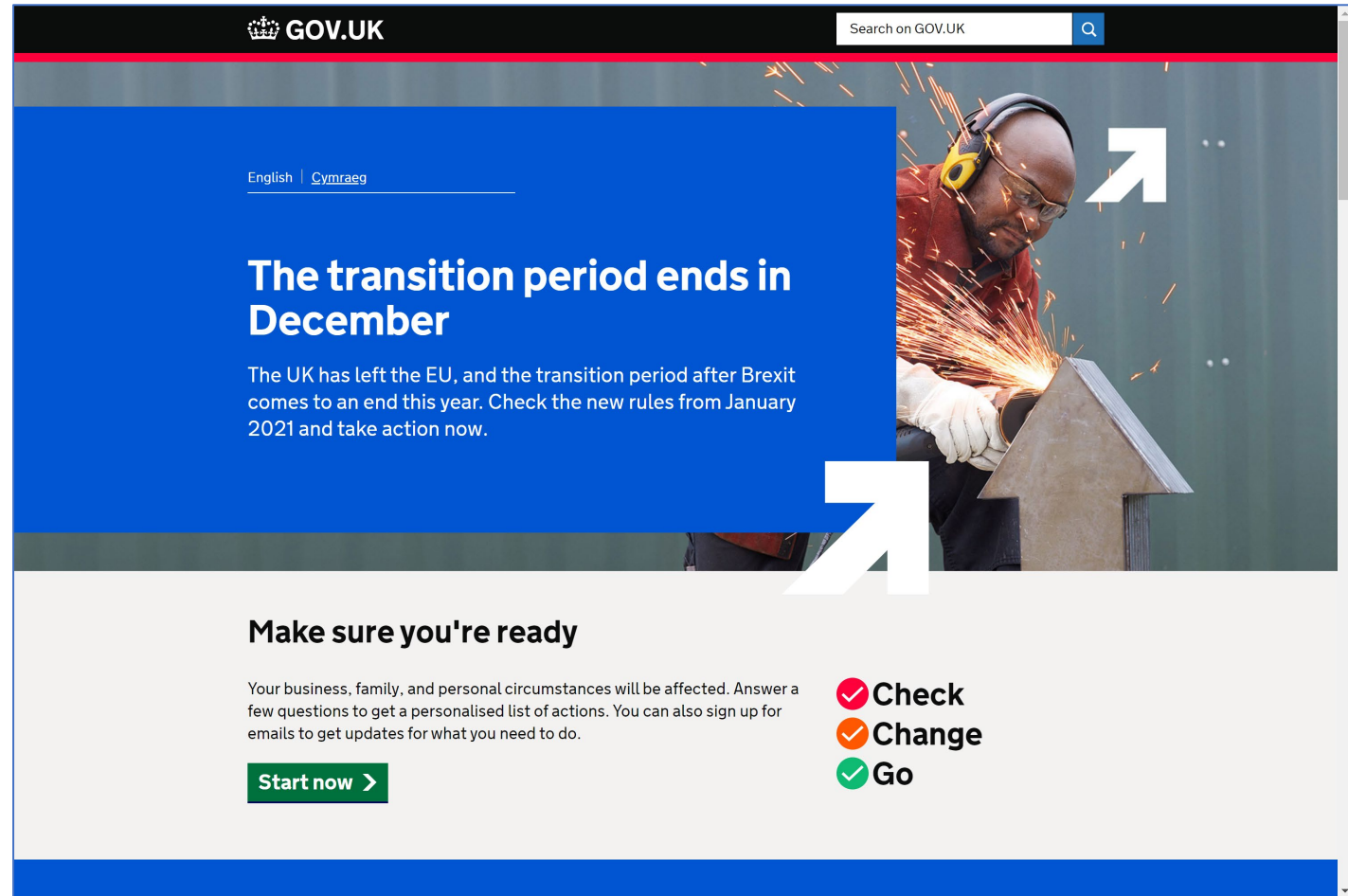


Microsoft Dynamics 365 Business Central & Microsoft Dynamics Nav

BREXIT Q & A session

Dave (Dynamics Consultant)
George (Dynamics Trainer)



The screenshot shows the GOV.UK website with a search bar at the top right. The main content area features a blue banner with the text: "The transition period ends in December". Below this, it states: "The UK has left the EU, and the transition period after Brexit comes to an end this year. Check the new rules from January 2021 and take action now." To the right of the text is a photograph of a welder working on a metal structure, with sparks flying. Below the banner, there is a section titled "Make sure you're ready" with a sub-headline: "Your business, family, and personal circumstances will be affected. Answer a few questions to get a personalised list of actions. You can also sign up for emails to get updates for what you need to do." A green button labeled "Start now >" is positioned to the left of a list of three items: "Check" (with a red checkmark icon), "Change" (with an orange checkmark icon), and "Go" (with a green checkmark icon).

25th November 2020

What we'll cover

1 Sources of Information

2 Your Questions

3 Future Steps

What we will cover is ...

- The information published by the UK Government and / or HMRC
- Suggestions to check regarding your setup, specific areas such as VAT Statement and VAT Posting Setup and existing order documents
- Troubleshooting tips

This is NOT VAT/Customs ADVICE !

Please seek this from your accountant, HMRC or other qualified specialists

Disclaimer

1. The information provided is based on our Current Understanding of what the situation will be, taking into account information from the UK Government, HMRC and other sources.
2. In some areas the information that they have provided is subject to review and possible change/further agreements.
3. Information is provided on an As-Is basis.
4. The information is provide in good faith and TecMan cannot be held responsible for any errors or omissions
5. The nature and the date of future trade agreements and the Irish border protocols, for example, is not something that TecMan have any influence over and may further impact on your business after 1st January 2021.

What has already been done (by Tecman and others)

- Three blog posts linked to these webinars

[Post 1](#) – Overview & Resources

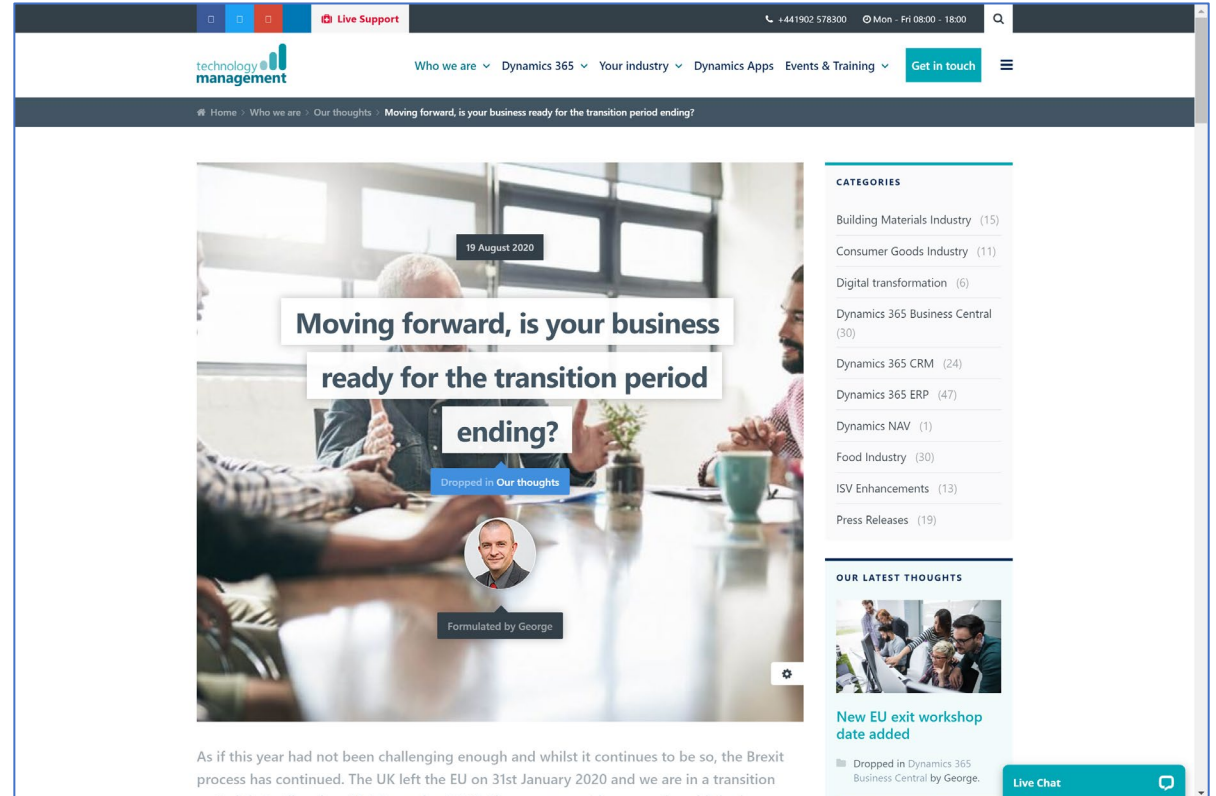
[Post 2](#) – Trade focused info

[Post 3](#) – VAT focused info for changes in the NAV/BC system

- Plus free resources from Tecman (help documents, plan, questionnaire)

<https://www.tecman.co.uk/brexit>

- Plus various resources mentioned in the webinar: UK Gov site, specialists, freight forwarders etc.



Your Questions

For the correct VAT accounting to work it is essential that all EU customers and vendors have the new VAT Business Posting Group of EU2021, is there an easy way to check?

- Yes – filter your master data, use a saved view to review in the future
- After 31/12/20 no customers or vendors should have the VAT Business Posting Group EU, this can be checked in the customer and vendor table.
- It is imperative that new customers / vendors are not set up with the EU code. If you use templates to set up customer and vendors please ensure these are also updated.
- A simpler method may be to use clever data validation to ensure the customer and vendor master data is correct.

I have attended the webinar, added the new posting groups and amended the posting set up in readiness for the changes.

I have also created a new VAT return (VAT Statement) for 2021, how do I know it's correct?

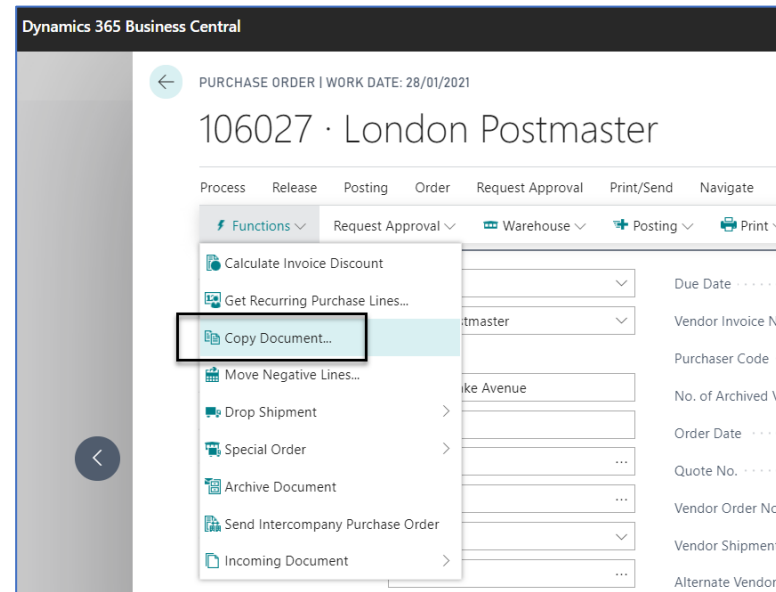
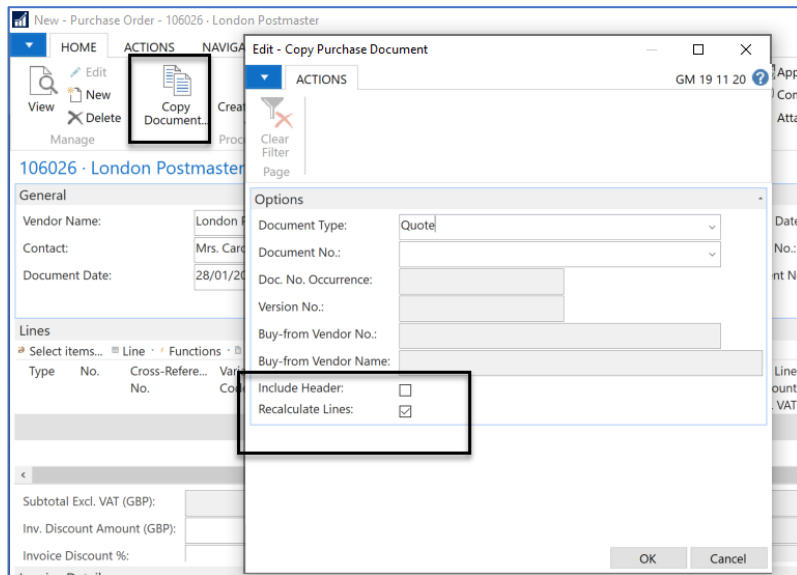
- I would recommend that once the January 2021 books are closed, you run a dummy VAT return to validate the return looks correct and is can be reconciled to the open VAT ledger entries and the general ledger.
- If there are issues it will be easier to locate them in the month of January as opposed to the whole quarter.

As the VAT business posting group “EU” is not longer valid in 2021 can I delete it?

- Unfortunately as the posting group has been used it cannot be deleted.
- The description could be amended to “Pre Brexit - Do Not Use” – don’t change anything else

Can we still copy sales invoices?

- The copy document function is a useful tool which saves time
- If copying a document from pre Brexit to post Brexit caution is required as the VAT treatment will have changed for EU customers.
- Take care when copying to recalculate lines (as opposed to include Header) as this will use the current VAT set up
- If you use the Include Header option it will use the old (wrong) posting setup



What about Northern Ireland ?

- Conflicting views UK gov vs. EU (Internal Markets Bill)
- When (if) resolved with a Free Trade Agreement NI will have dual status
- Northern Ireland Protocol / Brexit Withdrawal Agreement vs Internal Markets Bill
- Goods come under EU VAT regime (EU view only)
- Services come under UK VAT regime
- Current explanatory post from Avalara is helpful

<https://www.avalara.com/vatlive/en/vat-news/uk-clarifies-brexit-northern-ireland-xi-vat-number.html>

If I receive an invoice for imports and it has VAT on it that I was not expecting, what do I do?

- Scenario 1 – If it quotes a UK VAT no., if yes then add a line on that is for FULL VAT for the unexpected VAT elements
- Scenario 2 – No UK VAT reg no. quoted, add the VAT element to the price of the goods, this is non reclaimable as not UK VAT (you may wish to dispute/check this with your supplier)

What should I be discussing with my suppliers to avoid issues arising

- INCOTERMS (Shipment Method Code in NAV/BC) – agree and understand each others responsibilities/obligations, and ensure is quoted on all paperwork
- Request suppliers quote your VAT reg no. on all documents, along with GB EORI number
- For low value consignments being imported into the UK (£135 or below) ensure your suppliers are aware of the need to charge UK VAT on the supply – consider 'steering' consignment size to above this

Is there a list of NAV areas e.g sales orders, quotes, that need checking and what will need doing to each?

- Please refer to the material on the Brexit portal on the Tecman website which highlights areas of your business you need to consider.
- There will be a separate document published by us soon which gives specific advice on how to handle the various different document types

We are already importing from non-EU overseas companies and using a VAT Business posting group "FOR". Can we use this existing group instead of making a new EU2021 group?

- No, in 2021 you will need it or you will not be able to distinguish between European imports and exports to Rest of World imports and exports for your VAT return (Box 8 and 9 in particular)

What changes do we need to make to the VAT product posting groups? does this mean we need to change set up on all item card?

- There are no changes required to existing VAT product posting groups, so you should not need to amend any item cards.
- If you check the resources on the Tecman Brexit portal it will show you that an additional VAT product posting group is required for posting the “Postponed VAT” (the monthly statement for the Import VAT due/reclaimable)

If we have part shipped/received orders, do we have to close them down and re-enter, or can we change the posting group mid order?

- If sales orders have been part shipped or purchase orders have been part receipted the VAT business posting group cannot be changed mid order.
- There are 2 options:-
 - 1 -Reduce the quantities on the SO / PO lines to the amount shipped / received and create new SOs / POs for the difference with the new VAT Posting Setup
 - 2 -Reduce the quantities on the SO / PO lines to the amount shipped / received and create new lines on the existing SO / PO for the difference. On the new lines you need to input the new VAT Business Posting Group.
- If you are planning to use option 2 it is recommended that is fully tested in advance

If we amend purchase order quantities will this effect production orders?

- The total outstanding quantity of an item will not have changed but this could be an issue if the stock on the PO is reserved against a production order. The new PO line / order will need to be manually reserved against the order.
- Again due to the various configurations of systems we recommend this is tested well in advance of the end of the transition period.

We'll be utilising some API with our 3PL warehouse to generate our commercial invoices which will include our new EU / NI EORI numbers. Is there a requirement for us to present these on our Posted Sales Invoices as well?

- No, our understanding is that the EORI number is required only on commercial invoices

Questions

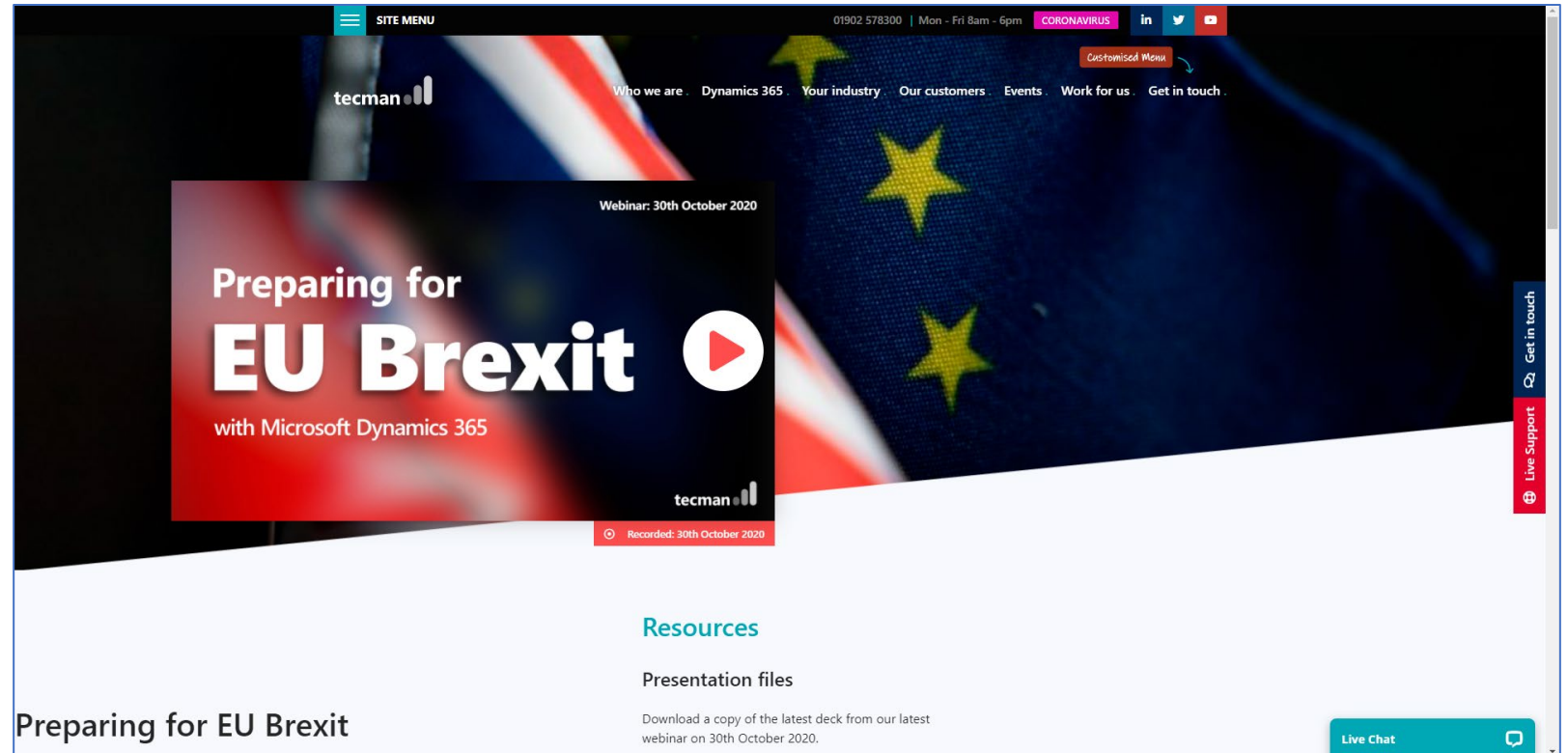
Future Steps

Suggestions

- Refer to the Tecman portal page for more resources, for example regarding Northern Ireland

<https://www.tecman.co.uk/brexit>

- Monthly VAT reconciliation
- Test setup now
- Test process for document changes



The screenshot displays the Tecman website's homepage. At the top, there is a navigation bar with a 'SITE MENU' icon, the phone number '01902 578300', the text 'Mon - Fri 8am - 6pm', a 'CORONAVIRUS' button, and social media icons for LinkedIn, Twitter, and YouTube. Below this is a secondary navigation bar with links for 'Who we are', 'Dynamics 365', 'Your industry', 'Our customers', 'Events', 'Work for us', and 'Get in touch'. A 'Customised Menu' button is also present. The main content area features a large video player for a webinar titled 'Preparing for EU Brexit with Microsoft Dynamics 365', recorded on 30th October 2020. The video player includes a play button and the Tecman logo. To the right of the video player, there is a 'Resources' section with a sub-heading 'Presentation files' and a link to download a copy of the latest deck from a webinar on 30th October 2020. On the far right, there is a vertical sidebar with 'Live Support' and 'Get in touch' buttons. At the bottom right, there is a 'Live Chat' button.

Follow up on your questions

- We will add a “Webinar Questions” document to the Tecman portal page to allow us to list all the questions we have received from you and share our answers
- We will also add this presentation to the portal for reference

<https://www.tecman.co.uk/brexit>

- Please do contact your Account Manager with further questions, they will forward them to us
- Webinars continue – this Friday 27th Nov
- More resources to come as we create them, to help you

tecman.co.uk/feedback

Thank you.