** feature and add the **VAT Amount** field.

e. Click **OK** and reopen the general ledger entries.

FIGURE 8.6: GENERAL LEDGER ENTRIES WINDOW

When the general journal is posted, the following entries are created:

o 10.00 LCY credit to the VAT Amount (VAT Entry credit)

o 10.00 LCY credit to the Purchase VAT Account

o 10.00 LCY debit to the Payables Account

To review the VAT entry credit, follow these steps.

    a. With any line in the **General Ledger Entries** window, click **Navigate**.

    b. Click the **VAT Entry** line and then click **Show**. The 10.00 LCY VAT entry credit appears.

    c. Close the **VAT Entries**, **Navigate** and **General Ledger Entries** windows.

To remove the direct posting features on the G/L accounts, follow these steps.

    a. On the **Navigation Pane**, click the **Departments** button, click **Financial Management**, click **General Ledger,** and then select **Chart of Accounts**.

    b. Locate G/L account 5630.

    c. In the ribbon, click **Edit**.

    d. Click the **Direct Posting** check box to remove the check mark.

    e. Click **OK** to close the **G/L Account Card** window.

Display VAT Amounts in Sales and Purchase Documents

Companies can display and calculate VAT amounts in sales and purchase documents differently, depending on the **Prices Including VAT** settings on the customer or vendor card.

📓 **Note:** *Except for retail sales, the **Prices Including VAT** check box typically is not selected.*

Display VAT Amounts in Sales and Purchase Documents

The selection made in the **Prices Including VAT** check box determines whether unit prices on sales documents and direct unit costs on purchase documents include VAT. Set up the **Prices Including VAT** check box in the following areas:

- Customer Card
- Vendor Card
- Item Card
- Sales document header
- Purchase document header

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The following table shows the description of the behavior of the **Prices Including VAT** check box, when you select it and when you do not select it on the customer and vendor cards.

Prices Includes VAT check box	Description
Not selected	Sales and purchase documents are automatically set up to exclude VAT from unit prices and direct unit costs. Therefore, the **price** and **cost** fields on the respective document dynamically display **Unit Price Excl. VAT** and **Direct Unit Cost Excl. VAT**.
Selected	Sales and purchase documents are automatically set up to include VAT in unit prices and direct unit costs. Therefore, the **price** and **cost** fields on the respective document dynamically display **Unit Price Incl. VAT** and **Direct Unit Cost Incl. VAT**.

On the item card, if the **Prices Including VAT** check box is not selected, VAT is not included in the unit price, and the unit price is copied directly from the item card to the **Unit Price** field on the sales line. If the **Prices Including VAT** check box is selected, VAT is subtracted from the price on the item card before it is entered on the sales line, and the **VAT Bus. Posting Gr. (Price)** field must be filled in.

📓 **Note:** *To include VAT in the unit price on items, you must display the **Prices Including VAT** and **VAT Bus. Posting Gr. (Price)** fields on the **Item Card** window by using the Object Designer.*

The following table provides an overview of how unit price amounts are calculated for a sales document when prices are not set up in the **Sales Prices** window.

Price Includes VAT field on Item Card	Prices Including VAT field in Sales Header	Action Performed
No check mark	No check mark	The Unit Price on the Item Card is copied to the **Unit Price Excl. VAT** field on the sales lines.
No check mark	Check mark	The VAT amount for each unit is calculated and added to the Unit Price on the Item Card. This total Unit Price is then entered in the **Unit Price Incl. VAT** field on the sales lines.

Price Includes VAT field on Item Card	Prices Including VAT field in Sales Header	Action Performed
Check mark	No check mark	The VAT amount included in the Unit Price on the Item Card is calculated by using the VAT% related to the VAT Bus. Posting Gr. (Price) and the VAT Prod. Posting Group combination. The Unit Price on the Item Card that is reduced by the VAT amount is then entered in the **Unit Price Excl. VAT** field in the sales lines.
Check mark	Check mark	The Unit Price on the Item Card is copied to **Unit Price Incl. VAT** field on the sales lines.

If the **Prices Including VAT** function is set up on customers and vendors, you do not have to change the settings on the sales or purchase document headers. However, if amounts on individual documents have to include or exclude VAT, the **Prices Including VAT** check box in the header can be changed.

If you change the Prices Including VAT setting in a sales or purchase document header, you receive a message that asks you to update the unit price or direct unit cost on the lines. If you change the Prices Including VAT setting, any manual changes that you make to the unit prices or direct unit costs are overwritten.

Adjust VAT Amounts in Sales and Purchase Documents and Journals

When VAT amounts that are calculated by Microsoft Dynamics NAV 2013 differ slightly from VAT amounts that are calculated by the customer or vendor, the amount can be manually adjusted on the sales or purchase documents, and on general, sales, or purchase journals.

Setup

Users can manually enter or adjust VAT amounts, if the calculated amount differs slightly from the amount calculated by the customer or vendor, for example, a difference that is caused by rounding.

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The following must be set up before you enter or adjust VAT in documents and journals:

- **General Ledger Setup**: Specify a maximum VAT correction amount that can be allowed.
- **Sales & Receivables Setup**: Allow the VAT difference for sales.
- **Purchases & Payables Setup**: Allow the VAT difference for purchases.
- **Journal Templates**: Allow the VAT difference for the relevant journal.

To set up the maximum VAT correction amount, follow these steps.

1. On the **Navigation Pane**, click the **Departments** > **Administration** > **Application Setup** > **Financial Management** > **Finance** > **General Ledger Setup**.
2. In the **Max. VAT Difference Allowed** field, enter the maximum VAT correction amount for the local currency. For example, if five is entered, then the VAT amounts can be corrected by an increase of 5.00 LCY.
3. Close the **General Ledger Setup** window.
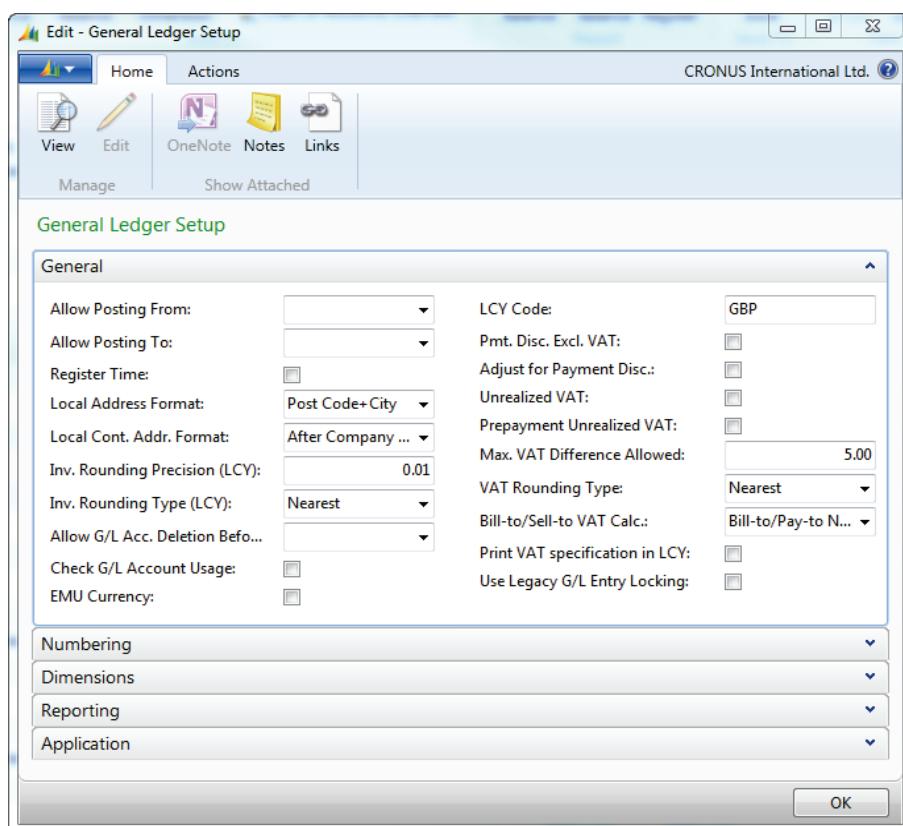
FIGURE 8.7: GENERAL LEDGER SETUP WINDOW

To allow a VAT correction for sales and purchases, follow these steps.

1. On the **Navigation Pane**, click the **Departments** > **Administration** > **Application Setup** > **Financial Management** > **Finance** > **Sales & Receivables Setup**.

2. Select the **Allow Vat Difference** check box to allow the manual adjustment of VAT amounts in sales documents.

3. Close the **Sales & Receivables Setup** window.

4. Select **Purchases & Payables Setup**.

5. Select the **Allow Vat Difference** check box to allow the manual adjustment of VAT amounts in purchase documents.

6. Close the **Purchases & Payables Setup** window.

To set up the VAT difference allowance in the relevant journal, follow these steps.

1. On the **Navigation Pane**, click the **Departments** > **Administration** > **Application Setup** > **Financial Management** > **General** > **Journal Templates**.

2. To edit the **General Journal Templates**, double-click the journal name.

3. To use each journal to adjust VAT amounts, select the **Allow VAT Difference** check box.

4. You will receive a message to update all related batches. If only certain batches are used to adjust VAT amounts, click **No** to set up individual batches. Otherwise, click **Yes**.

If you answer **No** to the message that asks you to update all related batches, then you must set up individual batches. To set up individual batches, follow these steps.

1. In the **General Journal Templates** window, click the **Navigate** tab of the ribbon, and then click **Batches**.

2. For each batch, add a check mark in the **Allow VAT Difference** check box.

3. Close the General Journal Batches.

4. Close the General Journal Templates.

Adjust VAT Amounts in Journals

After setup is complete, VAT adjustments can be made in the **Sales Order Statistics** or **Purchase Order Statistics** windows.

To open both windows, follow these steps.

1. From the sales or purchase order, click **Statistics**.

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2. Click the **Invoicing** FastTab. Adjustments can only be made while on this FastTab.

3. Drill-down on the **No. of VAT Lines** field.
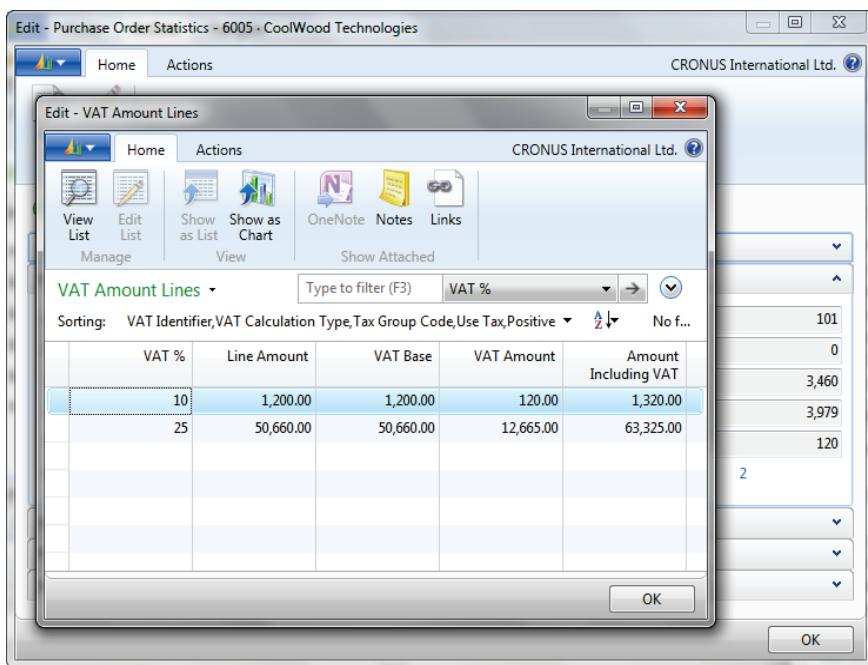
FIGURE 8.8: PURCHASE ORDER STATISTICS WINDOW

In both windows, the total VAT amount for the invoice, grouped by VAT identifier, is displayed in the lines. To make an adjustment, change the amount in the **VAT Amount** field on the lines for each VAT identifier.

📝 **Note:** *If the sales or purchase document has a currency code assigned, the VAT amounts in the **Statistics** page are displayed in the same currency.*

When the **VAT Amount** field is changed, Microsoft Dynamics NAV 2013 verifies that the VAT amount has not changed by more than the amount that is specified as the maximum difference allowed. If this is the case, then, one of the following actions occurs:

- If the amount is outside the range of the **Max. VAT Difference Allowed**, the system displays a warning stating that the maximum allowed difference and the adjustment is prevented. Click **OK** and enter another **VAT Amount** that is within the allowed range.

- If the VAT difference is equal to or less than the maximum allowed, the VAT is divided proportionally among the document lines that have the same VAT identifier.

Confirm the original VAT amount and the adjusted difference on the **Sales Order Statistics** or **Purchase Order Statistics** windows by using the Show Column function to display the **Calculated VAT Amount** and **VAT Difference** fields.

Demonstration: Adjust a VAT Amount in a Purchase Document

Scenario: April, the accounts payable coordinator at CRONUS International Ltd., receives an invoice from vendor 10000, for purchase order 106009. The VAT amount on the invoice is 226.00 LCY, and it is not calculated as 225.90 LCY.

April discusses the difference with Phyllis, the accounting manager, who tells her to set up a 0.10 LCY maximum VAT correction amount and to allow corrections for purchases.

April accidentally enters 0.01 LCY as the maximum and then tries to adjust the VAT amount on the purchase invoice. Because the change is not within the allowed range, she is prevented from making the change. She checks her setup, and after correcting the maximum VAT correction amount, she adjusts the VAT amount accordingly.

The **Calculated VAT Amount** and **VAT Difference** fields are also added to the **Purchase Order Statistics** window to review the original VAT amount and the difference between the amounts.

Demonstration Steps

1. Set up Microsoft Dynamics NAV 2013 so that you can make VAT corrections.
   a. On the **Navigation Pane**, click **Departments** > **Administration** > **Application Setup** > **Financial Management** > **Finance** > **General Ledger Setup**.
   b. In the **Max. VAT Difference Allowed** field, enter 0.01.
   c. Click **OK** to close the **General Ledger Setup** window.
   d. Click **Purchases & Payables Setup**.
   e. Add a check mark in the **Allow Vat Difference** check box.
   f. Click **OK** to close the **Purchases & Payables Setup** window.

2. Make the adjustment on the purchase order.
   a. On the **navigation** pane, click **Purchase** > **Order Processing** > **Purchase Orders**.
   b. Locate and select order 106009.
   c. In the ribbon, click **Statistics**.
   d. Click the **Invoicing** FastTab.

    e.   To open the VAT Amount Lines, click the number 1 field **No. of VAT Lines**.

    f.   In the **VAT Amount** field in the lines, enter 226.00.

    g.   Press **Tab** or **Enter**.

You will receive an error message stating that the VAT difference must not exceed Max. VAT Difference Allowed = 0.01.

    h.   Click **OK**, and then click **Yes** to delete the changes.

    i.   Click **OK** to close the **Purchase Order Statistics** window.

3.   Correct the maximum VAT difference allowed and complete the VAT amount adjustment on the purchase order.

    a.   On the **Navigation Pane**, click **Departments** > **Administration** > **Application Setup** > **Financial Management** > **Finance** > **General Ledger Setup**.

    b.   Update the **Max. VAT Difference Allowed** field to 0.10.

    c.   Click **OK** to close the **General Ledger Setup** window.

    d.   On the **Navigation Pane**, click **Purchase** > **Order Processing** > **Purchase Orders**.

    e.   Locate and select order 106009.

    f.   On purchase order 106009, click **Statistics**.

    g.   Click the **Invoicing** FastTab.

    h.   Click the **No. of VAT Lines** field.

    i.   In the **VAT Amount** field in the lines, enter 226.00.

    j.   Click **OK**.

Notice that a message does not appear in the header, and the **25% VAT** field in the **General** FastTab still contains the original amount of 225.90 LCY.

    k.   Open the **VAT Amount Lines** window. Notice that the **25% VAT** field now contains the adjusted amount of 226.00 LCY.

    l.   In the **Choose Column** feature, add the **Calculated VAT Amount** and **VAT Difference**.

    m.   Review the amounts and then close the **VAT Amount Lines, Purchase Order Statistics,** and **Purchase Order** windows.

Adjust VAT Amounts in Journals

Calculated VAT amounts can be adjusted in general, sales, and purchase journals. This might be necessary when an invoice received from a vendor is entered in the general journal and the VAT amount on the invoice differs from the calculated VAT amount.

After setup is complete, adjustments to VAT amounts to equal invoiced VAT amounts can be made in the **VAT Amount** field in the general journal and the **Bal. VAT Amount** field in the sales or purchase journal.

Similar to changing VAT amounts in sales and purchase documents, Microsoft Dynamics NAV 2013 verifies that the difference is not greater than the specified maximum. One of the following actions then occurs:

- If the difference is greater than the maximum allowed, the system displays a warning stating that the maximum allowed difference and the adjustment is prevented. Click **OK** and enter another amount that is within the allowed range.
- If the VAT difference is equal to or less than the maximum allowed, the difference is displayed in the **VAT Difference** field.

Demonstration: Adjust a VAT Amount in a General Journal

Scenario: Phyllis, the accounting manager at CRONUS International Ltd., enters expenses in the general journal, and she notices that there are some minor VAT differences.

For the journal to accept changes to the VAT amounts, Phyllis sets a 2.00 LCY maximum VAT difference and allows for a VAT difference in the general journal and all related batches.

One of the expenses, the 800.00 LCY for Electricity and Heating, calculates VAT at 160.00 LCY. However, the VAT amount she is posting is 162.00 LCY. She accidentally enters 163.00 LCY and receives an error. After Phyllis enters the correct VAT amount, she reviews the amount in the **VAT Difference** field.

Demonstration Steps

1. Adjust a VAT Amount in a General Journal.
   a. On the **Navigation Pane**, click the **Departments**, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance,** and then select **General Ledger Setup**.
   b. In the **Max. VAT Difference Allowed** field, enter 2.
   c. Close the **General Ledger Setup** window.
   d. On the **navigation** pane, click **General,** and then select **Journal Template**.
   e. Locate and select the **GENERAL** template.
   f. Add a check mark in the **Allow VAT Difference** check box.
   g. Click **Yes** to update all related general journal batches.
   h. Close the **General Journal Templates** window.

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To enter a line in the general journal and adjust the VAT amount, follow these steps.

a. On the **Navigation Pane**, click **General Ledger** and then select **General Journals**.

b. In the **Batch Name** field, click the drop-down list and select Default.

c. Click **OK**.

d. Delete existing lines, if any exist.

e. Open the **Choose Column** feature and add the **VAT Amount** and **VAT Difference** fields.

f. In the **Posting Date** field, enter 01/25/14.

g. Make sure that the **Account Type** is set to G/L Account.

h. In the **Account No.** field, enter 8120.

i. In the **Amount** field, enter 800.

j. Notice that the **VAT Amount** field contains 160.00 LCY. Change this amount to 163.

k. Press **Tab** or **Enter**. You will receive a message that states that the VAT Difference must not be more than two.

l. In the **VAT Amount** field, enter 162.

m. Press **Tab** or **Enter**.

n. Review the amount in the **VAT Difference** field and close the **General Journal** window.

Lab 8.1: Adjust a VAT Amount in a Sales Document

Scenario

A purchase order is received from customer 20000, Selangorian Ltd., for sales order 101017. The customer has agreed to pay the full amount of the sales order. However, the customer's calculated VAT is slightly larger than the calculation that appears on the sales order. The calculated VAT amount is 277.27 LCY. The customer has calculated the VAT amount as 280.21 LCY.

To increase the sales order process, you set up a maximum VAT correction amount of 3.00 LCY and enable the VAT differences on sales documents. After the setup is complete, you change the VAT amount on the sales order.

Exercise 1: Adjust a VAT Amount in a Sales Document

Task 1: Setup Microsoft Dynamics NAV 2013 to Adjust VAT Amounts for Sales Documents

High Level Steps

1. Open the **General Ledger Setup** window.
2. Set the maximum VAT difference as it is specified in the scenario.
3. Open the **Sales & Receivables Setup** window.
4. Allow the VAT difference for sales documents.

Detailed Steps

1. Open the **General Ledger Setup** window.
   a. On the **Navigation Pane**, click **Departments** > **Administration** > **Application Setup** > **Financial Management** > **Finance** > **General Ledger Setup**.
2. Set the maximum VAT difference as it is specified in the scenario.
   a. In the **Max. VAT Difference Allowed** field, enter 3.
   b. Close the **General Ledger Setup** window.
3. Open the **Sales & Receivables Setup** window.
   a. Click **Sales & Receivables Setup**.
4. Allow the VAT difference for sales documents.
   a. Put a check mark in the **Allow Vat Difference** check box.
   b. Close the **Sales & Receivables Setup** window.

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Task 2: Adjust the VAT Amount on Sales Order 101017

High Level Steps

1. Open the **Sales Order** window and locate order 101017.
2. Open the **Sales Order Statistics** window.
3. Click the **Invoicing** FastTab and enter the adjusted VAT amount as it is specified in the scenario.

Detailed Steps

1. Open the **Sales Order** window and locate order 101017.
   a. On the **Navigation Pane**, click **Sales & Marketing** > **Order Processing** > **Sales Orders**.
2. Open the **Sales Order Statistics** window.
   a. Locate and select order 101017.
   b. Click **Statistics**.
3. Click the **Invoicing** FastTab and enter the adjusted VAT amount as it is specified in the scenario.
   a. Click the **Invoicing** FastTab.
   b. Click the **No. of VAT Lines** 1 field.
   c. In the **VAT Amount** field in the lines, enter 280.21.
   d. Click **OK**.
   e. Close the **Sales Order Statistics** window.

Lab 8.2: Adjust a VAT Amount in a Purchase Journal

Scenario

An expense for vehicle maintenance is received. As the accounts payable coordinator at CRONUS International Ltd., you typically post these expenses by using the Purchase Journal instead of creating an invoice.

In the past, these invoices have contained large differences in VAT calculations. Therefore, before you enter the expense, you set a 10.00 LCY maximum VAT difference allowance and then verify that both the purchase journal and Purchase area are set up to adjust VAT amounts.

The journal line includes the following information:

- Batch: Default
- Posting Date: January 28 2014
- G/L account: 8530
- Amount: 210.17
- Adjusted VAT amount: 51.49

You do not have to enter a balancing account or post the journal.

Exercise 1: Adjust a VAT Amount in a Purchase Journal

Task 1: Setup Microsoft Dynamics NAV 2013 to Adjust VAT Amounts for Purchase Journals

High Level Steps

1. Open the **General Ledger Setup** window.
2. Set the maximum VAT difference as it is specified in the scenario.
3. Open the **Journal Templates** window.
4. Allow VAT differences for the purchases journal template.
5. Open the **Purchases & Payables Setup** window.
6. Allow VAT differences for purchases.

Detailed Steps

1. Open the **General Ledger Setup** window.
    a. On the **Navigation Pane**, click **Departments** > **Administration** > **Application Setup** > **Financial Management** > **Finance** > **General Ledger Setup**.
2. Set the maximum VAT difference as it is specified in the scenario.
    a. In the **Max. VAT Difference Allowed** field, enter 10.
    b. Close the **General Ledger Setup** window.

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3. Open the **Journal Templates** window.

   a. On the **navigation** pane, click **General** and then select **Journal Templates**.

4. Allow VAT differences for the purchases journal template.

   a. Select the Purchases journal template and add a check mark in the **Allow VAT Difference** check box.

   b. Click **Yes** to update all related general journal batches.

   c. Close the **Journal Templates** window.

5. Open the **Purchases & Payables Setup** window.

   a. On the **navigation** pane, click **Finance,** and then select **Purchases & Payables Setup**.

6. Allow VAT differences for purchases.

   a. Add a check mark in the **Allow Vat Difference** check box.

   b. Close the **Purchases & Payables Setup** window.

Task 2: Create the Expense and Adjust the VAT Amount

High Level Steps

1. Open the **Purchase Journal** window.

2. Show the **VAT Amount** and **VAT Difference** fields, if this is necessary.

3. Enter the expense line as it is specified in the scenario.

Detailed Steps

1. Open the **Purchase Journal** window.

   a. On the **Navigation Pane**, click **Purchase** > **Order Processing** > **Purchase Journals**.

   b. Make sure that the Default batch is selected.

2. Show the **VAT Amount** and **VAT Difference** fields, if this is necessary.

   a. Open the **Choose Column** feature and add the **VAT Amount** and **VAT Difference** fields.

3. Enter the expense line as it is specified in the scenario.

   a. In the **Posting Date** field, enter 01/28/14.

   b. Make sure that the **Account Type** is set to G/L Account.

   c. In the **Account No**. field, enter 8530.

   d. In the **Amount** field, enter 210.17.

   e. In the **VAT Amount** field, enter 51.49.

   f. Press **Tab** or **Enter**.

   g. Review the amount in the **VAT Difference** field.

Unrealized VAT

Microsoft Dynamics NAV provides the options to process unrealized VAT.

VAT is typically calculated when the invoice is created but is not due or realized until the invoice is paid.

📋 **Note:** *Using unrealized VAT depends on national VAT legislation, and is therefore not used in all countries.*

Unrealized VAT Setup

To process unrealized VAT, the **Unrealized VAT** check box must be selected in the **General Ledger Setup** page.

You must define how and when VAT is realized in the **Unrealized VAT Type** field in the **VAT Posting Setup** page. If the default value is blank, this indicates that unrealized VAT is not calculated for the combination of the VAT business and the VAT product posting groups.

If you must calculate unrealized VAT, the five options that are available are shown in the following table.

Option	Description
Percentage	Each payment covers both VAT and the invoice amount in proportion to the payment's percentage of the remaining invoice amount. The paid VAT amount is transferred from the unrealized VAT account to the VAT account.
First	Payments cover VAT first and then invoice amounts. The amount transferred from the unrealized VAT account to the VAT account equals the payment amount until the total VAT is paid.
Last	Payments cover the invoice amount first and then the VAT. No amount is transferred from the unrealized VAT account to the VAT account, until the total amount of the invoice, excluding VAT, is paid.
First (Fully Paid)	Payments cover VAT first (as in the First option), but no amount is transferred to the VAT account until the full VAT amount is paid.
Last (Fully Paid)	Payments cover the invoice amount first (as in the Last option), but no amount is transferred to the VAT account until the full VAT amount is paid.

As soon as the Unrealized VAT Type is selected, enter the accounts that unrealized VAT posts to in the following fields:

- Sales VAT Unreal. Account
- Purch. VAT Unreal. Account
- Reverse Chrg. VAT Unreal. Acc.

VAT Statements

Most companies are required to periodically submit a VAT declaration. The VAT statement is used to specify the basis for calculating the VAT that is payable to the tax authorities. The VAT statement is defined based on the following:

- Accounts in the **Chart of Accounts** window.
- Entries in the **VAT Entries** window.

The advantage of using the VAT entries is that you can close these entries by posting the VAT settlement. When you work with VAT entries, you can locate VAT correction entries in previous accounting periods, where the VAT statement is created.

In Microsoft Dynamics NAV 2013, the VAT statement is typically only defined during the initial company setup, and it is set up with the format that is required by the tax authorities. Additionally, it can be previewed and printed after it is defined.

VAT Statement Templates and Names

Before you can create a VAT statement, you must create a VAT statement template.

To create a VAT Statement Template, follow these steps.

1. On the **Navigation Pane**, click **Departments** > **Administration** > **Application Setup** > **Financial Management** > **General > VAT Statement Templates**.
2. Click **New**.
3. In the **Name** field, enter a unique name for the template.
4. In the **Description** field, enter a short description for the template.

To assign statements to a template, follow these steps.

1. On the **VAT Statement Templates** window, select the relevant template.
2. On the **Navigate** tab of the ribbon, click **Statement Names**.
3. In the **Name** field, enter a unique name for the statement.

4. In the **Description** field, enter a short description for the statement.

5. Close the **VAT Statement Names** and **VAT Statement Templates** windows.

The VAT Statement is now defined in the **VAT Statement** window.

Sometimes you could have different VAT reporting requirements, such as when you are reporting to different government authorities or to different governments. When this is required, you must create different VAT statements.

If different VAT Statements are created based on the same template, different names are created in the **VAT Statement Names** window.

VAT Statement

When the VAT business posting group and the VAT product posting group transaction posts, the system processes the VAT amounts on the G/L accounts according to how they are defined in the VAT Posting setup. Then the VAT entries are created.

You can use the **VAT Statement** window to calculate the VAT settlement amount for a specific period. By defining the **VAT Statement** window, you determine how the statement is calculated and how it appears when it is printed.

Each line in the VAT statement represents a filter on the **G/L Entry** table or the **VAT Entry** table.

FIGURE 8.9: VAT STATEMENT WINDOW

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The following list describes the fields that appear on the **VAT Statement**:

- **Name** – Accesses the **VAT Statement Names** window. New statement names can be set up or existing statements can be selected.

- **Description** – Description of the VAT statement line. It is recommended that you use the description from the customs and tax authorities VAT statement form.

- **Type** – Determines what the VAT statement line includes. The following options are available:

  o **Account Totaling**: Used when VAT is totaled by using G/L Account entries. If this is selected, the **Account Totaling** field must be filled in with the G/L account range to total.

  o **VAT Entry Totaling:** Used when VAT is totaled by using VAT entries. If this is selected, you must fill in the following fields:
  - Gen. Posting Type
  - VAT Bus. Posting Group
  - VAT Prod. Posting Group
  - Amount Type

  o **Row Totaling**: Used to define the totaling of other rows in the VAT statement. If this is selected, the **Row Totaling** field must be filled in with the row range to total.

  o **Description**: Used when the row is to contain only text or symbols, for example, a dotted line.

- **Account Totaling** – If Account Totaling is selected in the **Type** field, specify the G/L account interval or a series of G/L account numbers to be included in the row total.

- **General Posting Type**, **VAT Bus. Posting Group**, and **VAT Prod. Posting Group** – If VAT Entry Totaling is selected in the **Type** field, the appropriate value for the row must be specified in each field. These fields determine the VAT entries that are totaled from the **VAT Entry** table.

- **Amount Type** – If VAT Entry Totaling is selected in the **Type** field, specify whether the totaling of VAT entries will consist of VAT amounts or the amounts on which the VAT is based. The options are as follows:

  o **Blank**: No amount is totaled.

  o **Amount**: The **VAT Amount** in the selected VAT entries is totaled in the row.

  o **Base**: The **Base Amount** used to calculate the VAT in the selected VAT entries is totaled in the row.

  o **Unrealized Amount**: The **Unrealized VAT Amount** in the selected VAT entries is totaled in the row.

- o **Unrealized Base**: The **Unrealized Base Amount** used to calculate the Unrealized VAT in the selected VAT entries is totaled in the row.
- **Row Totaling** – If Row Totaling is selected in the **Type** field, the row-number interval or the series of row numbers that should be included in the row total must be specified.
- **Calculate With** – Determines whether Microsoft Dynamics NAV 2013 reverses the sign of VAT entries when it performs calculations. The options are as follows:
  - o **Sign**: Uses the sign of the VAT entry.
  - o **Opposite Sign**: Uses the opposite sign of the VAT entry.
- **Print** – If this is selected, the row is printed on the VAT Statement.
- **Print With** – Determines whether amounts on the VAT statement are printed with their original sign or with the sign reversed. The options are the same as in the **Calculate With** field.
- **New Page** – If this is selected, a new page begins immediately after this row when the VAT statement is printed.

Demonstration: Define, Preview, and Print a VAT Statement

Scenario: Phyllis, the accounting manager at CRONUS International Ltd., has to set up a new VAT statement for European tax authorities. Based on the tax authorities requirement, this statement includes the following:

- One description row heading
- One blank row
- Three statement rows:
  - o Two for calculating VAT entries on 10 percent and 25 percent VAT
  - o One for totaling the VAT entry rows

After Phyllis sets up the VAT statement, she runs a preview to confirm the setup and then prints the statement.

Demonstration Steps

1. Create a VAT statement by using VAT entries.
   a. On the **Navigation Pane**, click **Departments** > **Financial Management** > **Periodic Activities** > **VAT** > **VAT Statements**.
   b. In the **Name** field, click the drop-down list to create a VAT statement.
   c. Click **New**.

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    d.   In the **Name** field, enter VAT Europe.

    e.   In the **Description** field, enter VAT Statement for Europe.

    f.   Click **OK**.

    g.   On the first line, in the **Description** field, enter Monthly VAT statement.

    h.   In the **Type** field, click the drop-down list and then select **Description**.

    i.   Skip the next line to create a blank line.

    j.   In the third line, in the **Row No.** field, enter REV1.

    k.   In the **Description** field, enter VAT Revenue Domestic 25%.

    l.   In the **Type** field, click the drop-down list and then select VAT Entry Totaling.

    m. In the **General Posting Type** field, click the drop-down list and then select Sale.

    n.   In the **VAT Bus. Posting Group** field, click the drop-down list and then select National.

    o.   In the **VAT Prod. Posting Group** field, click the drop-down list and then select VAT25.

    p.   In the **Amount Type** field, click the drop-down list and select Amount.

    q.   Do not change the default settings in the remaining fields.

To enter the fourth and fifth lines, follow these steps.

    a.   Click the next line.

    b.   In the **Row No.** field, enter REV2.

    c.   In the **Description** field, enter VAT Revenue Domestic 10%.

    d.   In the **Type** field, click the drop-down list and then select **VAT Entry Totaling**.

    e.   In the **General Posting Type** field, click the drop-down list and then select Sale.

    f.   In the **VAT Bus. Posting Group** field, click the drop-down list and then select National.

    g.   In the **VAT Prod. Posting Group** field, click the drop-down list and then select VAT10.

    h.   In the **Amount Type** field, click the drop-down list and then select Amount.

    i.   Do not change the default settings in the remaining fields.

    j.   Click the next line.

    k.   In the **Row No.** field, enter REV3.

    l.   In the **Description** field, enter VAT Revenue Domestic.

m. In the **Type** field, click the drop-down list and then select *Row Totaling*.

n. In the **Row Totaling** field, enter REV1..REV2.

o. Do not change the default settings in the remaining fields.

Reporting and Printing a VAT Statement

To view a calculated VAT Statement before you print it, in the **VAT Statement** window, click **Preview** in the ribbon.
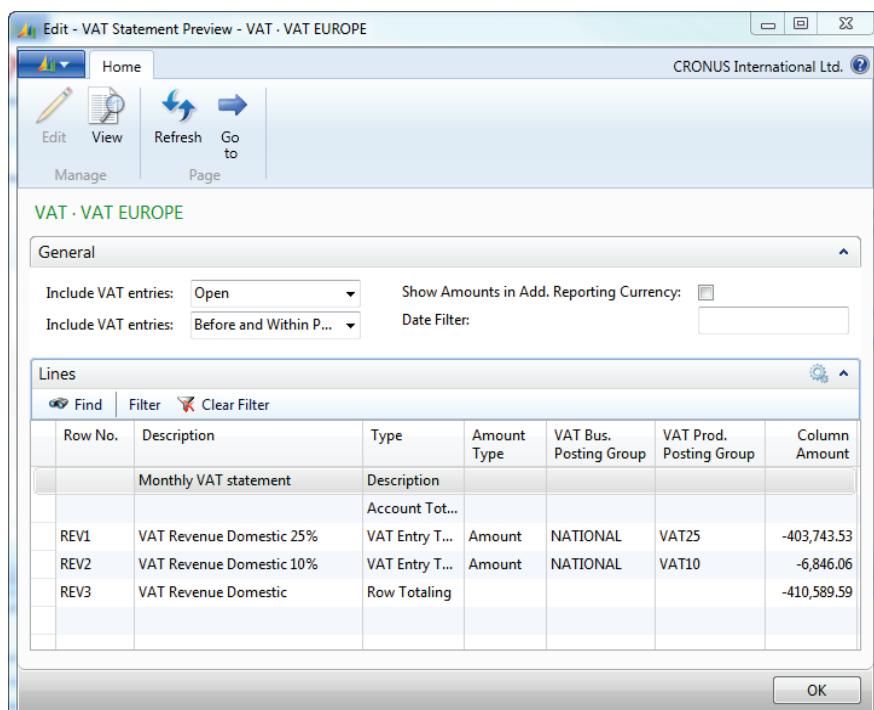
FIGURE 8.10: VAT STATEMENT PREVIEW WINDOW

On the **General** FastTab of the **VAT Statement Preview** window, specify the following:

- The date filter

- The VAT statement that you must preview

- The VAT entries that you must include in the calculations

These selections determine the lines that are contained in the actual statement and the lines that appear in the preview.

On lines where the **Type** field contains VAT Entry Totaling, you can access the individual entries that make up the sum in the **Column Amount** field by clicking the drop-down list.

Periodically, a printed statement detailing the VAT transactions must be provided to the tax authorities. To print the VAT Statement, follow these steps.

1. In the **VAT Statement** window, with the relevant batch to print selected, in the ribbon, click **Print**.
2. Click the **Options** FastTab:
   o Specify the statement period in the **Starting Date** and **Ending Date** fields.
   o Filter by VAT Entry type to print the following:
      ▪ Totals based on any combination of Open and, or Closed VAT Entries.
      ▪ Entries inside or outside the period.
   o Round the report to whole numbers.
   o Print in additional currency.
3. Click the **VAT Statement Line** FastTab.
4. Filter the printed row numbers as is needed.
5. Click **Preview** to review the statement, or **Print** to print the statement.
6. Close the open windows.

📋 *Note: In addition to the **VAT Statement** report, most country specific versions of Microsoft Dynamics NAV contain additional VAT reports, based on local VAT legislation.*

VAT Settlement

Periodically, the net VAT must be remitted to the tax authorities. To calculate this amount, run the Calc. and Post VAT Settlement batch job. The following list describes some specifics that are related to this batch job:

- Calculates VAT settlement of open VAT entries in previous accounting periods.
- Finds all the VAT entries in the **VAT Entry** window—for every VAT Posting Group combination that is included in the filters in the batch job.
- Use it to start the posting process or to print a test report.
- Run it as frequently as it is needed.

Running the Calc. and Post VAT Settlement Batch Job

To run the Calc. and Post VAT Settlement batch job, follow these steps.

1. On the **Navigation Pane**, click **Departments** > **Financial Management** > **Periodic Activities** > **VAT** > **Calc. and Post VAT Settlement**.
2. In the **Starting Date** and **Ending Date** fields, define the date range for the VAT entries to be settled.
3. In the **Posting Date** field, define the posting date for the settlement.
4. In the **Document No.** field, enter a unique number. This field is required to run the batch job.
5. In the **Settlement Account** field, click the drop-down list and then select the G/L account that the net of the Purchase and Sales VAT entries are transferred to.
6. In the **Show VAT Entries** check box:
   o Click to insert a check mark to display all VAT entries that are used to calculate each VAT Posting Group settlement amount.
   o Leave it unchecked to display only the total settlement for each VAT Posting Group.
7. In the **Post** check box, when you print or preview the batch job, do the following:
   o Click to insert a check mark to post the transfer to the VAT settlement account automatically.
   o Leave it unchecked to print a test report.
8. Click to insert a check mark in the **Show Amounts in Add. Reporting Currency** check box for report amounts to be shown in the additional reporting currency.
9. On the **VAT Posting Setup** FastTab, filter on the VAT business or product posting groups to be included in the batch job, when it is needed.

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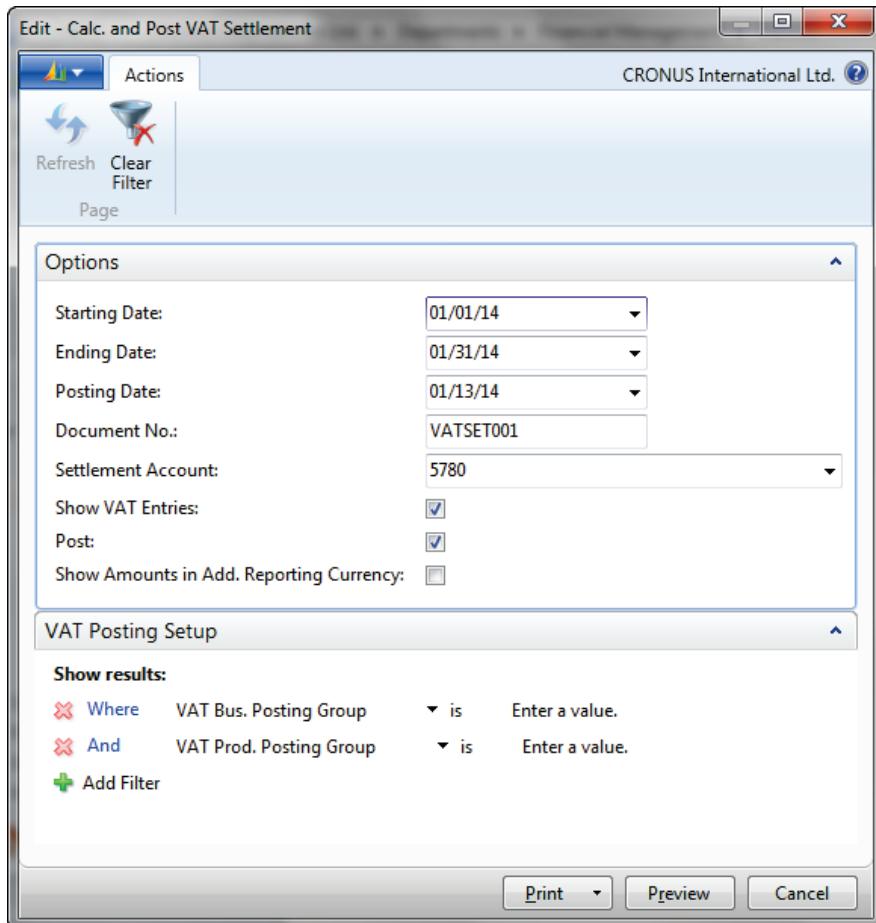
FIGURE 8.11: CALC. AND POST VAT SETTLEMENT WINDOW

To preview or print the report, follow these steps.

1. Click **Preview** to review the report, or click **Print** to print the VAT Settlement.

2. If the **Post** check box is checked, you will receive a message that asks whether the VAT Settlement has to be calculated and posted.

   o Click **Yes** to continue posting.

   o Click **No** to prevent posting.

3. Close the **Print Preview** window.

VAT Settlement Posting Results

When you post the Calc. and Post VAT Settlement batch job, it closes open VAT entries and transfers purchase and sales VAT amounts to the VAT settlement account.

When VAT entries are closed, the **Closed** field on the VAT Entry is selected. The entry number of the settlement entry that closed the VAT entry is automatically

inserted in the **Closed by Entry No.** field. This occurs only when the amount must be transferred between G/L accounts.

When a VAT amount is transferred to a VAT settlement account, the account for purchase VAT is credited and the account for sales VAT is debited with the amount from the VAT statement period. The account for VAT settlement is credited with the net amount (or, if the purchase VAT amount is larger, it is debited).

 Note: *After VAT entries are posted and their status is closed, they cannot be reopened. However, VAT reports can be created from these closed entries.*

Module Review

Module Review and Takeaways

When doing business with EU countries, VAT must be reported. The system can automatically calculate VAT amounts for sales, purchases and import.

Microsoft Dynamics NAV 2013 can run all the necessary reports related to VAT. To accurately report VAT to the appropriate authorities, you must understand the reporting capabilities that are available in Microsoft Dynamics NAV 2013.

Test Your Knowledge

Test your knowledge with the following questions.

1. Where can you not set up prices including VAT?

   ( ) G/L accounts

   ( ) Customer and vendor cards

   ( ) Sales and purchase documents

   ( ) Item cards

2. What happens when the **Calc. and Post VAT Settlement** batch job is posted?

   ( ) VAT entries are closed and removed.

   ( ) Purchase VAT entries are applied with sales VAT entries.

   ( ) Purchase and Sales VAT amounts are transferred to the VAT settlement account.

   ( ) A payment line is suggested in the payment journal.

3. Which of the following is not an option in the **VAT Calculation Type** field of the VAT posting setup?

   ( ) Normal VAT

   ( ) Full VAT

   ( ) Sales Tax

   ( ) EU VAT

4. What is true about the VAT calculation type **Full VAT**?

( ) Using Full VAT, the amount is posted as a VAT base.

( ) Using Full VAT, the amount is posted as a VAT amount.

( ) Full VAT can only be used in purchase and sales documents.

( ) Full VAT cannot be used in purchase and sales documents.

5. Which of the following is not required to adjust VAT amounts in sales and purchase documents?

( ) The VAT difference must be allowed for sales and purchases.

( ) A maximum VAT correction amount allowed must be specified.

( ) The Invoicing FastTab must be selected on the Sales Order Statistics or Purchase Order Statistics window.

( ) A minimum VAT correction amount allowed must be specified.

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Test Your Knowledge Solutions

Module Review and Takeaways

1. Where can you not set up prices including VAT?

    (√) G/L accounts

    ( ) Customer and vendor cards

    ( ) Sales and purchase documents

    ( ) Item cards

2. What happens when the **Calc. and Post VAT Settlement** batch job is posted?

    ( ) VAT entries are closed and removed.

    ( ) Purchase VAT entries are applied with sales VAT entries.

    (√) Purchase and Sales VAT amounts are transferred to the VAT settlement account.

    ( ) A payment line is suggested in the payment journal.

3. Which of the following is not an option in the **VAT Calculation Type** field of the VAT posting setup?

    ( ) Normal VAT

    ( ) Full VAT

    ( ) Sales Tax

    (√) EU VAT

4. What is true about the VAT calculation type **Full VAT**?

    ( ) Using Full VAT, the amount is posted as a VAT base.

    (√) Using Full VAT, the amount is posted as a VAT amount.

    ( ) Full VAT can only be used in purchase and sales documents.

    ( ) Full VAT cannot be used in purchase and sales documents.

5. Which of the following is not required to adjust VAT amounts in sales and purchase documents?

( ) The VAT difference must be allowed for sales and purchases.

( ) A maximum VAT correction amount allowed must be specified.

( ) The Invoicing FastTab must be selected on the Sales Order Statistics or Purchase Order Statistics window.

(√) A minimum VAT correction amount allowed must be specified.

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