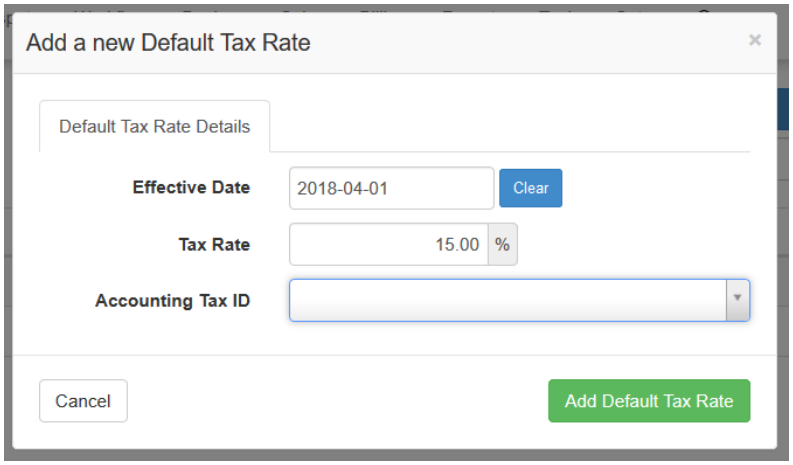
From 1 April 2018, **South Africa's** VAT should be increased from 14% to 15%.

> According to the 'Time of Supply' rules stipulated in Section 9 of the VAT Act, transactions that occur on or after 1 April will be subject to the new 15% rate. Any purchases that are completed before 1 April but refunded after 1 April, should be refunded at the 14% rate, which should be reflected in the credit note. For contracts that came into effect before 1 April but will continue after 1 April, an apportionment must be applied.
>
> The correct VAT to apply will be the one that's in place on the date the invoice was issued or when payment is received – whichever happens first. For example, if you invoice for a sale on 31 March but are only paid on 2 April, the VAT rate of 14% will apply. If you receive payment on 1 April but have not yet invoiced, then VAT should be charged at 15%.
>
> Source:
> http://www.sage.com/za/newsroom/sage-south-africa/2018/03/sage-streamlines-compliance-with-new-vat-rate

What do you need to change as a business:

If you have the "VAT enabled" flag set in your billing settings, you will need to make VAT changes.

Even if you do not use billing or Sage One, HeroTill will display pricing and VAT. At a minimum you will need to change the current 14% to 15% in the VAT rate field in default tax rate screen. If you do not have a Sage One integration, you can leave the "Accounting Tax ID" blank when adding a default tax rate. (In HeroTill, Go to Billing, Billing Setup, Default Tax Rates.)



As a business, you need to choose if you want to increase all your pricing (VAT including price will be more), or keep all VAT including prices the same as before. (In this case, VAT excluding prices will be lower.) Both of these is possible to do in HeroTill.

Keeping all VAT including prices the same as before:

If you do not change your VAT including prices, your profit margin will decrease.

1. No need to change anything in your pricing on HeroTill. All product prices to absorb the 1% change in VAT, as you do not want to change all advertising prices.
2. Create two new “Standard Rate” VAT rates in Sage One. (One as 14% and the other as 15%.) Then you have to sync the new VAT rates to HeroTill. Then also make sure all changes on HeroTill regarding VAT has been done. (Go to Billing, Billing Setup, Default Tax Rates. See what to do in billing settings in the section at the bottom: “What to change on HeroTill”.)

OR Increasing VAT including pricing because of the VAT increase:

1. You will need to recalculate and increase all products’ VAT inclusive prices in HeroTill. Advertising prices increases. If you invoice with an April date on your invoices, then you will need to update pricing and VAT settings **BEFORE** you do your billing run. If you have a March invoice date then you will need to update pricing **AFTER** your billing run.
2. Create two new “Standard Rate” VAT rates in Sage One. (One as 14% and the other as

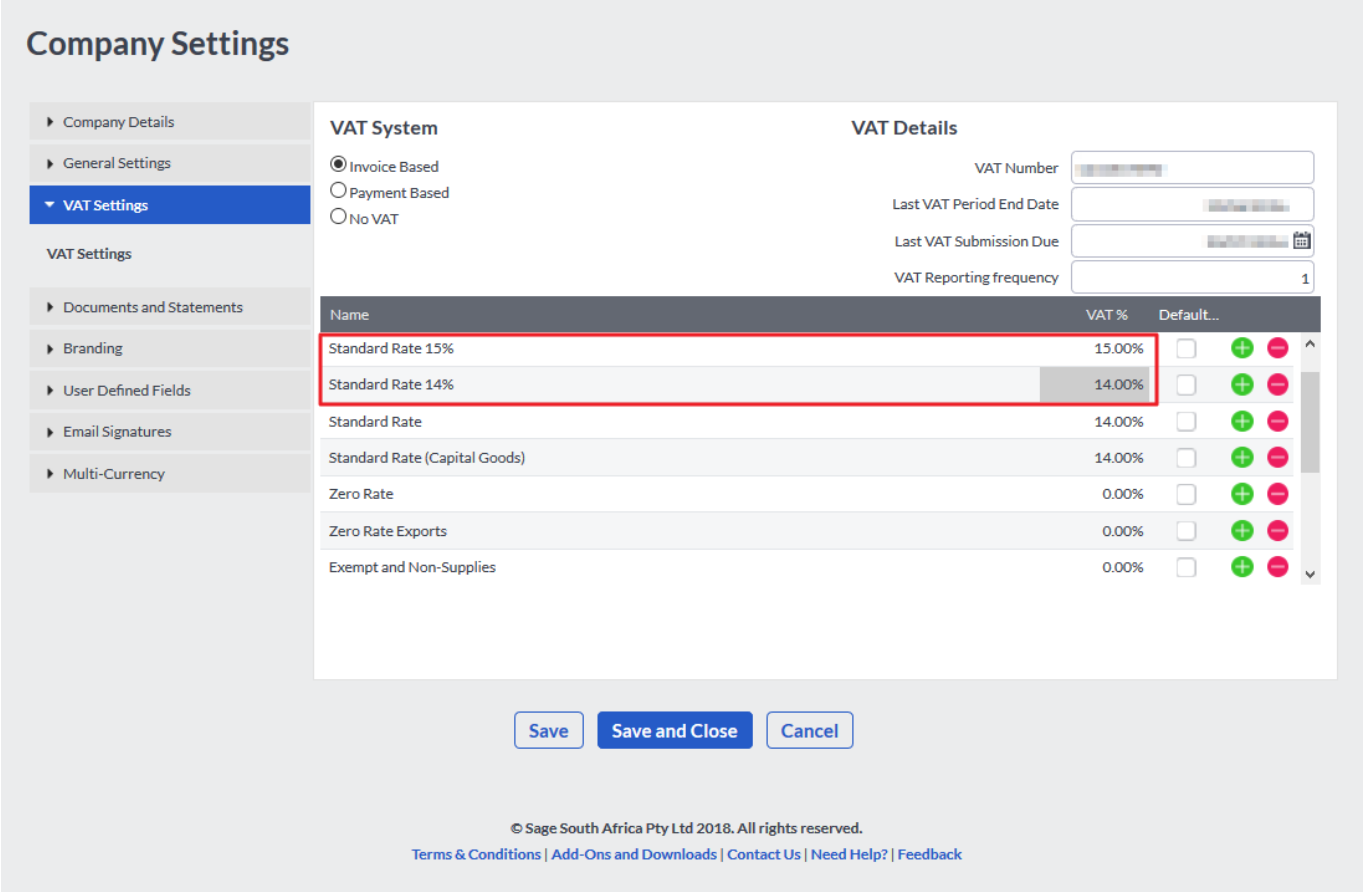
15%.) Then you have to sync the new VAT rates to HeroTill. Then also make sure all changes on HeroTill regarding VAT has been done. (Go to Billing, Billing Setup, Default Tax Rates. See what to do in billing settings in the section at the bottom: “What to change on HeroTill”.)

What to do in Sage One:

Add two new “Standard Rate ” VAT rates on Sage One:

Go to Company, Change Company Settings, VAT Settings

Add “14% Standard Rate” and “15% Standard Rate”:



These new tax rates needs to be synced to HeroTill as well and set as default on HeroTill in billing settings. (See below on how to do this in “What to change on HeroTill”.)

“Standard Rate” on Sage One:

Sage One will automatically add the “Standard Rate” VAT rate to 15% on 28 March 2018. This rate is not editable.

They are not going to override the default ID, they are going to create a new standard rate VAT ID.

Sage One’s VAT change on the 28th of March does not cater for invoices dated ahead before the 28th of March. (This means, if you bill ahead in HeroTill, for example if you date the invoices for April 2018 before 28th of March, the Standard Rate from Sage One will still be 14%.)

If you do not bill ahead on HeroTill, you may wait for Sage One to change the Standard

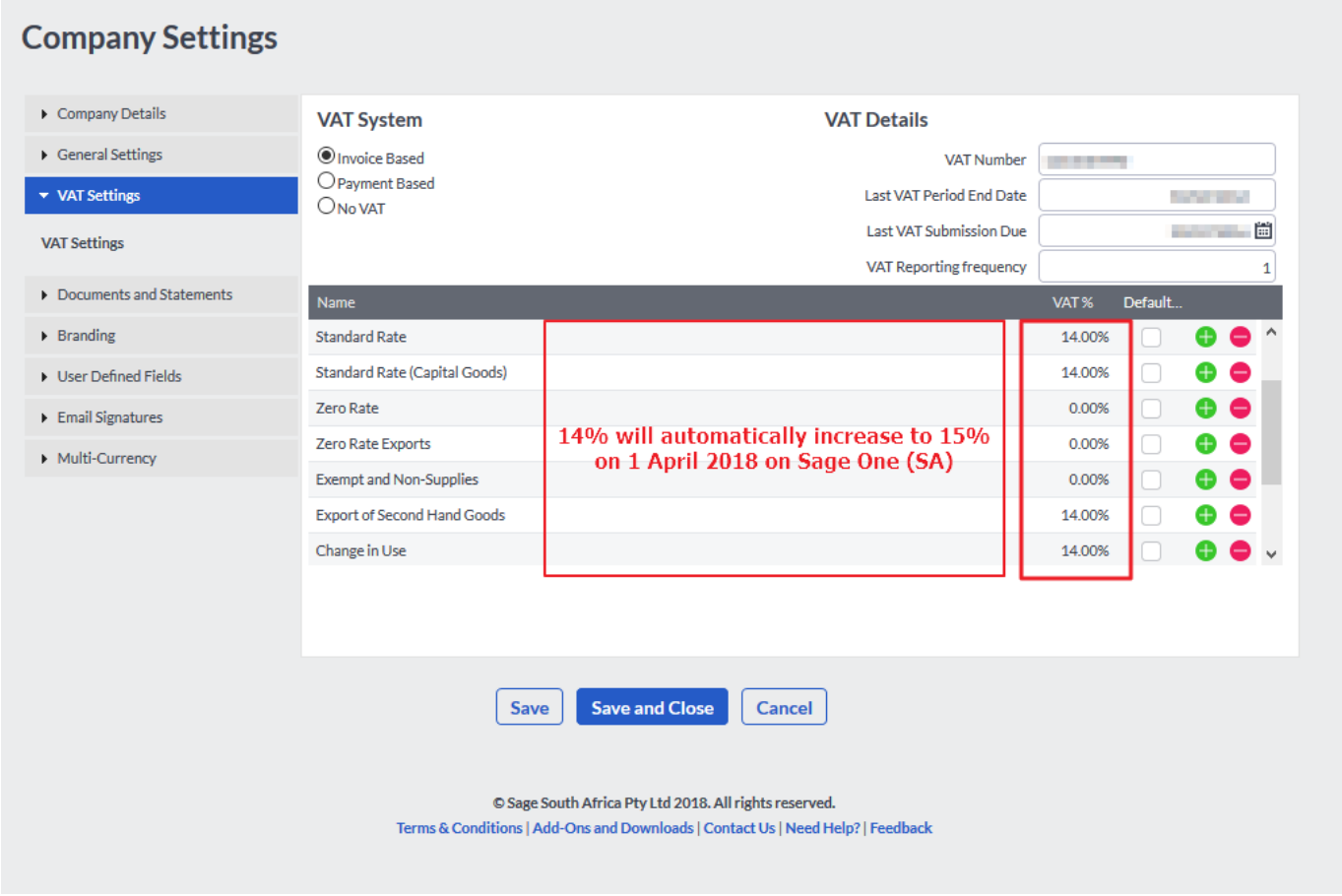
Rate. Just remember to sync the tax rates in your default tax rates screen in HeroTill on 28 March.

You will still be able to choose a VAT type (14%/15%) per transaction.

No history will be affected by the new update at all.

Message on Sage One when you log in:

Important Message regarding VAT Compliance (South Africa Only):
We're aware of the VAT increase to 15% as announced during the Budget Speech on 21 February 2018. We're currently working on a release to ensure you're compliant before the effective date of 1 April 2018. We'll keep you updated here and via email. You are not required to make any changes to your VAT settings in Sage One. We've got you covered.

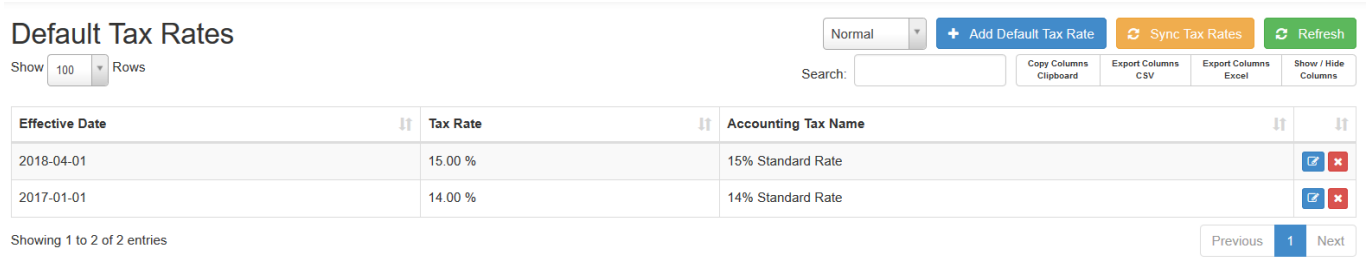


What to change on HeroTill:

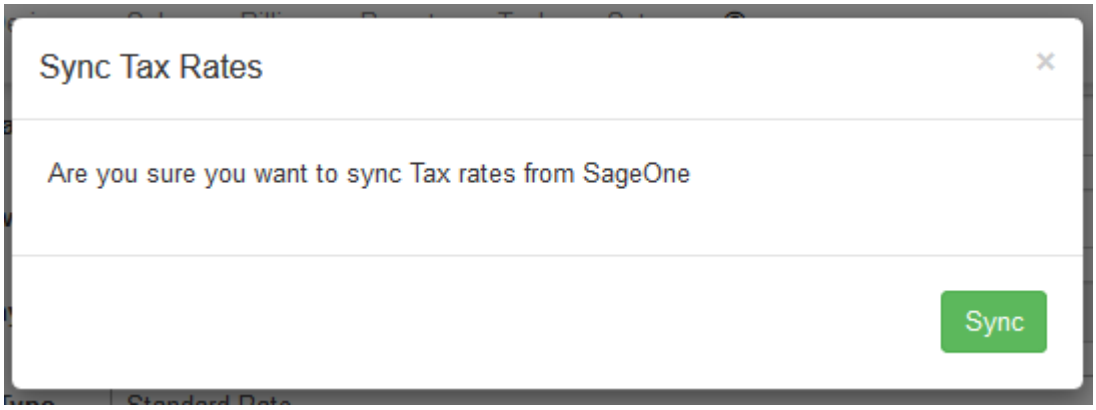
Sync tax rates:

After adding the two new Standard Rate VAT rates in Sage One, sync them in HeroTill.

Go to Billing, Billing Setup, Default Tax Rates and sync tax rates:



Click on “Sync Tax Rates” and click on “Sync”:

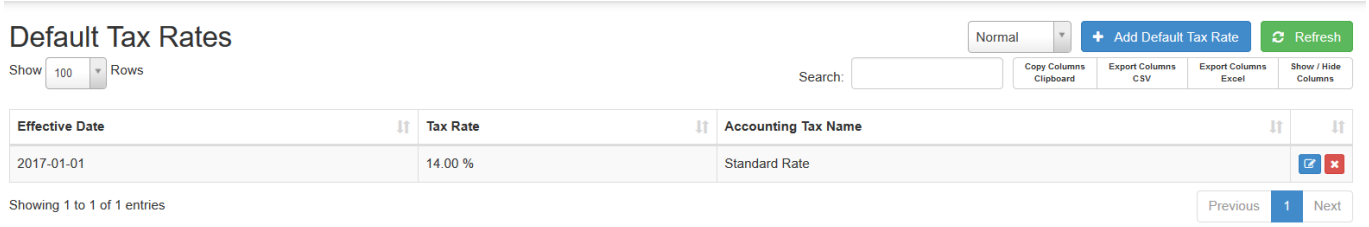


Update the default tax rates:

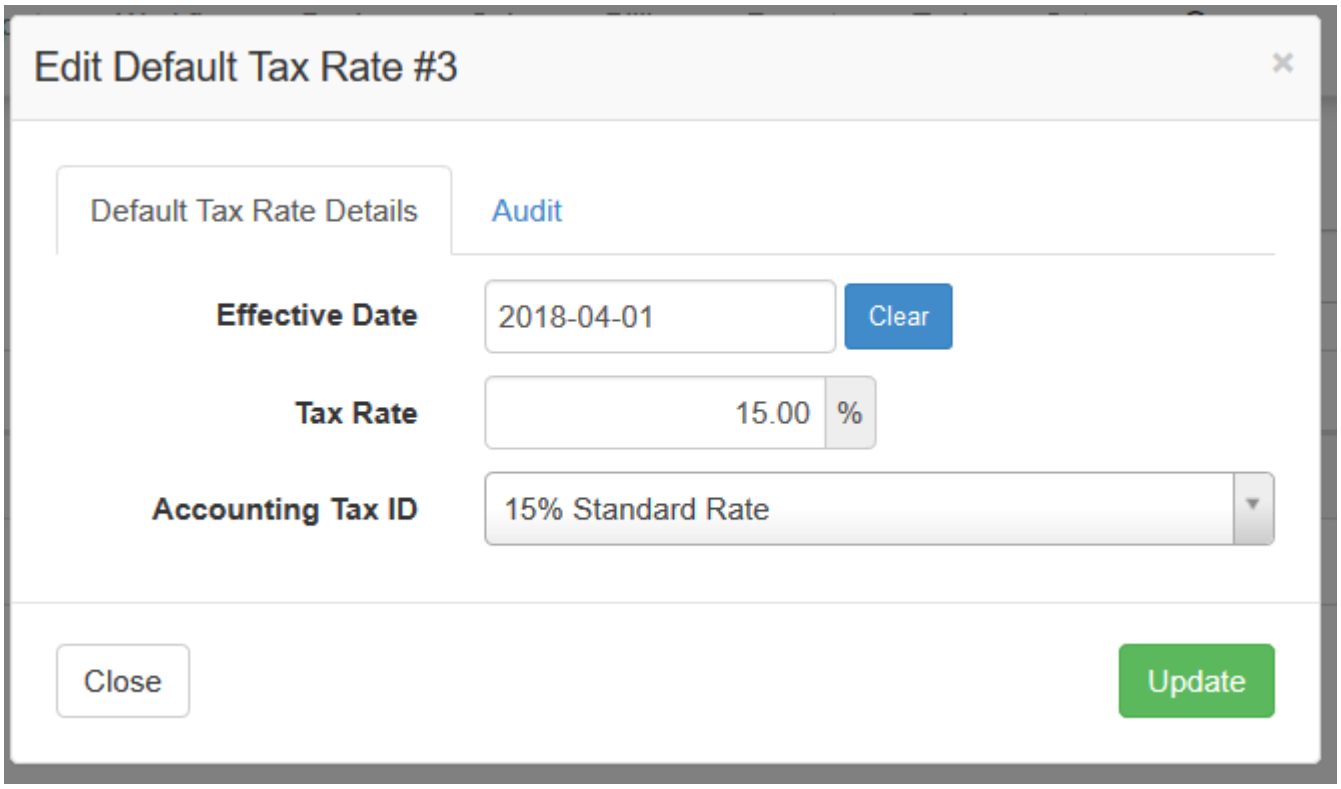
Go to Billing, Billing Setup, Default Tax Rates:

(Updated in latest version 1.21.16)

You will see the current default tax rate as the default tax rate pre-populated:

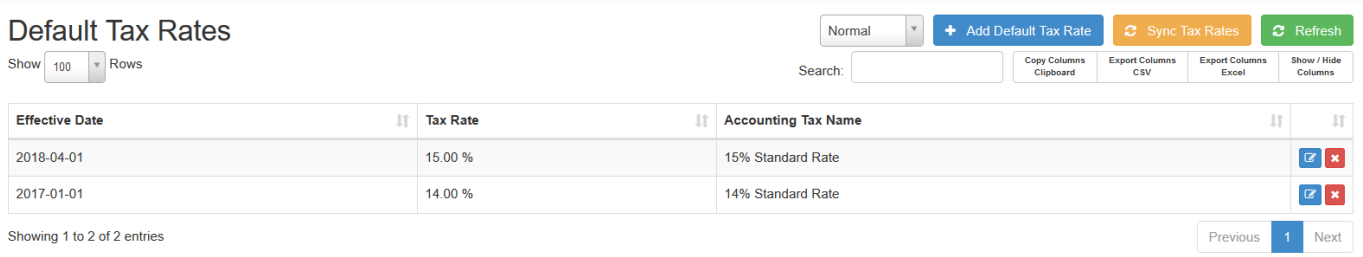


On adding/editing the default tax rates, you need to choose an effective date. (This will apply to invoice dates, even on future dated invoices.)



Change the default tax rates to something similar than this:

(14% Standard Rate and 15% Standard Rate)

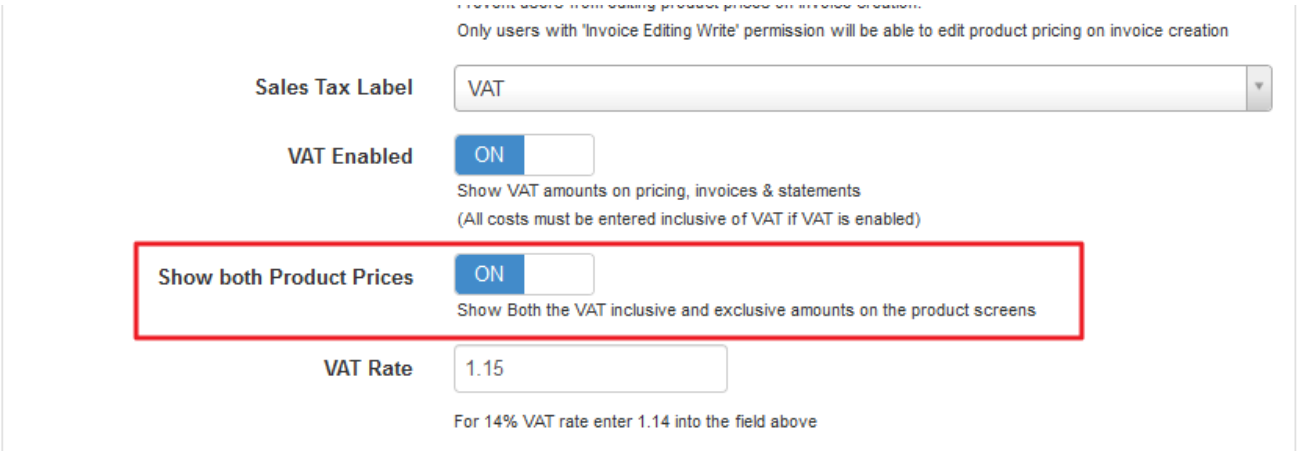


Note: Only invoices dated from and after 1 April needs to be 15% VAT.

Switch on dual pricing so you can see VAT inc & Excl pricing:

Go to Billing, Billing Setup and switch on “Show both Product Prices”.

This will be especially helpful if you want to choose the option to *Increasing VAT including pricing because of the VAT increase.* (If you want to increase VAT including prices after 1 April 2018, you will need to recalculate and increase all products’ VAT inclusive prices in HeroTill.)



Now you will be able to edit VAT inclusive prices and view VAT exclusive prices on your products.

Change inclusive prices on products:

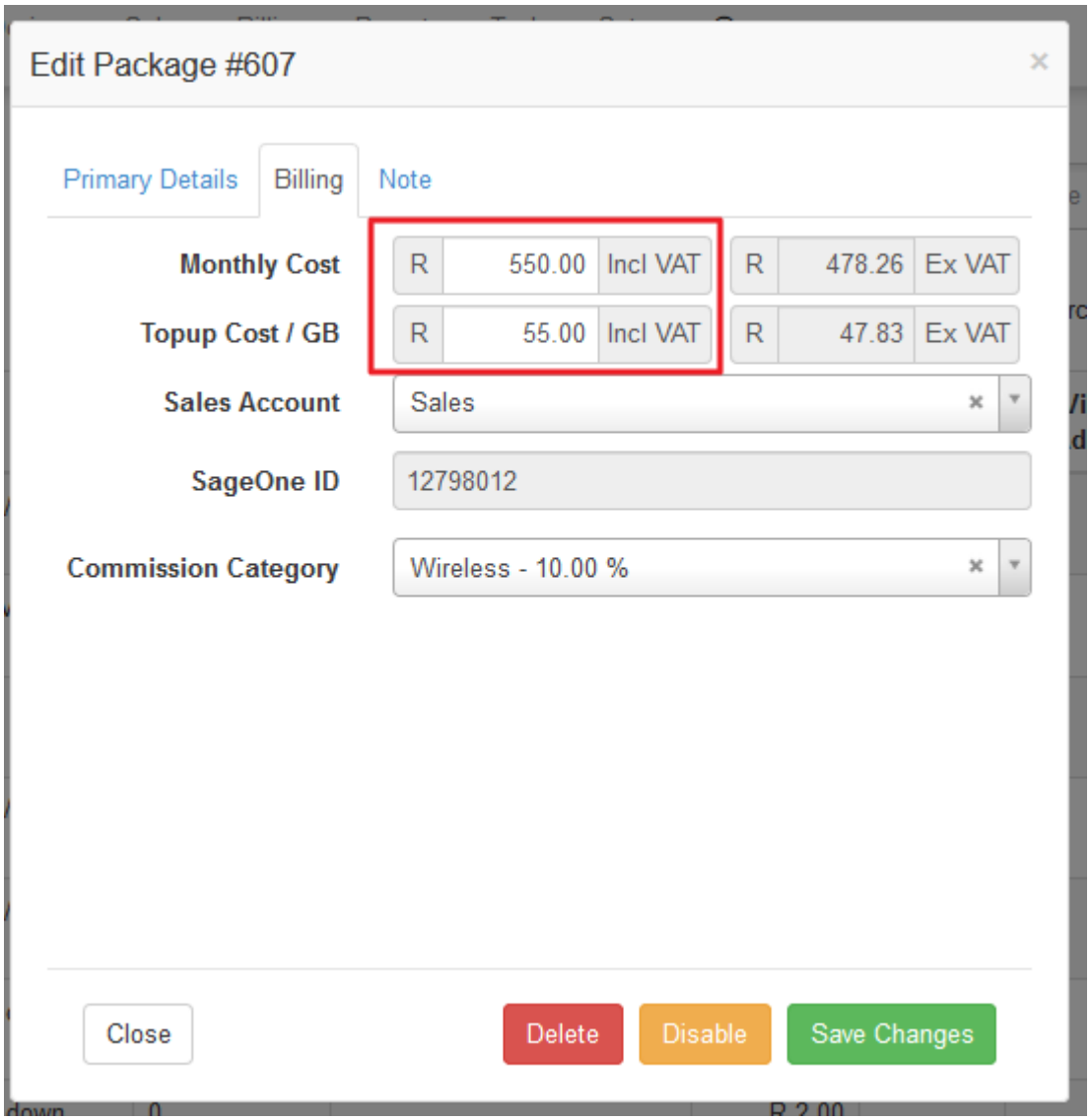
This step is only needed if you want to choose the option to *Increasing VAT including pricing because of the VAT increase.* (If you want to increase VAT including prices after 1 April 2018, you will need to recalculate and increase all products’ VAT inclusive prices in

HeroTill.)

If you invoice with an April date on your invoices, then you will need to update pricing and VAT settings **BEFORE** you do your billing run. If you have a March invoice date then you will need to update pricing **AFTER** your billing run.

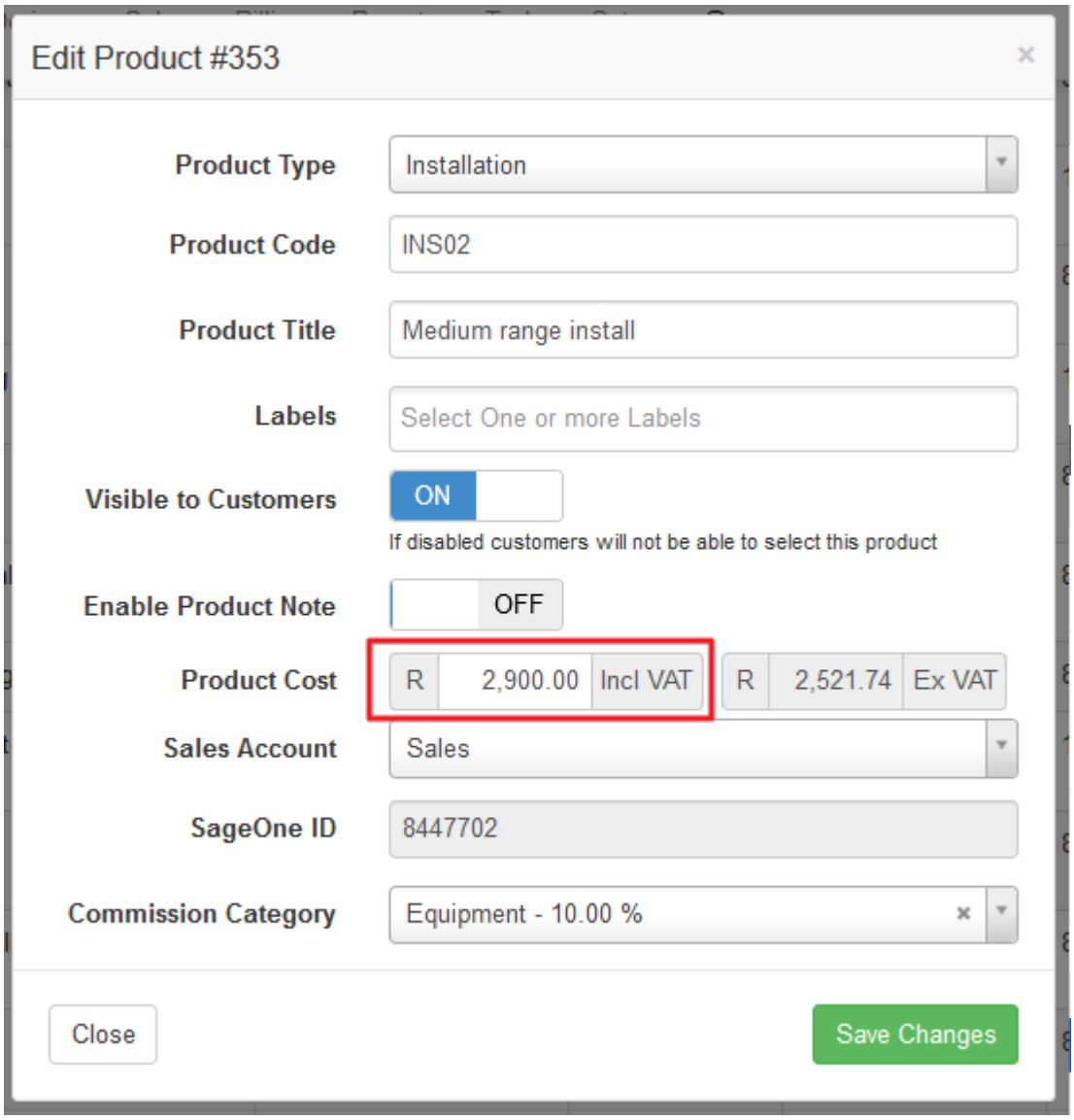
Go to Billing, Products, Data Products and edit a data product.

Only VAT inclusive prices can be edited.



Go to Billing, Products, Non Data Products and edit a product.

Only VAT inclusive prices can be edited.



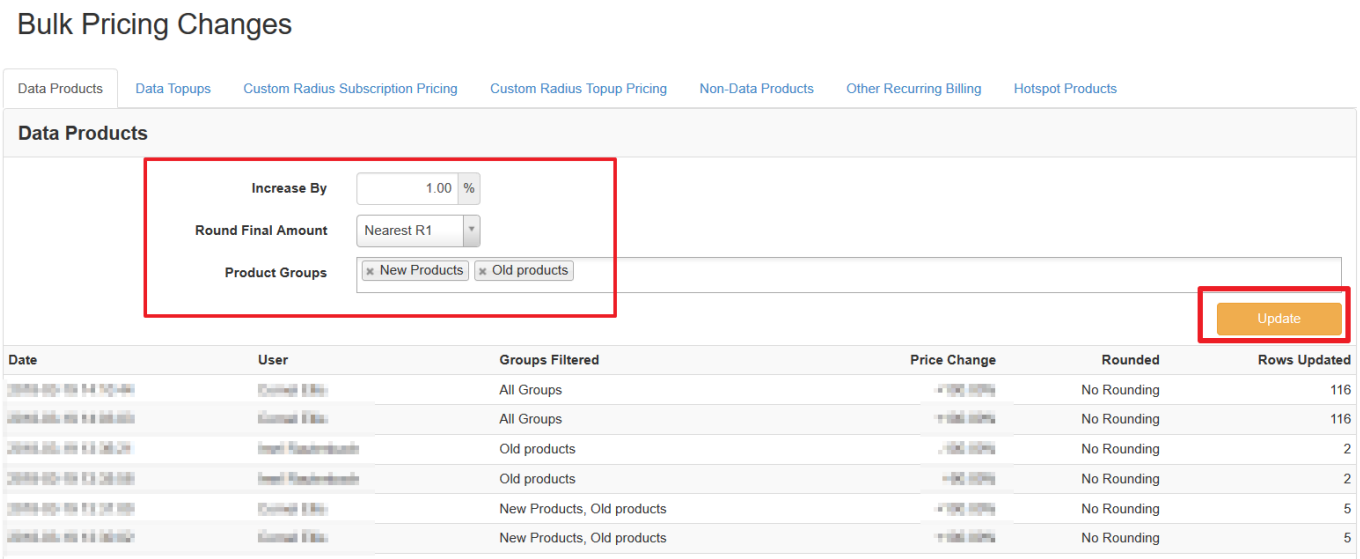
Change inclusive prices with bulk price adjustment feature:

This step is only needed if you want to choose the option to *Increasing VAT including pricing because of the VAT increase.* (If you want to increase VAT including prices after 1 April 2018, You can bulk update product's prices.)

If you invoice with an April date on your invoices, then you will need to update pricing and

VAT settings **BEFORE** you do your billing run. If you have a March invoice date then you will need to update pricing **AFTER** your billing run.

Go to Billing, Billing Setup, Bulk Price Adjustments



Increase by **0.877192982456143 %** if you want to increase the VAT including amount with 1%. Select no rounding option in the “Round Final Amount” field if you want an exact 1% increase.

Any other amounts and rounding can be selected.

Round Final Amount: No Rounding, Nearest R1, Nearest R10, Nearest R10, Nearest R100, Nearest R1000

Product Groups can be chosen to limit the products being updated. When no groups are chosen, all products will get updated according to the product tab you are on. (For example: clicking update on the Data Products tab, will only update data products in the system.)

Blog with more information on bulk pricing changes: How To Do Bulk Pricing Changes

You may view the latest VAT blog by clicking on the link here.