

How to account for the decrease in the standard rate of VAT - Standard VAT

On 1 January 2010, the standard rate of VAT decreases from 21.5% to 21%. This article explains how to change the standard VAT rate in Sage Accounts.

This article only applies to the Standard VAT scheme. If you are using the VAT Cash Accounting scheme, please refer to the [VAT Cash Accounting article](#).

Note: We are unable to advise which VAT rate you should apply in specific circumstances. If you are unsure, please confirm the correct VAT rate with Revenue either by phone or by consulting the relevant guidance on the Revenue website, www.revenue.ie

The following are not affected by the change in VAT rate:

- Zero rated goods, for example, basic foodstuffs, children's clothing and children's footwear.
- Goods and services subject to VAT at the reduced rate of 13.5%.

To change the VAT rate in Sage Accounts

To change the standard rate of VAT in Sage Accounts, you should edit the standard rate tax code, T1 by default.

Note: You should make this change on 1 January 2010.

1. Open the Settings menu, choose Configuration then click the Tax Codes tab.

The tax code information appears.

2. Select T1 then click Edit.

Note: If you use a different tax code for your standard rate of VAT, select the relevant tax code then click Edit.

The Edit Tax Code window appears.

3. In the Rate box, enter **21.00** then click OK.

The Edit Tax Codes window closes.

4. To apply the change and return to the Sage Accounts desktop, click Apply then click Close.

Tip: If you are prompted to save your changes, click No.

You have successfully changed the standard rate of VAT.

Sage Accounts applies the new rate of VAT to any new transactions that use this tax code. All existing transactions remain unchanged at the old rate of VAT. If you have any memorised or recurring entries, you must update the VAT rate before posting.