

Microsoft Dynamics® AX

Country-specific update for Italy - Increase in the standard VAT rate

White Paper

This white paper describes the country-specific update released for Italy for Microsoft Dynamics AX 4.0 SP2, Microsoft Dynamics AX 2009, and Microsoft Dynamics AX 2012.

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Introduction

This white paper describes a Microsoft Dynamics® AX feature that is specific to users in Italy.

For more information about other features that apply to Italy, refer to the Applications and Business Processes Help. Information that is specific to Italy includes (ITA) in the title.

Increase in the standard VAT rate

In accordance with the Italian Ministry of Economy and Finance, the standard value-added tax (VAT) rate that is applied to transactions on goods and services has been increased to 21 percent. This increase was approved by the Italian Ministry of Economy and Finance on September 16, 2011, and was published in their official journal on September 17, 2011.

The VAT rate that is applied to transactions is calculated by using the effective date. The effective date can be derived from transaction details, such as the invoice date, delivery date, or document date. For invoices, the effective date is the invoice date. For purchase orders, the effective date is the delivery date. For sales orders, the effective date is the document date or shipping date.

The VAT rate of 21 percent is applied to the following transactions:

- Invoices that are posted on or after September 17, 2011.
- Prepayments that are made on or after September 17, 2011.
- Purchase orders that are delivered on or after September 17, 2011.
- Sales orders that are shipped on or after September 17, 2011.
- Credit notes and debit notes that are related to invoices posted on or after September 17, 2011.

The previous VAT rate of 20 percent is applied to transactions that were posted before September 17, 2011. Invoices, credit notes, and debit notes that are related to sales orders or purchase orders that are shipped or delivered before September 17, 2011, will have the previous VAT rate of 20 percent applied to them.

Setting up the VAT rate of 21 percent

Complete the following tasks to set up the VAT rate of 21 percent before posting transactions:

- Set up a sales tax code in the **Sales tax codes** form. For more information, see "Sales tax codes (form)" and "Set up and use sales tax codes" in the Help.
- Set up ledger posting groups to calculate the VAT rate of 21 percent in the **Ledger posting groups** form. For more information, see "Account group – Ledger posting group (form)" in the Microsoft Dynamics AX 2009 Help or see "Ledger posting groups (form)" in the Microsoft Dynamics AX 2012 Help and "Set up ledger posting groups for sales tax" in the Help.
- Set up a sales tax group in the **Sales tax groups** form. For more information, see "Sales tax groups (form)" and "Set up and use a sales tax group" in the Help.
- Set up an item sales tax group in the **Item sales tax groups** form. For more information, see "Item sales tax groups (form)" and "Create an item sales tax group" in the Microsoft Dynamics AX 2009 Help or "Create item sales tax groups" in the Microsoft Dynamics AX 2012 Help.
- Set up the calculation date type to calculate VAT.

Set up the calculation date type for VAT

Use the **General ledger parameters** form to set up the calculation date type to calculate VAT. The calculation date type that you select determines the effective date that will be used to calculate the VAT rate for posted transactions. For more information, see "General ledger parameters (form)" in the Help.

1. Click **General ledger > Setup > General ledger parameters** to open the **General ledger parameters** form.
2. Click the **Sales tax** link, and then on the **General** FastTab, in the **Calculation date type** field, select one of the following options:
 - **Invoice date** – This is the default value. VAT is calculated by using the sales tax percentage that is valid on the invoice document date or on the date that the invoice is posted.
 - **Delivery date** – VAT is calculated by using the sales tax percentage that is valid on the delivery date.
 - **Document date** – VAT is calculated by using the sales tax percentage that is valid on the date that you created the sales order.
3. Close the form.

Creating and assigning a VAT code to calculate VAT

VAT rates can be applied to posted transactions by using one of the following methods:

- Create a VAT code that uses the VAT rate of 21 percent. Then, assign this VAT code to the sales tax groups and item sales tax groups that are used for posting transactions. For more information, see [Create a VAT code for the VAT rate of 21 percent](#) and [Assign the VAT code to sales tax groups and item sales tax groups](#).

For example, if an invoice is issued on October 15, 2011, and is related to items that have deferred deliveries, a VAT rate of 20 percent is applied to deliveries that occurred before September 17, 2011. In this case, you must set up a VAT code that uses a VAT rate of 21 percent to apply to transactions that have an effective date of September 17, 2011, or later.

You can use this method to apply VAT to invoices that have a prepayment date that occurred on or after September 17, 2011.

- Create a VAT code line that uses the VAT rate of 21 percent on the current VAT code record. This VAT code line is used to calculate the VAT rate for transactions that are made on or after September 17, 2011. For more information, see [Create a VAT code line for the VAT rate of 21 percent](#).

Create a VAT code for the VAT rate of 21 percent

Use the **Sales tax codes** form to create a VAT code that uses a VAT rate of 21 percent. You must also set the expiration date of the VAT code that uses the VAT rate of 20 percent to September 16, 2011.

1. Click **General ledger > Setup > Sales tax > Sales tax codes** to open the **Sales tax codes** form.
2. Create a VAT code that will be used to calculate VAT for posted transactions based on the effective date.
3. Click **Values** to open the **Values** form.
4. In the **From date** field, enter a starting date of September 17, 2011.
5. In the **To date** field, enter an ending date of December 31, 2011.
6. In the **Sales tax codes** form, select the VAT code that uses the VAT rate of 20 percent, and then click **Values** to open the **Values** form.
7. In the **To date** field, enter an ending date of September 16, 2011. You must enter this date to ensure that the previous VAT rate is not applied to transactions that have an effective date of September 17, 2011, or later.
8. Close the forms.

Assign the VAT code to sales tax groups and item sales tax groups

Use the **Sales tax groups** and **Item sales tax groups** forms to assign the VAT code that uses the VAT rate of 21 percent to the relevant sales tax groups and item sales tax groups. The VAT code that is used to calculate VAT is determined by the effective date of the posted transaction.

1. Click **General ledger > Setup > Sales tax > Sales tax groups** to open the **Sales tax groups** form.
2. Select the sales tax group that uses the VAT code with the VAT rate of 21 percent.
3. Click the **Setup** FastTab, and then click **Add** to add a new line.
4. In the **Sales tax code** field, select the VAT code that uses the VAT rate of 21 percent.
5. Click **General ledger > Setup > Sales tax > Item sales tax groups** to open the **Item sales tax groups** form.
6. Select the item sales tax group that uses the VAT code with the VAT rate of 21 percent.
7. On the **Setup** FastTab, click **Add** to add a new line.
8. In the **Sales tax code** field, select the VAT code that uses the VAT rate of 21 percent.
9. Close the forms.

Create a VAT code line for the VAT rate of 21 percent

Use the **Values** form to create a VAT code line for the VAT rate of 21 percent. You can then use this VAT code line to apply VAT to transactions that are posted after September 16, 2011. The VAT is applied to posted transactions based on the effective date of the transaction.

1. Click **General ledger > Setup > Sales tax > Sales tax codes** to open the **Sales tax codes** form.
2. Select the sales tax code that uses the VAT rate of 20 percent, and then click **Values** to open the **Values** form.
3. Create a VAT code line for the VAT rate of 21 percent.
4. In the **From date** field, enter a starting date of September 17, 2011.
5. In the **Value** field, enter a VAT rate of 21 percent.
6. Close the forms.

Creating adjustment VAT codes for credit notes and debit notes

The VAT rate of 21 percent is also applied to credit notes and debit notes. For credit notes that are associated with the return of items, VAT is calculated based on the effective date. In this case, the effective date is the shipment date of the item. For items that were sold before September 17, 2011, and returned on or after September 17, 2011, you must use the VAT rate of 20 percent to calculate VAT for the credit note or debit note. Because of this, you must create an adjustment VAT code that uses a VAT rate of 20 percent to correctly calculate the VAT. You must also create an alternate item sales tax group to calculate VAT for credit notes and debit notes.

For example, if an item was shipped and the invoice for the transaction was posted to the customer on June 15, 2011, the VAT rate would be 20 percent. If the same item was returned on October 1, 2011, the credit note issued for the returned item would have a VAT rate of 20 percent, which is the same as the VAT charged when the item was shipped.

Create an adjustment VAT code and item sales tax group for credit notes and debit notes

Use the **Sales tax codes** form to create an adjustment VAT code to use for posting credit notes and debit notes. Then, use the **Item sales tax groups** form to create an alternate item sales tax group that uses the adjustment VAT code that you created. You must manually assign this item sales tax group to credit notes or debit notes when you are posting them.

1. Click **General ledger > Setup > Sales tax > Sales tax codes**.
2. Create a sales tax code to use as an adjustment sales tax code.
3. Click **Values** to open the **Values** form.
4. In the **Value** field, enter a VAT rate of 20 percent.

Note: The **From date** and **To date** fields are left blank.

5. Click **General ledger > Setup > Sales tax > Item sales tax groups** to open the **Item sales tax groups** form.
6. Create an item sales tax group to calculate VAT for credit notes and debit notes.
7. On the **Setup** FastTab, click **Add** to add a new line.
8. In the **Sales tax code** field, select the adjustment VAT code that you created.
9. Close the forms.

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