Correcting VAT Errors in Sage: How Corient Saved £3,000 for a Client Through Compliance Expertise

Highlights

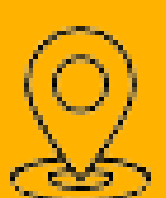**1** **Reduced VAT liability by £3,000** through corrected input VAT claims

2 **Improved VAT accuracy using Sage** accounting software

3 **Educated the client on VAT documentation best practices**

4 **Strengthened long-term compliance through improved bookkeeping**

Introduction

A client using **Sage accounting software** reached out to **Corient** after discovering an **unexpectedly high VAT liability.** Although they managed their bookkeeping internally, the lack of expertise with Sage's VAT functionalities and HMRC regulations led to misreported claims. This case study shows how Corient's intervention not only reduced their liability but also improved their understanding and bookkeeping practices.

The Initial Problem: What Went Wrong?

Corient quickly identified several issues causing the elevated VAT bill:

- **VAT codes were misapplied** in Sage transactions
- **Subcontractor payments were entered without valid VAT support**
- Many claims lacked corresponding **receipts or invoices**
- The client was **unfamiliar with Sage's VAT processes** and compliance expectations.
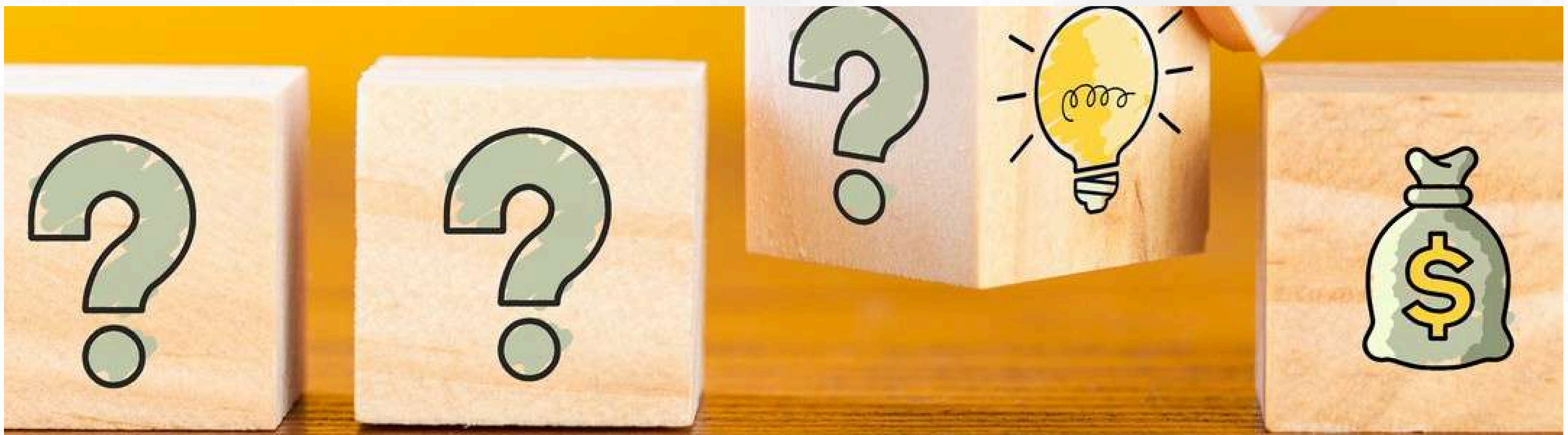
These issues meant the client was not only overpaying but also potentially exposing themselves to compliance risks.

Corient's First Solution: The Fix

Corient began with a **comprehensive year-to-date review** of the client's records within Sage. This uncovered:

- Several **incorrect VAT-coded transactions**
- Gaps in the supporting documentation for high-value subcontractor claims
- Inconsistent recording of supplier invoices

Corient corrected and reclassified the affected transactions, guiding the client on accurate VAT record-keeping. Discover how our <u>accounting outsourcing services</u> improve bookkeeping accuracy.

The New Problem: A Surprise Roadblock

Even after the corrections, one key obstacle remained—**a lack of documentation** for many input VAT claims. The client had not kept proper invoices or receipts, making it impossible to verify the legitimacy of certain transactions. Without this, **VAT claims worth thousands were at risk of rejection.**

Corient's Second Solution: Fixing the New Problem

To address the missing documentation and ensure valid VAT claims, Corient implemented the following steps:

Step 1: Educated the Client on Documentation Requirements
Corient explained the importance of maintaining proper invoices and receipts to support all VAT claims, especially for high-value subcontractor payments.

Step 2: Outlined the Risk of Invalid Claims

The client was informed that without proper documentation, HMRC could disallow significant input VAT, potentially resulting in penalties or increased liabilities.

Step 3: Requested Missing Records

Corient provided a checklist and specifically requested invoices for subcontractor services, where the VAT amount claimed was substantial.

Step 4: Verified and Matched Transactions

Once documentation was received, Corient matched each invoice to its corresponding transaction in Sage, ensuring the correct VAT code was applied.

Step 5: Submitted a Corrected VAT Return

With verified and fully documented transactions, Corient filed an amended VAT return, successfully reducing the client's liability by £3,000.

This methodical process not only resolved the immediate issue but also established a more compliant and reliable VAT tracking system for the client moving forward.

OUTCOME

The Final Outcome: A Success Story

With Corient's intervention:

- The client's **VAT liability was reduced by £3,000**
- All claims were **validated with proper documentation**
- **Bookkeeping practices improved,** ensuring better recordkeeping going forward
- The client gained a clearer understanding of VAT compliance within Sage

CORIENT
Customer Oriented Company

What the Client Said

★★★★★

"Corient made the complex simple. Their insight not only saved us money but helped us get it right from now on."

Key Takeaways: Why This Matters for Businesses

- **In-house bookkeeping can miss critical VAT details** without expert oversight.
- **Sage is powerful, but guidance is key to unlocking its full compliance potential.**
- **Preventing errors today can lead to substantial financial savings tomorrow.**

Expert support turns accounting software into a strategic advantage.