

MODULE 2: VAT RATE CHANGE TOOL

Module Overview

With the **VAT Rate Change** tool in Microsoft Dynamics® NAV 2013, you can perform VAT and general posting group conversions. The tool enables you to easily change VAT rates to maintain accurate VAT reporting.

Countries can apply VAT rate changes for different reasons. A higher VAT rate can be a fiscal measure to increase the earnings of a country. Lowering the VAT rate on the other hand is, in most cases, a measure to boost economics. The new VAT rate always applies from a specific date forward. This means that from that date forward, the new VAT rate should be used in documents and journals.

The VAT rate change process consists of the following steps:



FIGURE 2.1: VAT RATE CHANGE PROCESS

Objectives

The objectives are:

- Explain and demonstrate the preparation of the VAT rate change process.
- Explain and set up the VAT rate change tool.
- Explain and demonstrate how to perform a VAT rate change.

Prepare for VAT Rate Change Tool

Before you set up the VAT rate change tool, make the following preparations:

1. Create new posting groups.
2. Separate different VAT rates into different groups.
3. Reduce the number of documents that are converted.
4. Back up data.

Create New Posting Groups

Microsoft Dynamics NAV 2013 calculates VAT by combining the VAT business posting group and the VAT product posting group. When a VAT rate changes, a new VAT product posting group is required to set up the new VAT rate in the VAT posting setup.

The general product posting group codes determine posting according to the type of item and resource being purchased or sold. To update master data such as items and resources, you must create a new general product posting group.



Note: *If you use a specific G/L account per VAT rate, you must also create new G/L accounts for the new VAT rate to post purchase, sales, and reverse charge VAT.*

Demonstration: Create New Posting Groups for a VAT Rate Change

Scenario: Phyllis, the accounting manager at CRONUS International Ltd., has to set up new posting groups because of a VAT rate change.

The government increased the VAT rate of 25% to 26% for entertainment expenses.

To make sure that she can run the VAT rate change process, she follows these setup steps:

- Create a new VAT product posting group: VAT26.
- Create new G/L accounts to post purchase, sales, and reverse charge VAT.
- Create the VAT posting setup for the new VAT product posting group.
- Create a new general product posting group: MISC26.
- Create the general posting setup for the new general product posting group.

Demonstration Steps

1. Create the new VAT product posting group.
 - a. In the **Search** box, type "VAT product posting group" and select the related link.
 - b. In the **Home** tab on the ribbon, click **New**.
 - c. In the **Code** field, type "VAT26".
 - d. In the **Description** field, type "Miscellaneous with 26 % VAT".
 - e. Click **OK**.

2. Create new G/L accounts to post purchase, sales, and reverse charge VAT.
 - a. In the **Search** box, type "Chart of accounts", and select the related link.
 - b. In the **Home** tab on the ribbon, click **New**.
 - c. In the **No.** field, type "5612".
 - d. In the **Name** field, type "Sales VAT 26%".
 - e. In the **Income/Balance** field, select **Balance Sheet**.
 - f. Clear the **Direct Posting** check box.
 - g. Press **Ctrl+N**.
 - h. In the **No.** field, type "5632".
 - i. In the **Name** field, type "Purchase VAT 26%".
 - j. In the **Income/Balance** field, select **Balance Sheet**.
 - k. Clear the **Direct Posting** check box.
 - l. Press **Ctrl+N**.
 - m. In the **No.** field, type "5622".
 - n. In the **Name** field, type "Purchase VAT 26% EU".
 - o. In the **Income/Balance** field, select **Balance Sheet**.
 - p. Clear the **Direct Posting** check box.
 - q. Click **OK** three times.
 - r. In the **Home** tab on the ribbon, click **Indent Chart of Accounts**.
 - s. Click **Yes** to accept the update of the indentation of the G/L accounts.

3. Create the VAT posting setup for the new VAT product posting group.
 - a. In the **Search** box, type "VAT posting setup", and select the related link.
 - b. In the **Home** tab on the ribbon, click **New**.
 - c. In the **General** FastTab, leave the **VAT Business Posting Group** field blank.

- d. In the VAT Product Posting Group field, select VAT26.
- e. In the VAT Calculation Type, click Normal VAT.
- f. In the **VAT %** field, type "0".
- g. In the **VAT Identifier** field, enter **VAT26**.
- h. Press **Ctrl+N**.
- i. In the **General** FastTab, in the **VAT Business Posting Group** field, select **NATIONAL**.
- j. In the **VAT Product Posting Group** field, enter **VAT26**.
- k. In the **VAT Calculation Type**, select **Normal VAT**.
- l. In the **VAT %** field, type "26".
- m. In the **VAT Identifier** field, enter **VAT26**.
- n. On the **Sales** FastTab, in the **Sales VAT Account**, type "5612".
- o. On the **Purchase** FastTab, in the **Purchase VAT Account**, type "5632".
- p. Press **Ctrl+N**.
- q. In the **General** FastTab, in the **VAT Business Posting Group** field, select **EU**.
- r. In the **VAT Product Posting Group** field, enter **VAT26**.
- s. In the **VAT Calculation Type**, select **Reverse Charge VAT**.
- t. In the **VAT %** field, type "26".
- u. In the **VAT Identifier** field, enter **VAT26**.
- v. On the **Sales** FastTab, in the **Sales VAT Account**, type "5612".
- w. On the **Purchase** FastTab, in the **Purchase VAT Account**, type "5632".
- x. In the **Reverse Chrg. VAT Acc.**, type "5622".
- y. Press **Ctrl+N**.
- z. In the **General** FastTab, in the **VAT Business Posting Group** field, select **EXPORT**.
- aa. In the **VAT Product Posting Group** field, enter **VAT26**.
- bb. In the **VAT Calculation Type**, select **Normal VAT**.
- cc. In the **VAT %** field, enter 0.
- dd. In the **VAT Identifier** field, enter **VAT26**.
- ee. On the **Sales** FastTab, in the **Sales VAT Account**, type "5612".
- ff. On the **Purchase** FastTab, in the **Purchase VAT Account**, type "5632".
- gg. Click **OK** four times.

4. Create a new general product posting group: MISC26.
 - a. In the **Search** box, type "Gen. product posting groups", and select the related link.
 - b. In the **Home** tab on the ribbon, click **New**.
 - c. In the **Code** field, type "MISC26".
 - d. In the **Description** field, type "Miscellaneous with 26% VAT".
 - e. In the **Def. VAT Prod. Posting Group** field, select **VAT26**.
 - f. Click **OK**.
 - g. Click **Yes** on the warnings.

5. Create the general posting setup for the new general product posting group.
 - a. In the **Search** box, type "General posting setup", and select the related link.
 - b. In the **Home** tab on the ribbon, click **New**.
 - c. In the **General** FastTab, leave the **Gen. Bus. Posting Group** field blank.
 - d. In the **Gen. Prod. Posting Group** field, select **MISC26**.
 - e. Press **Ctrl+N**.
 - f. In the **General** FastTab, in the **Gen. Bus. Posting Group** field, select **NATIONAL**.
 - g. In the **Gen. Prod. Posting Group** field, select **MISC26**.
 - h. Press **Ctrl+N**.
 - i. In the **General** FastTab, in the **Gen. Bus. Posting Group** field, select **EU**.
 - j. In the **Gen. Prod. Posting Group** field, select **MISC26**.
 - k. Click **OK** three times.



Note: Because the new VAT rate only applies to entertainment expenses, you do not have to assign sales, purchase, or inventory G/L accounts in the general posting setup.

Separate VAT Rates into Different Groups

If you have transactions that use different rates, than they must be separated into different groups either by creating new general ledger accounts for each rate or by using data filters to group transactions according to rate.

With different types of transactions posted on a single G/L account, after a VAT rate change, different VAT rates may be used for one G/L account. This means that users have to change the VAT product posting group on the journal line or document line before posting.

When you create new G/L accounts per VAT rate, this is not necessary.

Reduce the Number of Documents that Are Converted

To reduce the number of documents that are converted, post as many documents as possible and reduce unposted documents to a minimum.

When you follow this step, you must consider the capabilities of the VAT rate change tool.

Sales Orders

If an order is fully or partially shipped, the shipped items keep the current general product posting group and VAT product posting group. The system creates a new order line for the unshipped items. This new order line is updated to align current and new VAT or general product posting groups. In addition, item charge assignments, reservations, and item-tracking information are updated accordingly.

Purchase Orders

This is similar as sales orders, but for received or partially received purchase orders.

Prepayments

Documents that have posted prepayment invoices are not converted by the VAT rate change tool. Therefore, there might be a difference between the VAT that is due and the VAT that was paid in the prepayments when the invoice is completed.

The VAT rate change tool skips these documents, and you have to manually update them.



Best Practice: *You must either finalize the orders with prepayment invoices, or post prepayment credit memos.*

Drop Shipments and Special Orders

Drop shipments and special orders are not converted by the VAT rate change tool.

Warehousing

Sales or purchase orders with warehouse integration are not converted by the VAT rate change tool if they are partially shipped or received.

Service Contracts

Service contracts are not converted by the VAT rate change tool.

Back Up Data

The last step in the preparation of the VAT rate change process is to back up the data.

More information on the back up of data is covered in the course *Installation and Configuration in Microsoft Dynamics NAV 2013*.

Set Up Using VAT Rate Change Tool

In the **VAT Rate Change Setup** window, you specify the master data, journals, and documents to be converted to the new VAT rate.

For the data to which the new VAT rate applies, you can update the VAT product posting group, the general product posting group, or both.

For master data, you can apply filters when not all data needs a VAT rate update.

The four FastTabs on the **VAT Rate Change Setup** window are as follows:

- General
- Master Data
- Journals
- Documents

General FastTab

In the **General** FastTab, you can set up following fields:

- **VAT Rate Change Tool Completed** – use this field to specify if the VAT rate change conversion is completed. If this field is selected and you want to perform multiple conversions, an error message appears. Clear the check box to perform multiple conversions.
- **Perform Conversion** – select this field if you want to perform the VAT rate conversion. Clear this check box to run a test conversion.

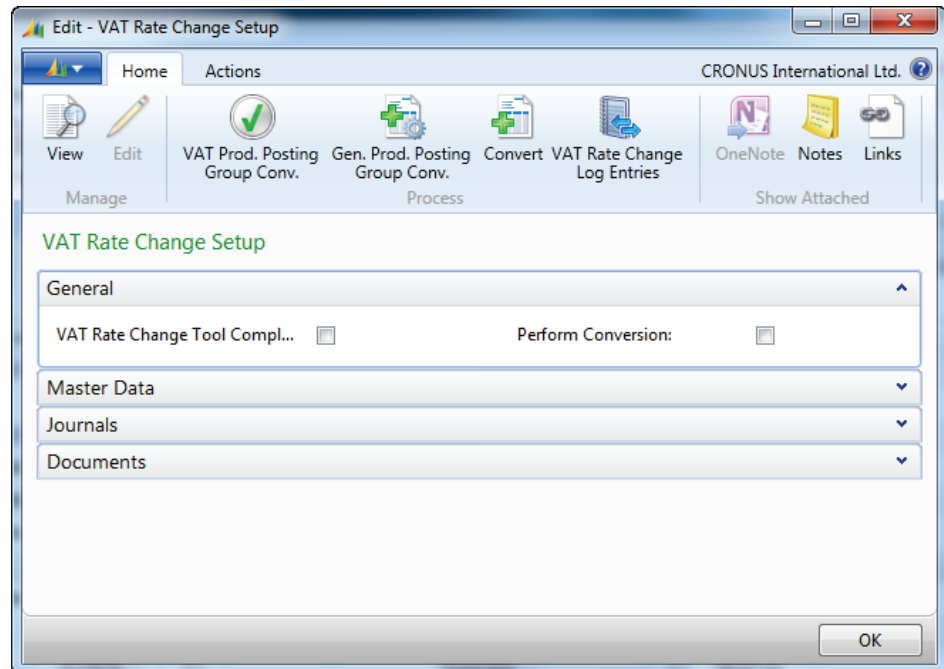


FIGURE 2.2: VAT RATE CHANGE SETUP WINDOW – GENERAL FASTTAB

Master Data FastTab

On the **Master Data** FastTab, you specify how you want to perform VAT and general posting group conversions for master data.

For master data, the VAT rate change tool can affect the VAT product posting group and the general product posting group. Depending on the type of master data, you can update one or both of these posting groups.

For the following master data, you can update both the VAT product posting group and the general posting group:

- G/L Accounts
- Items
- Resources
- Item Categories
- Item Charges

You can select one of the following options:

- **VAT Product Posting Group** – the selected field is updated by the VAT product posting group conversion.
- **Gen. Prod. Posting Group** - the selected field is updated by the general product posting group conversion.
- **Both** - the selected field is updated by both the VAT and the general product posting group conversions.
- **No** – the selected field is not updated.

For the following master data, you can update the general product posting group:

- Service Price Adjustment Detail
- Work Centers
- Machine Centers

You can select one of the following options:

- **Gen. Prod. Posting Group** - the selected field is updated by the general product posting group conversion.
- **No** – the selected field is not updated.

Finally, you can update the VAT product posting group for the general product posting group. You do this based on the old VAT product posting group. Microsoft Dynamics NAV updates the general product posting groups that have the old VAT product posting group by default.

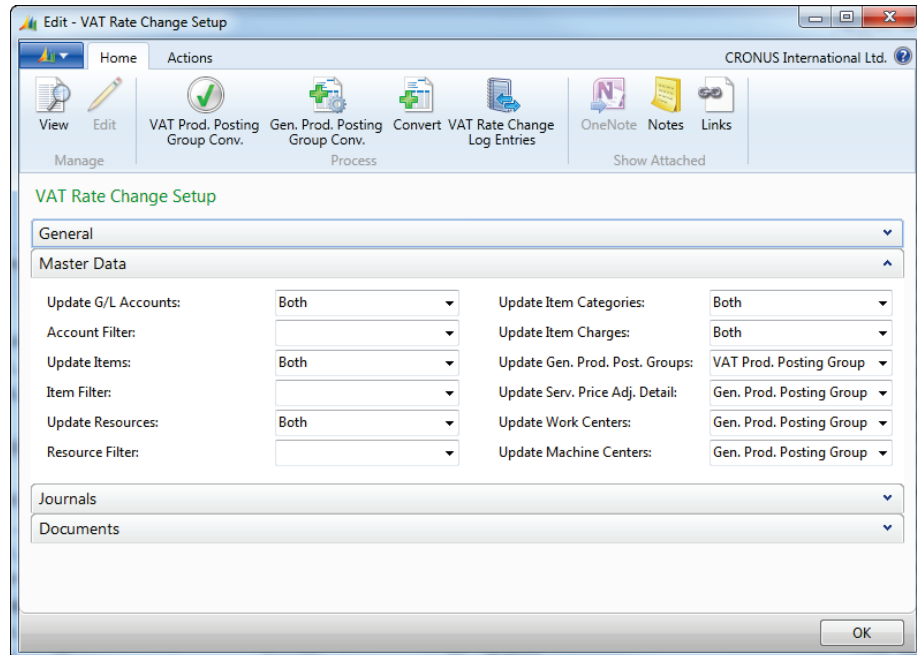


FIGURE 2.3: VAT RATE CHANGE SETUP WINDOW – MASTER DATA FASTTAB

Journals FastTab

On the **Journals** FastTab, you specify how you want to perform VAT and general posting group conversions for journals.

For journals, the VAT rate change tool can affect the VAT product posting group and the general product posting group. Depending on the type of journal, you can update one or both of these posting groups.

For the following journals, you can update both the VAT product posting group and the general posting group:

- General journals
- General journal allocations
- Standard general journal lines

You can select one of the following options:

- **VAT Product Posting Group** – the selected field is updated by the VAT product posting group conversion.
- **Gen. Prod. Posting Group** - the selected field is updated by the general product posting group conversion.
- **Both** - the selected field is updated by both the VAT and the general product posting group conversions.
- **No** – the selected field is not updated.

For the following journals, you can update the general product posting group:

- Resource journals
- Job journals
- Requisition lines
- Standard item journal lines

You can select one of the following options:

- **Gen. Prod. Posting Group** - the selected field is updated by the general product posting group conversion.
- **No** – the selected field is not updated.

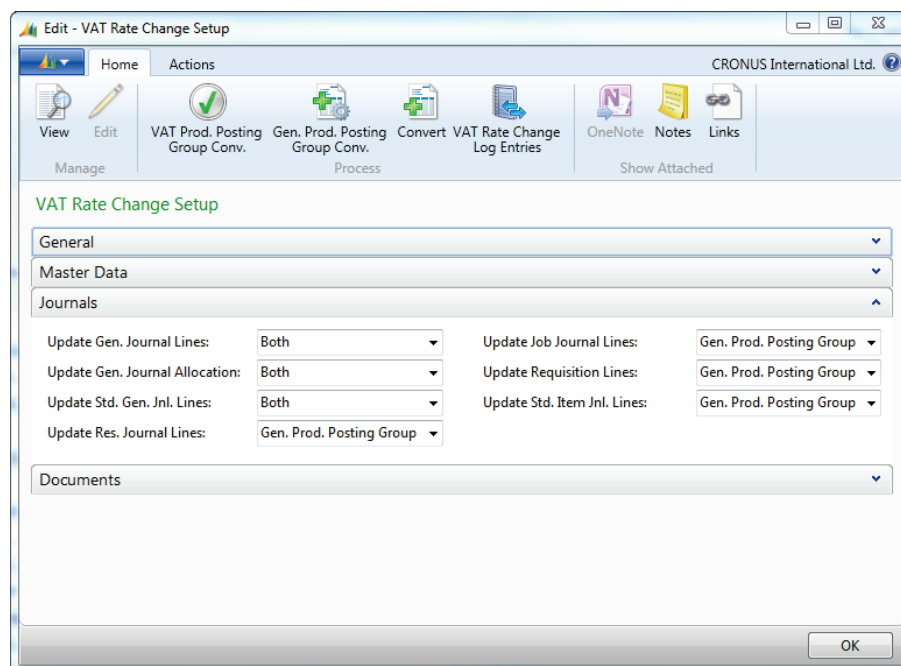


FIGURE 2.4: VAT RATE CHANGE SETUP – JOURNALS FASTTAB

Documents FastTab

On the **Documents** FastTab, you specify how you want to perform VAT and general posting group conversions for documents.

For documents, the VAT rate change tool can affect the VAT product posting group and the general product posting group. Depending on the type of document, you can update one or both of these posting groups.

For the following documents, you can update both the VAT posting group and the general posting group:

- Sales documents
- Purchase documents
- Service documents

You can select one of the following options:

- **VAT Product Posting Group** – the selected field is updated by the VAT product posting group conversion.
- **Gen. Prod. Posting Group** - the selected field is updated by the general product posting group conversion.
- **Both** - the selected field is updated by both the VAT and the general product posting group conversions.
- **No** – the selected field is not updated.

If you select the **Ignore Status on Sales Docs** or **Ignore Status on Purchase Docs** check boxes, all the existing documents are updated regardless of the status. This includes documents that have a status of released.

For the following documents, you can update the VAT product posting group:

- Reminders
- Finance charge memos

You can select one of the following options:

- **VAT Prod. Posting Group** - the selected field is updated by the VAT product posting group conversion.
- **No** – the selected field is not updated.

Finally, for production orders, you can select to update the general product posting group.

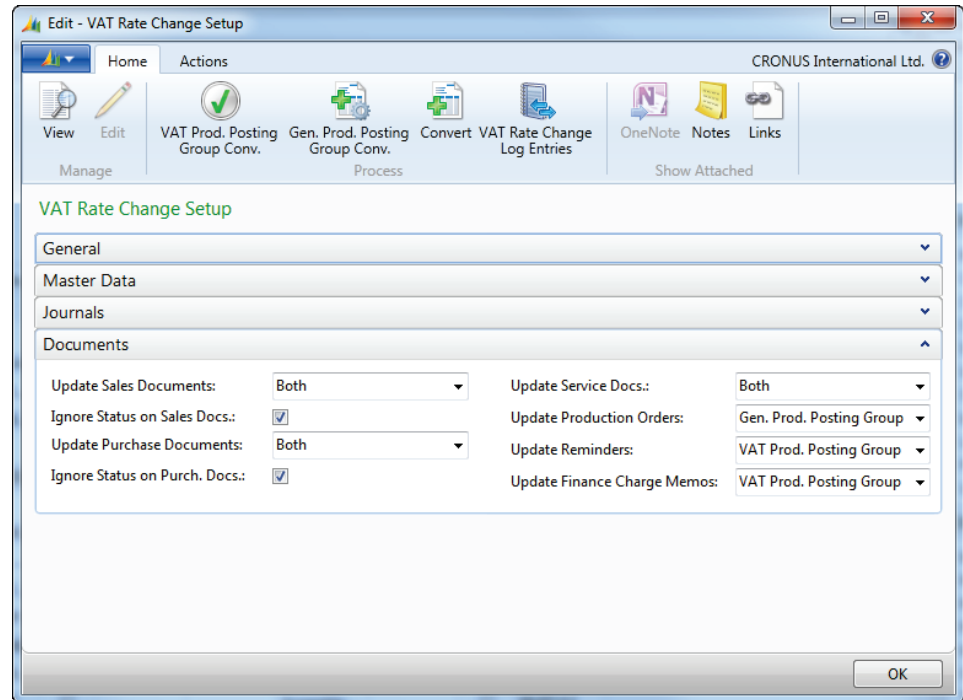


FIGURE 2.5: VAT RATE CHANGE SETUP – DOCUMENTS FASTTAB

Perform VAT Rate Conversions

After the preparation and the setup are finished, you can perform the VAT rate conversion.

You must specify the new product posting groups for the new VAT rate. Before you perform the actual conversion, you can first run a test conversion.

The test conversion creates VAT rate change log entries that you can use to check on the result of the conversion.

Product Posting Group Conversion

Before you can run the VAT rate change conversion, you must link the new product posting groups to the current ones. By doing this, you define which old product posting group should be converted to which new product posting group.

You can do this for both the general product posting group and the VAT product posting group.

To link VAT product posting groups, follow these steps:

1. In the **Search** box, enter **VAT Rate Change Setup** and then select the related link.
2. In the **Home** tab on the ribbon, click **VAT Prod. Posting Group Conv.**
3. In the **From Code** field, select the current VAT product posting group.
4. In the **To Code** field, select the new VAT product posting group.
5. Click **OK**.

To link general product posting groups, follow these steps:

1. In the **Search** box, enter **VAT Rate Change Setup** and then select the related link.
2. In the **Home** tab on the ribbon, click **Gen. Prod. Posting Group Conv.**
3. In the **From Code** field, select the current general product posting group.
4. In the **To Code** field, select the new general product posting group.
5. Click **OK**.

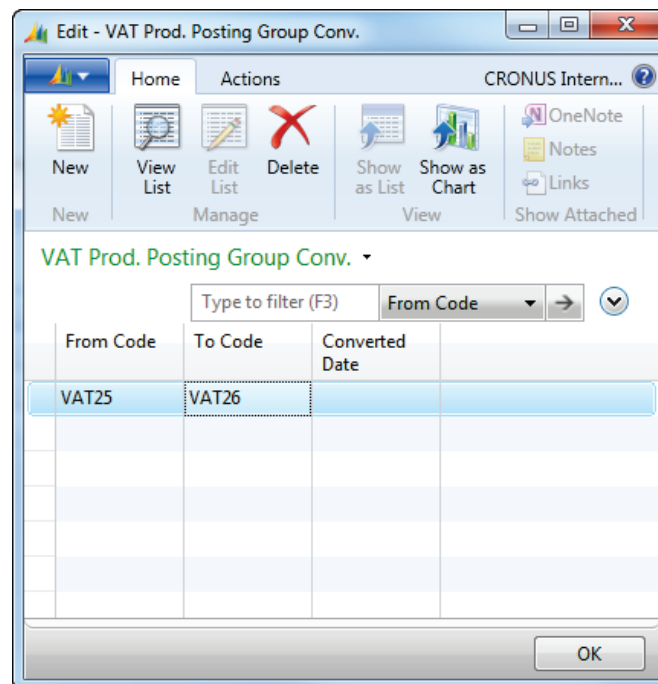


FIGURE 2.6: VAT PROD. POSTING GROUP CONV. WINDOW

VAT Rate Change Test Conversion

To perform a VAT rate change test conversion, follow these steps:

1. In the **Search** box, enter **VAT Rate Change Setup** and then select the related link.
2. Verify that you have already set up the VAT product posting group conversion or the general product posting group conversion.
3. Clear the **Perform Conversion** check box.
4. Verify that the **VAT Rate Change Tool Completed** check box is cleared.
5. On the **Home** tab on the ribbon, click **Convert**.

A test conversion does not change the selected master data, journals, or documents.

Click the **VAT Rate Change Log Entries** on the ribbon to view the result of the test conversion.

Entry No.	Record Identifier	Old Gen. Prod. P...	New Gen. Prod. P...	Old VAT Prod. P...	New VAT Prod. P...	Description	C. Converted Date
143	Item: LS-S15	RETAIL	RETAIL	VAT25	VAT26	Conversion cannot be performed before Perform Conversion is set to true.	<input type="checkbox"/>
144	Item: LSU-15	RETAIL	RETAIL	VAT25	VAT26	Conversion cannot be performed before Perform Conversion is set to true.	<input type="checkbox"/>
145	Item: LSU-4	RETAIL	RETAIL	VAT25	VAT26	Conversion cannot be performed before Perform Conversion is set to true.	<input type="checkbox"/>
146	Item: LSU-8	RETAIL	RETAIL	VAT25	VAT26	Conversion cannot be performed before Perform Conversion is set to true.	<input type="checkbox"/>
147	Item: SPK-100	RETAIL	RETAIL	VAT25	VAT26	Conversion cannot be performed before Perform Conversion is set to true.	<input type="checkbox"/>
148	G/L Account: 1120	MISC	MISC	VAT25	VAT26	Conversion cannot be performed before Perform Conversion is set to true.	<input type="checkbox"/>
149	G/L Account: 1130	MISC	MISC	VAT25	VAT26	Conversion cannot be performed before Perform Conversion is set to true.	<input type="checkbox"/>
150	G/L Account: 1220	MISC	MISC	VAT25	VAT26	Conversion cannot be performed before Perform Conversion is set to true.	<input type="checkbox"/>
151	G/L Account: 1230	MISC	MISC	VAT25	VAT26	Conversion cannot be performed before Perform Conversion is set to true.	<input type="checkbox"/>
152	G/L Account: 1320	MISC	MISC	VAT25	VAT26	Conversion cannot be performed before Perform Conversion is set to true.	<input type="checkbox"/>

FIGURE 2.7: VAT RATE CHANGE LOG ENTRIES WINDOW

VAT Rate Change Conversion

After you verify the test conversion, you can run the VAT rate change conversion as follows:

1. In the **Search** box, type "VAT Rate Change Setup" and then select the related link.
2. Verify that you have already set up the VAT product posting group conversion or the general product posting group conversion.
3. Select the **Perform Conversion** check box.



Note: Verify that the **VAT Rate Change Tool Completed** check box is cleared. The check box is automatically selected when the VAT rate change conversion is completed.

4. In the **Home** tab on the ribbon, click **Convert**.

You can view the result of the conversion by clicking **VAT Rate Change Log Entries** to view the results of the conversion.

The selected master data, journals, and documents are also updated with the new product posting groups.

Demonstration: VAT Rate Change Conversion

Scenario: After Phyllis, the account manager of CRONUS International Ltd., prepares the VAT rate change setup for entertainment expenses, she realizes that the new VAT rate of 26% also applies to loudspeaker range items.

She sets up the following master data for VAT rate change conversion:

- G/L accounts: 8420
- Items: LS-100 to LS-81

She also wants to update sales and purchase documents.

There are no journals to update.

Before she runs the actual VAT rate change conversion, Phyllis first runs a test conversion.

After she runs the conversion, she checks following data:

- G/L Account 8420
- Item LS-100
- Sales Order 104020



Note: To successfully perform this demonstration, you must complete the previous demonstration, "Create New Posting Groups for a VAT Rate Change."

Demonstration Steps

1. Set up the product posting group conversion.
 - a. In the **Search** box, type "VAT Rate Change Setup", and select the related link.
 - b. In the **Home** tab on the ribbon, click **VAT Prod. Posting Group Conv.**
 - c. In the **From Code** field, type "VAT25".
 - d. In the **To Code** field, type "VAT26".
 - e. Click **OK**.
 - f. In the **Home** tab on the ribbon, click **Gen. Prod. Posting Group Conv.**
 - g. In the **From Code** field, type "MISC".
 - h. In the **To Code** field, type "MISC26".
 - i. Click **OK**.

2. Select the master data to convert, exclude the journals from conversion, and select the sales and purchase documents to convert.
 - a. In the **Search** box, type "VAT Rate Change Setup", and select the related link.
 - b. In the **Master Data** FastTab, in the **Update G/L Accounts** field, select **Both**.
 - c. In the **Account Filter** field, type "8420".
 - d. In the **Update Items** field, select **Both**.
 - e. In the **Item Filter** field, type "LS-100..LS-81".
 - f. Select **No** for the following fields:
 - Update Resources
 - Update Item Categories
 - Update Item Charges
 - Update Gen. Prod. Posting Groups
 - Update Serv. Price Adj. Detail
 - Update Work Centers
 - Update Machine Centers
 - g. In the **Journals** FastTab, select **No** for all the fields.
 - h. In the **Documents** FastTab, in the **Update Sales Documents** field, select **Both**.

- i. Select the **Ignore Status on Sales Docs** check box.
 - j. In the **Update Purchase Documents** field, select Both.
 - k. Select the **Ignore Status on Purchase Docs** check box.
 - l. Select **No** in the remaining fields
3. Run the test conversion and check the result of the test conversion.
- a. Verify that the **VAT Rate Change Tool Completed** and **Perform Conversion** fields are cleared.
 - b. In the **Home** tab on the ribbon, click **Convert**.
 - c. In the **Home** tab, click **VAT Rate Change Log Entries**.

Notice that only the filtered G/L accounts and items are included in this overview.

The suggested Sales and purchase lines contain only G/L accounts and items that are filtered in the **Master Data** FastTab.

4. Perform the VAT rate change conversion and check the log entries.
- a. Close the **VAT Rate Change Log Entries** window to return to the VAT rate change setup.
 - b. Verify that the **VAT Rate Change Tool Completed** field is cleared.
 - c. Select the **Perform Conversion** field.
 - d. In the **Home** tab on the ribbon, click **Convert**.

Notice that now the **VAT Rate Change Tool Completed** field is selected automatically.

To check the result, follow these steps:

- e. In the **Home** tab, click **VAT Rate Change Log Entries**.

The **Description** field is now blank, the **Converted** field is selected, and the **Converted Date** field contains a date.

5. Check G/L account 8420, check item LS-100, and check sales order 104020.
- a. In the **Search** box, enter **Chart of Accounts**, and select the related link.
 - b. Scroll to G/L account 8420, and double-click to open the G/L Account Card.
 - c. Open the **Posting** FastTab.

Module 2: VAT Rate Change Tool

Notice that the general ledger posting group and the VAT posting group contain the new values.

The screenshot shows the 'Edit - G/L Account Card - 8420 - Entertainment and PR' window. The 'Posting' section is expanded, showing the following values:

Field	Value
Gen. Posting Type	Purchase
Gen. Bus. Posting Group	NATIONAL
Gen. Prod. Posting Group	MISC26
VAT Bus. Posting Group	NATIONAL
VAT Prod. Posting Group	VAT26
Default IC Partner G/L Acc. No.	

Other visible fields include: No.: 8420, Name: Entertainment and PR, Income/Balance: Income Statement, Debit/Credit: Both, Account Type: Posting, Totaling: , No. of Blank Lines: 0, Search Name: ENTERTAINMENT AN..., Balance: 3,926.08, Direct Posting: checked, Blocked: , Last Date Modified: , Consolidation: Average Rate (Manual), Reporting: No Adjustment, Cost Accounting: 8420.

FIGURE 2.8: G/L ACCOUNT CARD

- Click **OK** to close the G/L Account Card.
- In the **Search** box, type "Items", and then select the related link.
- Press **Ctrl+F**, and verify that **Description** is selected in the **Find Row Where** field.
- In the **Matches** field, type "100W", press Enter, and then click **Close**.
- Double-click item LS-100, and open the **Invoicing** FastTab.

Notice that the **VAT Product Posting Group** now contains VAT26.

- Click **OK** to close the item card.
- In the **Search** box, enter **Sales Orders** and then click the related link.
- Scroll to sales order 104020, and double-click to open the sales order.



Note: To verify the new VAT rate, use the **Choose Columns** function to add the **VAT Product Posting Group** field to the sales lines.

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The items on this sales order are included in the item filter in the **VAT Rate Change Setup** window. Therefore, both sales lines now contain the VAT product posting group VAT26.

The screenshot displays the 'Edit - Sales Order - 104020 - The Device Shop' window. The interface includes a ribbon with tabs for Home, Actions, and Navigate. The main area is divided into several sections:

- General:** Fields for No. (104020), Document Date (01/31/14), Sell-to Customer No. (62000), Requested Delivery Date, Sell-to Customer Name (The Device Shop), External Document No., Sell-to City (London), Salesperson Code (P5), Posting Date (01/31/14), Status (Released), and Order Date (01/31/14).
- Lines:** A table with columns: Type, No., Description, Location Code, Quantity, Unit of Measure Code, VAT Prod. Posting Group, and Unit Price Excl. VAT.
- Sell-to Customer Sales:** Summary statistics for Customer No. 62000, including Quotes, Blanket Orders, Orders, Invoices, Return Orders, Credit Memos, Pstd. Shipments, Pstd. Invoices, Pstd. Return Receivables, and Pstd. Credit Memos.
- Sales Line Details:** Information for Item No. LS-10PC, including Availability (112), Substitutions, Sales Prices, and Sales Line Discounts.
- Notes:** A section with a link to create a new note.
- Footer:** Invoicing (62000, 14 DAYS, 02/14/14), Shipping (N16 34Z, 01/31/14, Partial), Foreign Trade, and Prepayment (0, 02/14/14).

Type	No.	Description	Location Code	Quantity	Unit of Measure Code	VAT Prod. Posting Group	Unit Price Excl. VAT
Item	LS-10PC	Loudspeakers, White for PC	WHITE	20	BOX	VAT26	59.00
Item	LS-120	Loudspeaker, Black, 120W	WHITE	8	PCS	VAT26	88.00
Item	LS-10PC	Loudspeakers, White for PC	WHITE	30	BOX	VAT26	59.00

FIGURE 2.9: SALES ORDER WINDOW

- i. Click **OK** to close the **Sales Order** window.

Module Review

Module Review and Takeaways

The VAT rate change tool in Microsoft Dynamics NAV 2013 enables you to convert to new VAT rates in the most efficient way. You can use the tool when countries increase or reduce a VAT rate for different reasons.

After the preparation, you can set up the tool by choosing which master data, journals, and documents should be converted. By using master data filters, you can include only the master data that is subject to the VAT rate change.

Before you run the actual conversion, you can perform a test run.

After you run the VAT rate change tool, master data, journals, and documents are updated with new VAT product posting groups and general product posting groups.

Test Your Knowledge

Test your knowledge with the following questions.

1. Which of the following posting groups can you update in the VAT rate change process?
 - () VAT business posting group and VAT product posting group.
 - () General business posting group and general product posting group.
 - () General product posting group and VAT product posting group.
 - () General business posting group and VAT business posting group.
 - () General business posting group and VAT product posting group.

2. What is true about prepayment invoices in relation to the VAT rate change tool?
- () The system creates credit memos for the posted prepayment invoices and converts them to the new VAT rate.
 - () The system adds lines to the posted prepayment invoices with the difference between the old and new VAT rate.
 - () Documents that have posted prepayment invoices are not converted by the VAT rate change tool.
 - () Only non-posted prepayment invoices are converted by the VAT rate change tool.
3. Which type of master data cannot be set up in the **VAT Rate Change Setup** window?
- () Resources
 - () Fixed Assets
 - () Work Centers
 - () Items
 - () Item Charges
4. Which of the following is the result of a VAT rate change test conversion?
- () The VAT Rate Change Test Conversion report.
 - () Non-posted journal lines with the old and new product posting groups.
 - () There is no result. Only a message that states if the test conversion ran successfully.
 - () VAT rate change log entries.

5. What is true about the **VAT Rate Change Tool Completed** field in the **General** FastTab of the **VAT Rate Change Setup** window?
- () It is a non-editable field, automatically selected when the VAT rate change conversion is completed.
 - () It is an editable field, automatically selected when the VAT rate change conversion is completed.
 - () The user must select this field after the VAT rate change conversion is completed.
 - () Only when this field is selected, the VAT rate changes are applied to the master data, journals, and documents.

Test Your Knowledge Solutions

Module Review and Takeaways

1. Which of the following posting groups can you update in the VAT rate change process?
 - () VAT business posting group and VAT product posting group.
 - () General business posting group and general product posting group.
 - (√) General product posting group and VAT product posting group.
 - () General business posting group and VAT business posting group.
 - () General business posting group and VAT product posting group.

2. What is true about prepayment invoices in relation to the VAT rate change tool?
 - () The system creates credit memos for the posted prepayment invoices and converts them to the new VAT rate.
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