

Sample Upgrade – Joan’s Grangeworth Kitchens Basic Company (Accrual Basis)

14 March, 2008

Table of Contents

Company Background	2
Before Upgrading	2
During Upgrade.....	3
After Upgrading.....	4
Create Trial Balance Report	4
VAT Codes and Items	4
Create VAT Reports and Classify Uncategorized Amounts	5
Down to Business – using your upgraded file.....	7

Company Background

Joan runs a kitchen business in London. She used QuickBooks 2006 (Pro version) and is upgrading to QuickBooks 2008.

She files VAT quarterly. In 8 March, 2008, she used the File VAT feature to file her VAT return for the period ending 29 February, 2008. She continued to use QuickBooks 2006 until she upgraded on 14 March, 2008.

Before Upgrading

Create Trial Balance report

Joan creates an accrual-based Trial Balance report for 14 March, 2008 (the date of her upgrade).

Grangeworth Kitchens Basic		
Trial Balance		
Accrual Basis	As of March 14, 2008	Before Upgrade
Mar 14, 2008		
	◊ Debit ◊	◊ Credit ◊
Bank	▶ 1,912.43 ◀	
Accounts Receivable	1,882.50	
Stock Asset	3,300.00	
Undeposited Funds	2,966.88	
Accounts Payable		4,838.75
VAT Control		175.00
Opening Bal Equity		705.00
Retained Earnings		3,965.00
Income		378.06
TOTAL	<u>10,061.81</u>	<u>10,061.81</u>

She also creates a VAT 100 report and verifies that the balance on the VAT Control account agrees with the balance in Box 5 of the VAT 100 report.

Check the VAT Control register

Also, Joan scans through the VAT Control register to make sure that all transactions on or before her last filed date have an "F" (meaning the transaction was filed).

Note: If there are transactions on or before the last filed date without an "F", the transaction may have been modified or added after that period was filed.

Find the Date of the last VAT return sent to HM Revenue & Customs

Joan will need to enter the date of the last VAT return sent to HM Revenue & Customs when she upgrades to QuickBooks 2008.

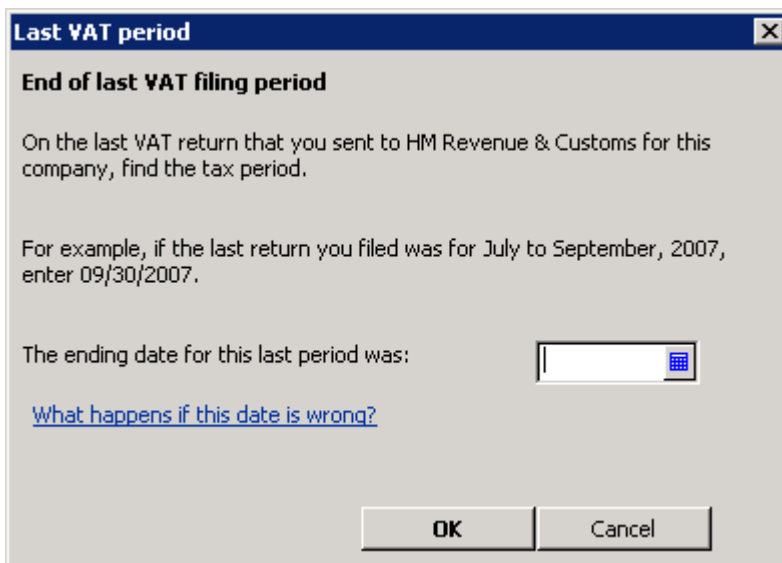
To find this date, Joan opens her QuickBooks 2006 company file. From the Suppliers menu, she selects VAT, and then Prior VAT Returns. In QuickBooks 2008, she will enter the date of her last filed VAT return during the upgrade.

During Upgrade

Joan installs QuickBooks 2008 and checks for available updates.

When upgrading to QuickBooks 2008

When upgrading her QuickBooks 2006 company file to the latest QuickBooks 2008 product update, a window titled "Last VAT period" is displayed. Joan enters the date of the last VAT return that she sent to HM Revenue & Customs.



After Upgrading

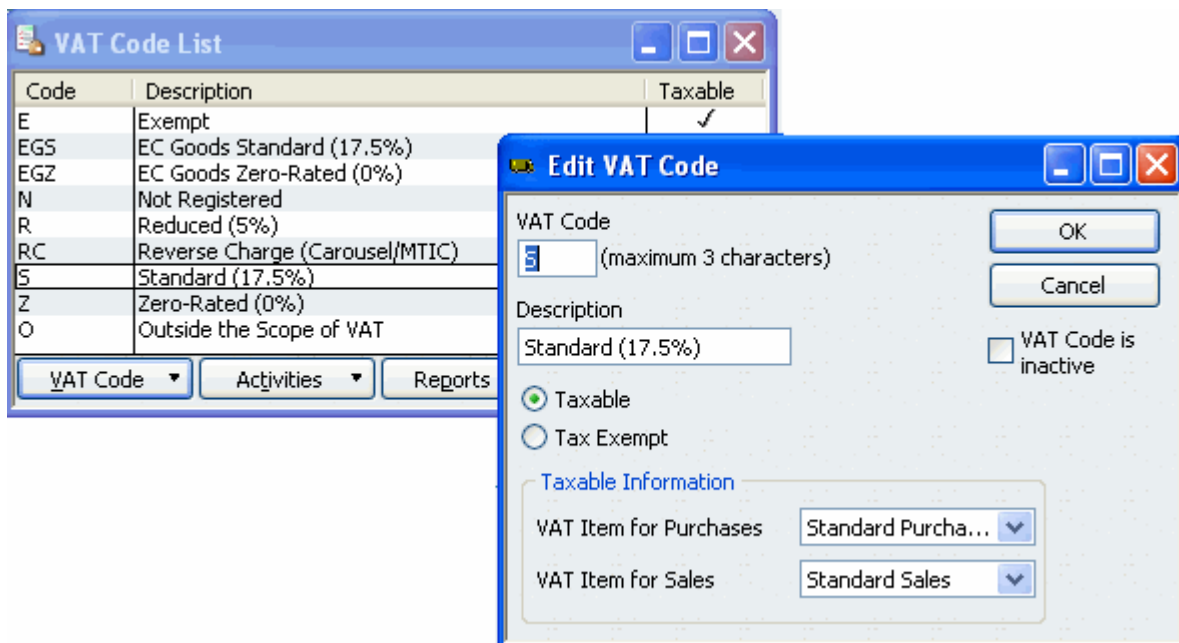
Create Trial Balance Report

Joan creates an accrual-based Trial Balance report in QuickBooks 2008 for 14 March, 2008 (the date of her upgrade). She confirms that the balance in her VAT account is the same as before the upgrade. (If Joan's balance was not the same after upgrading, she would have called **0845 606 2161** for QuickBooks Support).

Next, she checks her VAT codes and VAT items.

VAT Codes and Items

Joan reviews her VAT codes. She finds that each code now links to VAT items. These items calculate the amount of VAT and report it on a specific line of a VAT return.



Because each VAT item represents a single line of the VAT return, there are a lot of VAT items in the Item List. This also means that there are separate VAT items for sales and for purchases. VAT collected on sales is always reported on its own line. VAT on purchases has a separate line on the VAT return.

EC VAT

Joan reviews her EC VAT codes. She finds that VAT items can be combined to create a VAT group item, which can then be represented by a single VAT code. The EC VAT codes actually represent VAT Group items.

Joan examines the VAT code called "EGS" in the VAT Code List. She can see by the description that the "EGS" VAT code is an EC VAT code that can be used on sales and purchases of goods. When she opens the VAT code (by double-clicking on it in the VAT Code List) she sees that the VAT items for sales and purchases are VAT Group items.

Create VAT Reports and Classify Uncategorized Amounts

Joan begins by checking the VAT information for the VAT Agency (HMRC VAT).

VAT 100 report

Just after upgrading, Joan creates a VAT 100 report from the end of her last filed VAT period to the present day.



She checks the report for uncategorised VAT amounts and finds an uncategorised amount of -178.06



Uncategorised Tax Amounts

Uncategorised amounts are not included on any return line as QuickBooks doesn't know which lines they belong to.

In the File VAT window, the total owing or refundable is correct and takes the uncategorised amount into account.

However, to ensure you are reporting the correct amounts in the VAT Return boxes, you should [categorise any uncategorised tax amounts](#) using VAT Adjustments.

VAT Line	Amount
Box 1 VAT due on sales and other outputs	0.00
Box 2 VAT due on acquisitions from other EC Member States	0.00
Box 3 Total output tax due	0.00
Box 4 VAT reclaimed on purchases	0.00
Box 5 Net VAT to pay (or reclaim)	0.00
Box 6 Total net value of sales	0.00
Box 7 Total net value of purchases	0.00
Box 8 Total net value of supplies to other EC Member States	0.00
Box 9 Total net value of acquisitions to other EC Member States	0.00
Uncategorised Tax Amounts	-178.06

You have a VAT refund of \$178.06 from HM Revenue & Customs.

Before you file

Do you need to make an adjustment?
Use the adjust button if you need to increase or decrease the VAT amounts.
 [When do I need to make a VAT adjustment?](#)

Do you want to print your VAT return?
You can print your VAT return now or print after you file your VAT return.
 [Tell me more about printing my VAT return](#)

Resolve Uncategorised Tax Amounts

Joan follows the instructions in [this FAQ](#) to resolve her uncategorised tax amounts.

After following the instructions in the FAQ, Joan's reports and the File VAT window have no uncategorised amounts.

Uncategorised Tax Amounts

0.00

Down to Business – using your upgraded file

Joan is now ready to use her upgraded company file.

From now on, she always uses a VAT code (e.g. on transaction forms) or a VAT item (e.g. for VAT adjustments or journal entries) for every transaction that involves the VAT liability account. That way, she doesn't create any new uncategorised VAT amounts in her upgraded company file.

Joan also makes sure to **use the File VAT feature** to file her returns in QuickBooks before she fills out her personalised paper return. The VAT reports are cumulative – in other words, they include all VAT amounts that have not been filed in QuickBooks. In order to start the reports for each new VAT period at zero, you need to use the File VAT feature.

For an overview of how VAT works in QuickBooks 2008, see [Improved VAT Handling in QuickBooks 2008](#).

For more information on VAT tracking and VAT features, see the in-product Help in QuickBooks.