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**FAO Headteachers and Finance Officers**

**All Chequebook Schools**

7th December 2021

Our Ref: S&LVAT3/AW

Dear Colleagues

**Making Tax Digital Compliance Requirements – Quarter 3**

Further to our previous letter Making Tax Digital Compliance Requirements dated 1 October 2021. We have now reviewed the data submitted by chequebook schools for Quarter 2. This review has indicated that some of the data provided was not compliant for HMRC purposes.

The main errors were amounts included incorrectly as purchases or sales.

1. Payments for Salaries, HMRC, Deductions, etc should not be included as purchases on the VAT Return
2. Grants, funds received from CCC (Including Delegated Budget Funds) should not be included as sales.
3. Money Transfers should not be included as purchases or sales

If you have specific queries relating to meeting the HMRC compliance requirements, please contact Paul Rogerson by email paul.rogerson@cumbria.gov.uk.

May we remind you that as part of the requirements any refunds for VAT from HMRC should only be from ‘System Generated’ reports direct from Accounting Systems. In order to ensure compliance and continued recovery of VAT we require a copy of your VAT report in Excel, saved in “.csv” format for Quarter 3 (October to December 2021).

For your specific accounting system please follow the instructions below and refer to the example table on page 2 of this letter:

**LA Spreadsheet Accounting System**

Please provide the VAT summary sheet saved as a .csv file. *To do this you should copy and paste the VAT Summary sheet into a blank workbook and save type as a .csv file (comma delimited)*

**SAGE**

For Sage systems the report required is the VATRET (not VAT Summary or Vat Detail), different rates of VAT are not required for HMRC purposes only those boxes/narration as shown in the example table below.

*To save the report click on “Report to Excel” and the report will appear in excel format which can then be saved as a .csv file.*

**FMS**

For FMS Systems the report required is the VAT Return (not VAT Submittal or Vat Summary), different rates of VAT are not required for HMRC purposes only those boxes/narration as shown in the example table below.

*Again, saving the document/s in .csv format*.

**Other Accounting Systems**

Schools not using the accounting systems mentioned above should run their quarterly VAT return report and save as an excel .csv file. If you are having difficulties in producing the report direct from your accounting system in the format requested, please contact me at the email below.

**Example Table**

The VAT reports generated by accounting systems such as FMS and Sage normally show VAT Data separated for each box contained on the VAT return and is normally in a similar format to below.

|  |  |  |
| --- | --- | --- |
| 1 | VAT due in this period on sales | £123.00 |
| 2 | VAT due in this period on EC acquisitions | 0 |
| 3 | Total VAT due (sum of boxes 1 and 2) | 0 |
| 4 | VAT reclaimed in this period on purchases | £2134.00 |
| 5 | Net VAT to be paid to Customs or reclaimed by you | £2011.00 |
| 6 | Total value of sales, excluding VAT | £4000.00 |
| 7 | Total value of purchases, excluding VAT | £15000.00 |
| 8 | Total value of EC sales, excluding VAT | 0 |
| 9 | Total value of EC purchases, excluding VAT | 0 |

**Please continue to complete the VAT database and submit your VAT reports via the School Portal. Your source documentation from your accounting system is now required to be in a .csv format and submitted by 20 January 2022. This enables us to check the accuracy of the school report against the database submission.**

Any queries please get in touch via email ann.woods@cumbria.gov.uk.

Yours sincerely

Ann

Ann Woods

**Accounting Technician**