

UK - VAT Calculation Value Added Tax Calculation

Tasks to be completed when documenting an operation (from creation to publication)

1. Enter the **Title of the operation / page**

2. Add the following Labels:

- Scope of applicability: ww, country_accounting
- Country or group of countries (if applicable): belux, china, france, italy, lam, nam,uk_ie, bulgaria, dach, netherlands, iberia, poland, latvia, australia, india, japan, south_korea, thailand, singapore, new_zealand, emea_transversal, apac_transversal
- Unit and Domain according to the [List of labels to be used in the Finance Service Line space](#)
 - E.g. 1: WW Operation in Financial Accounting under domain "Central Finance Processes & Compliance":
 - Labels to be used: **ww, financial_accounting, central_fin_proc_compliance**
 - E.g. 2: France Operation in Financial Accounting:
 - Labels to be used: **country_accounting, france, financial_accounting**
(for country operations, the Domain is always country_accounting)

3. Fill in all fields as described above

4. Name the title of each section using OPD methodology naming convention - **Infinitive verb without the "to", mainly action verb...something) -" I do something..."**

5. Once the description of the operation is completed, ensure it is approved and published by launching the [SBS-Finance approval workflow](#)

Domain: Country Accounting

Responsibility area: N/A

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Scope

? Unknown Attachment

ERP

? Unknown Attachment

Frequency

? Unknown Attachment

? Unknown Attachment

? Unknown Attachment

? Unknown Attachment

? Unknown Attachment

? Unknown Attachment

? Unknown Attachment

(to be filled!) 

References

S_ALR_87012357; F.01; FS10N; [FB L3N](#)

Forms

Attachments

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1. Objective and Scope

1.1. Objective of this Operation

The VAT reporting obligations in scope for the United Kingdom is the following:

- VAT return - Monthly or quarterly

This procedure is to be used by the VAT team as a step-by-step guideline to report the VAT related to the operations made by Solvay entities in United Kingdom.

1.2. Scope

The entities for which the team is responsible for the preparation of the VAT in the United Kingdom are the following:

Company Code & Name	ERP System	Periodicity	Quarters
6068 Solvay Solutions UK Ltd	WP1	Q	Jan to Mar Apr to Jun Jul to Sep Oct to Dec
7771 Cytec Wrexam	WP1	M	n/a
6403 Oldbury Energy Solutions Ltd	WP1	Q	Dec to Feb Mar to May Jun to Aug Sep to Nov

2. Tasks description

2.1. Periodicity

The deadline for submitting the return online (by MTD platform) is usually one calendar month and 7 days after the end of an accounting period. This is also the deadline for paying HMRC. You need to allow time for the payment to reach HMRC's account.

The payment of the return can be made through MC tool (when applied) or requested to the CAM of the Company.

2.2. I calculate the VAT return

The procedure starts by extracting the monthly or quarterly data from SAP PF1 or WP1 system. The figures will be pasted into the 'VAT return excel file'.



For any general questions with respect to the United Kingdom VAT compliance requirements, please refer to the general VAT compliance [manual](#) for United Kingdom.

2.2.1. I extract the SAP reports

Tcode: **S_ALR_87012357**

Variants:

Company Code & Name	Variant
6068 Solvay Solutions UK Ltd	6068 1 GB VAT
7771 Cytec Wrexam	7771 VAT 2022
6403 Oldbury Energy Solutions Ltd	6403 GB VAT

2.2.2. I fill in VAT report file

Go to sheet "VAT RETURN" and make sure that each tax code is correctly assigned to each box of the declaration (as described next to each one).

The final value of the declaration should be reflected on box 5 and reconciled with accounting.

2.2.3. I perform the VAT return reconciliation

2.2.3.1. File: VAT UK

The reconciliation for UK is made in GBP; 0005 is made in EUR with comparison to GBP for FX rate validation.

Update the date and the accounts balance (open items at the end of quarter).
Check if the 'Current month VAT payment' matches the figure from sheet 'Final VAT return'.
Comes from VAT RETURN tab.

Consider the accounts according to companies as follows:

PF1 Accounts for UK:

- VAT receivable: 2411030044
- VAT payable: 2451030044
- VAT centralization: 2451040000
- VAT centralization: 2411040000

WP1 Accounts for UK:

- VAT receivable: 44700100
- VAT payable: 44900200

Then reconcile the accounts open balances with the 'Current month VAT payment'. Occasionally, there are items to reclaim VAT, they could be found, for example in PF1, in account 2451040044 / 2411040044 and should be included in the VAT return template as well.

Check if manual adjustments needs to include the following (check to be done only for UK):

- Deferred (import)- certificate VAT C79: In VAT account, 2451040000 (using SAP transaction FS10N or [FBL3N](#) – G/L display balances, with open items until the last day of current quarter); filter the document type G2 and check if the documents have PDF documents attached; report the amounts retrieved from G2 documents only if they have PDF documents attached (on Excel file VAT template for UK) in cell I24 of the tab "VAT return";
- Reclaimable VAT on bad debts (very rare);
- VAT reclaimed on pension scheme payments; in Vat account 2451040000 for document type M1 or R1 with text "Mercer VAT rec"; include the total amount (on Excel file VAT template for UK) in cell J24 of the tab "VAT return"; cell J36 will be automatically computed;
- CO2 Car emissions (for 7771).

Tip: To find the outstanding items do clear the difference: look in the accounts' open items:

- TCode: [FBL3N](#)
 - Account: 2451040000
 - Check for: Doc type: M1 – pension fund payments; G1 – Duty Refund, and all Assignments DEFER VAT etc.
 - This items will combine as manual adjustment that should be included in VAT return and VAT reconciliation.

2.2.3.2. VAT UK 0005 GBP

Accounts for 0005:

- VAT centralization GB: 2451040044
- VAT centralization GB: 2411040044

Please, follow reconciliation instruction tab to process data validation.

Reconciliation of BE on file - VAT UK 0005 GBP - will represent last quarterly amount to be paid to authorities, based on advance monthly payments made (n/a in 2022, but to checked year by year) in this period .

Tip: In case of struggle to find the 'outstanding items', go see past reconciliations for ideas and patterns.

2.3. I submit the VAT return

The submission of the VAT return is made as previously mentioned through MTD platform.

Although in order to retrieve the pdf of the declaration, you need to access the HMRC website (*view my submitted returns*).

2.4. I send data to CAM's ("gift box")

The files should be sent to the CAM via email.

2.5. I upload the files in google drive

When the VAT declarations are submitted, make the upload into designated location for archiving in google drive (VAT SU google drive).

End of document.