Infor CloudSuite Industrial Setup and Use of "Making Tax Digital" (MTD)

Release 9.01.x

Contents

About this guide

This guide is a supplement to the online help for versions of SyteLine and CloudSuite Industrial prior to 9.01. It describes the setup and use of the "Making Tax Digital" (MTD) requirement for the UK.

Prerequisite knowledge

To fully understand the information presented in this guide, you should first review information about the "Making Tax Digital" requirement on the HMRC website.

You should also be familiar with how tax codes and EU VAT requirements are set up in SyteLine or CloudSuite Industrial. This information is provided in the online help.

Contacting Infor

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Chapter 1: Apply APARs

For versions 8.03 to 9.01.10, you must apply APARs 256219 and 257092 to use the features in this guide.

Chapter 2: "Making Tax Digital" (MTD) requirement for VAT processing

CloudSuite Industrial includes support for the United Kingdom's "Making Tax Digital" (MTD) requirement. Your company can maintain VAT records, receive VAT obligations from HMRC, verify and amend VAT calculations, and submit VAT Returns to HMRC, all through CloudSuite Industrial forms.

Note: In CloudSuite Industrial versions 8.03.x and 9.00.x, the links to the external HMRC servers can only be used in the smart client and not the web client.

In all versions, the links currently only work in an environment that does not include Infor Ming.le.

Companies in the UK submit VAT Return reports to the government either monthly or quarterly. The report records how much VAT on sales your company must pay to the government, and how much VAT you have paid on business-related purchases, which you can reclaim.

Keeping records digitally and providing updates to HMRC directly from the application reduces avoidable errors and integrates taxing into your daily processes. It also allows you to view your current VAT liabilities and the history of VAT payments.

If you use CloudSuite Industrial to calculate and report VAT in the UK, and your company will use MTD, see Using MTD to process VAT obligations and liabilities on page 11.

If your company is using an external tax interface solution such as Avalara-AvaTax or Vertex, contact that tax software company to identify the MTD process that you should follow.

Chapter 3: Setting up MTD when multiple sites have the same VAT ID (VRN)

If your company has multiple sites, operating in different locations and performing separate business transactions, but that are registered with the same VAT number (ID on the Tax Parameters form), you can consolidate the VAT return information from those sites at a single site, as part of the United Kingdom's "Making Tax Digital" (MTD) requirement. Then you can maintain and submit the VAT information for that VRN group only from that site.

The site that you choose as your VAT Return Submission Site must be a site, not an entity. You must have a multi-site system set up, where the sites are replicating data. See the Multi-site Planning and Implementation guides for more information.

Only those sites that use the same VAT registration number should consolidate their data.

1 Determine which site to use as the consolidation site, where the MTD information will be maintained.
2 In the **MTD** tab of the **Tax Parameters** form at the consolidation site, specify that site's name in the **Return Submission Site** field.

   The **MTD** tab on this form is only available if MTD is enabled for this site.

3 In the **Tax Parameters** form at other sites with the same VAT registration number, specify the name of the consolidation site in the **Return Submission Site** field

   Note: As soon as you save your changes to this form, the MTD forms are disabled for the current site. Users can only perform MTD tasks at the consolidation site.

4 In the **Replication Rules** form, create rules that replicate the `MTD` category between the consolidation site and each of the other sites that share that VAT registration number. The rules should replicate the data in both directions.
5 Regenerate replication rules at each of the affected sites.
6 In the consolidation site, open the MTD forms and perform the appropriate tasks to retrieve and process VAT obligations and liabilities for all of the sites that share the same VAT registration number

   In the **MTD Transactions** form, you can use the Site column to filter transactions for a particular site.

Using EU Reverse Charges and Acquisition Charges with MTD

The MTD fields on the **Tax Codes** form are used to calculate values for the VAT Return.

If you select either **MTD Reverse Charge** or **MTD EU Acquisition Charge** for a tax code, transactions that use this tax code do not use the regular tax rate. Transactions using this tax code will have a non-zero tax basis and a zero VAT value.

A tax code should not be tagged simultaneously for both **MTD EU Acquisition** and **MTD Reverse Charge**.

MTD Reverse Charge

If you select this check box, you must set these values on the **MTD** tab:

- Set **Tax Basis Boxes** to `6,7`
- Set **VAT Amount Boxes** to `1,4`.
- Set**Reverse Charge/EU Acquisitions Rate** to any non-zero value.

With this setup, transactions using this tax code are properly calculated in VAT Return boxes 1, 4, 6, and 7. The **Reverse Charge/EU Acquisitions Rate** is multiplied by the tax basis of the transaction, and the resulting amount is added to the total amount of boxes 1 and 4. In its business sense, the amounts simply cancel each other in determining whether the company has any payables or receivables with HMRC; however, the amounts are still needed to calculate the correct individual box amounts. The tax basis amounts, on the other hand, are used in the summation of the VAT Return boxes 6 and 7. The tax basis amounts are taken from the vch_stax table, since this is still essentially a purchase transaction, but the amounts are also declared in the sales boxes (1 and 6).

Example:

For Tax Code AB, **MTD Reverse Charge** is selected and these values are used:

- Tax Basis Boxes = 6,7
- VAT Amount Boxes = 1,4
- Reverse Charge/EU Acquisitions Rate = 10

For a purchase amount of 200, these VAT Return calculations would be made:

- Box 1 = + 20
- Box 4 = + 20
- Box 6 = + 200
- Box 7 = + 200

MTD EU Acquisition

If you select this check box, you must set these values on the **MTD** tab:

- Set **Tax Basis Boxes** to `7,9`
- Set **VAT Amount Boxes** to `2,4`.
- Set**Reverse Charge/EU Acquisitions Rate** to any non-zero value.

With this setup, transactions using this tax code are properly calculated in VAT Return boxes 1, 4, 7, and 9. The **Reverse Charge/EU Acquisitions Rate** is multiplied by the tax basis of the transaction, and the resulting amount is added to the total amount of boxes 2 and 4. In its business sense, the amounts simply cancel each other in determining whether the company has any payables or receivables with HMRC; however, the amounts are still needed to calculate the correct individual box amounts. The tax basis amounts, on the other hand, are used in the summation of the VAT Return boxes 7 and 9.

Example:

For Tax Code XY, **MTD EU Acquisition** is selected and these values are used:

- Tax Basis Boxes = 7,9
- VAT Amount Boxes = 2,4
- Reverse Charge/EU Acquisitions Rate = 5

For a purchase amount of 80, these VAT Return calculations would be made:

- Box 2 = + 4
- Box 4 = + 4
- Box 7 = + 80
- Box 9 = + 80

All EU acquisitions are also considered purchases of the company from any jurisdiction or country, so they are always included in box 4 and 7 calculations.

Chapter 4: Using MTD to process VAT obligations and liabilities

This topic is a general overview of the steps to process VAT obligations and liabilities with the "Making Tax Digital" (MTD) requirement in the UK.

Click the links in each step to see detailed information.

Prerequisite: See the help topic about setting up parameters and tax codes for MTD.

In a multi-site system, if your company has multiple sites that use the same VAT registration number, you can consolidate the VAT information for those sites, maintaining the consoldated information from one site. See Setting up MTD when multiple sites have the same VAT ID (VRN) on page 8.

1 Use the **MTD Retrieve Obligations** form to request and receive your VAT obligations from HMRC. You can retrieve your open (owed) obligations, fulfilled (paid) obligations, or both.

An obligation is the requirement to send a VAT return for a particular date range.

See Retrieving VAT obligations (MTD) on page 14.

2 Use the **MTD Obligations and Returns** form to calculate and verify the amounts to be included in each of boxes on the VAT Return form for the specified time range, which matches up with the obligation that you received.

The calculated amounts for the return include tax amounts for transactions that include, but are not limited to, these types:
- COs
- POs
- SROs
- RMAs
- Credits
- Vendor returns
- A/R and A/P direct transactions
- Projects
- General Ledger transactions that affect VAT

You can click **Enter Adjustments** to amend the calculated amounts as needed, providing notes about the amendments for auditing purposes. The amendment amounts are added to the calculated amounts to produce the final value for each box on the VAT Return.

You can also click **View Transactions** to view the transactions related to each box on the VAT Return.

See Viewing and amending VAT obligation calculations (MTD) on page 15.

3 When the amounts are correct and confirmed, use the **Submit Returns** button on the **MTD Obligations and Returns** form to connect to HMRC and submit the VAT Return.

See [Submitting a VAT Return to HMRC (MTD)](#) on page 14.

4 Use the **Get Liability** button on the **MTD Obligations and Returns** to retrieve your VAT liability amounts from HMRC. This information tells what you have already paid and how much you still owe. The liability is directly related to the obligation that you downloaded earlier.

5 Use the **MTD Obligations and Returns** form, **Payments** tab, to view all the posted payments (amounts and dates) for a particular obligation.

You can click the **Get Payments** button to update this with the latest information from HMRC.

See [Retrieving and paying VAT liabilities (MTD)](#) on page 15.

6 Outside of the CloudSuite Industrial application, use the HMRC payment method facilities to pay the outstanding VAT bill.

For your convenience, the **Pay Liability** button on the **MTD Obligations and Returns** can be used to connect to the HMRC payment facility.

MTD process flow

This flow chart shows the process of handling VAT obligations and liabilities in the application, using the Making Tax Digital (MTD) process.

Retrieve obligations

Calculate VAT return amounts per obligation

No

Is this final?

No

Are there any amendments?

Yes

Manually enter amendments

Yes

Check/extract transactions per VAT return amount

Submit VAT return declarations

Retrieve VAT liabilities

Process payment

Recheck current liabilities

Yes

Are there still outstanding amounts?

No

Done
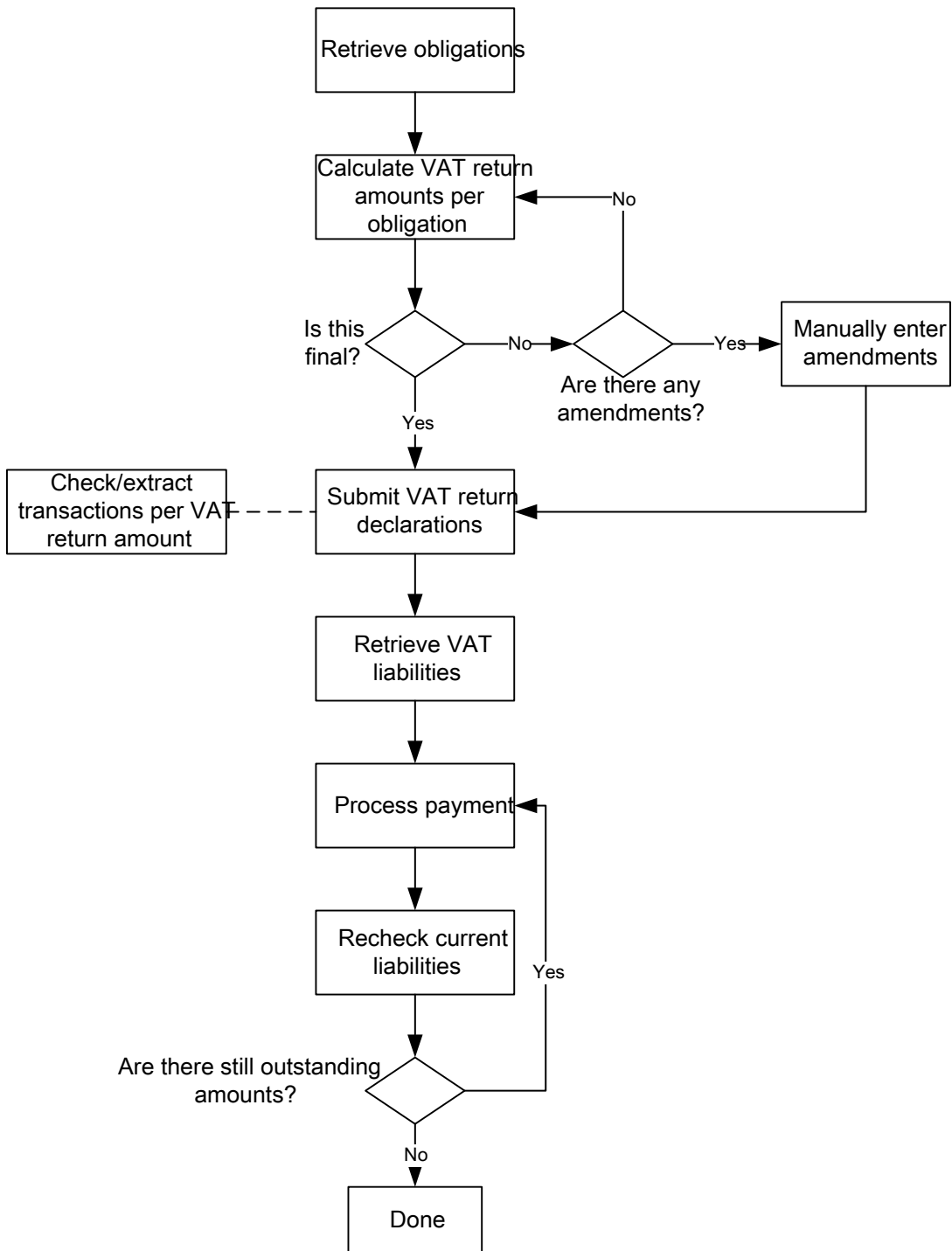
Retrieving VAT obligations (MTD)

Use the **MTD Retrieve Obligations** form to request and receive your VAT obligations from HMRC. You can retrieve your open (owed) obligations, fulfilled (paid) obligations, or both.

1 Open the **MTD Retrieve Obligations** form.

   If a different site is used to consolidate MTD information from the current site, this form is disabled at the current site. See Setting up MTD when multiple sites have the same VAT ID (VRN) on page 8.

2 Specify the date range for which you want to retrieve obligations.

   HMRC sends obligations for all quarters or all months in the requested date range, depending on the **Period** setting in the **Tax Parameters** form.

3 Specify the status of the obligations you want to retrieve:

   • Open (owed) obligations
   • Fulfilled (paid) obligations
   • Both open and fulfilled obligations

4 Click **Retrieve**.

   This sends a request to HMRC and updates the obligation table in the database with additional obligations.

5 Click **Obligations** to open the **MTD Obligations and Returns** form, where you can view the VAT return calculations for all obligations that have been received from HMRC.

Submitting a VAT Return to HMRC (MTD)

After you retrieve the VAT obligation for a date range, view the VAT Return calculations for the obligation, and amend them as necessary, you can electronically send the VAT Return to HRMC through CloudSuite Industrial.

1 On the **MTD Obligations and Returns** form, verify that all of the final amounts are correct.

   See Viewing and amending VAT obligation calculations (MTD) on page 15.

   If a different site is used to consolidate MTD information from the current site, this form is disabled at the current site. See Setting up MTD when multiple sites have the same VAT ID (VRN) on page 8

2 Select **Final and Complete**.

   A confirmation warning is displayed. Click **Yes**. The **Submit Returns** button is enabled.

3 Click **Submit Returns** to electronically post the calculated taxes for the specified period to HMRC.

   You will receive a confirmation message, and the **Submitted** check box is selected.

   Note: If the Net Adjustment Value is greater than the allowed threshold, an error message is displayed and the VAT submission is discontinued. Contact HMRC for assistance.

Retrieving and paying VAT liabilities (MTD)

You can electronically retrieve your VAT liability amounts from HRMC through CloudSuite Industrial. This information tells what you have already paid and how much you still owe. The liabilities are directly related to your VAT obligations.

After you make payments, you can also electronically retrieve information about your payments.

1 On the **MTD Obligations and Returns** form, use the header fields to filter for a certain obligation.

   If a different site is used to consolidate MTD information from the current site, this form is disabled at the current site. See Setting up MTD when multiple sites have the same VAT ID (VRN) on page 8.

2 Click **Get Liability**.

   The returned information from HMRC about your liability for this obligation is displayed and cannot be edited:

   • Type of VAT being accounted for.
   • Original amount of the VAT obligation that the company will pay.
   • Outstanding (remaining) amount that has not been paid yet for the obligation.
   • Due Date by which the obligation should be paid.

3 Go to the **Payments** tab to see all payment amounts that HMRC has already received from you for the obligation, and the dates when payment was received.

4 Click **Get Payments** to update this information with any recent payment information from HMRC.

5 Click **Pay Liability** to open a browser linked to HMRC's payment facility, where you can make payments in the manner you have agreed upon.

Viewing and amending VAT obligation calculations (MTD)

Use the **MTD Obligations and Returns** form to calculate and verify the amounts to be included in each of boxes on the VAT Return form for the specified time range.

1 Open the **MTD Obligations and Returns** form.

   If a different site is used to consolidate MTD information from the current site, this form is disabled at the current site. See Setting up MTD when multiple sites have the same VAT ID (VRN) on page 8.

2 Specify the date range for the obligation.

3 This information about the obligation is displayed in the header:

   Due Date
   This field displays the deadline for fulfillment of the obligation.

   Received Date
   This field displays the date when final payment of the obligation has been posted and no balance remains.

Status
This field displays the status of the obligation: Fulfilled (paid in full) or Open.

4   In the **Returns** tab, specify the **Tax System** and **Tax Jurisdiction** on which the calculations will be based.

5   Click **Calculate** to calculate and display this information, to be used in the VAT Return:

Field	Calculation
Sales VAT due	Include sales and sales tax amounts from the **VAT Report** and **Sales VAT Register Report**
Acquisitions VAT due	Include tax amounts where the associated tax code has **MTD EU Acquisition** selected and **VAT Amount Boxes** set to **2**.
Total VAT due	Sum of Sales VAT due and Acquisition VAT due.
Reclaimed VAT due	Include purchase and purchase tax amounts from the **VAT Report** and **Purchase VAT Register Report**.
Net VAT due	Total VAT due minus Reclaimed VAT due
Total sales value excluding VAT	Sales VAT due minus all sales tax
Total purchases values excluding VAT	Reclaimed VAT due minus all purchase tax
Total goods supplied value excluding VAT	Include tax amounts where the associated tax code has **MTD EU Acquisition** selected and **Tax Basis Boxes** set to **8**.
Total acquisitions excluding VAT	Include tax amounts where the associated tax code has **MTD EU Acquisition** selected and **Tax Basis Boxes** set to **9**.

Note: These calculations exclude any General Ledger journals that include tax code values.

6   Verify the calculated amounts. To compare them to the matching transactions:

a   Click **View Transactions**.

The **MTD Transactions** form is displayed.

b   You can filter the transactions based on these fields. Click **Refresh** to update the list of transactions.

VAT Return Box
Select a box number (1- 9) to view all the transactions that were included in the calculation of the amount in that box.

Tax System
Select a tax system to further filter the transactions. This value defaults to Tax System 1.

Tax Jurisdiction
Optionally, select a jurisdiction to further filter the transactions.

> **Note:** You can export the transaction information in the grid to Excel, if you want to save the transaction data for later viewing.

   c When you finish comparing the transaction amounts to the calculated amounts, close the form and return to the **MTD Obligations and Returns** form.

7 If you need to amend any of the calculated amounts:

   a Click **Enter Adjustments**.

     The **MTD Adjustments** form is displayed.

> **Note:** MTD adjustment records are permanent records which form part of the required digital record keeping. If an adjustment also requires an update to the General Ledger balances, you must additionally process a separate GL journal, which will not include any tax code.

   b Use the grid in this form to enter adjustments to the calculated values for the VAT Return boxes.

     Specify this information:

Obligation Start / Obligation End
These fields show the start and end date of the obligation period. If you opened this form from the **MTD Obligations and Returns** form, the dates are defaulted from that form.

Box Number
Specify the VAT Return box number that must be adjusted. If an adjustment can be made to 2 or more boxes, use different rows for each box. You can also add multiple rows for one box number.

For every box calculation that you want to adjust, you must create a row in the **MTD Adjustments** form and specify the box to be adjusted.

Amount
Specify the amount of this adjustment.

Adjustment Date
Specify the date of the adjustment. This defaults to the current date.

Notes
Enter notes to explain this adjustment.

Status
This field displays a `Pending` status until the VAT Return is submitted. At that time, the status changes to `Submitted`.

   c When you save your changes and close the form, the adjustments for each VAT Return box are summed and displayed in the appropriate **Adjustment** field in the **MTD Obligations and Returns**.

8 The **Final Amounts** fields display the sum of the**Calculated Amounts** plus any **Adjustments** for each VAT Return box.

9 When you have ensured that the amounts are correct for this obligation, you can submit your VAT Return.