

How to Do VAT Calculations on Microsoft Excel

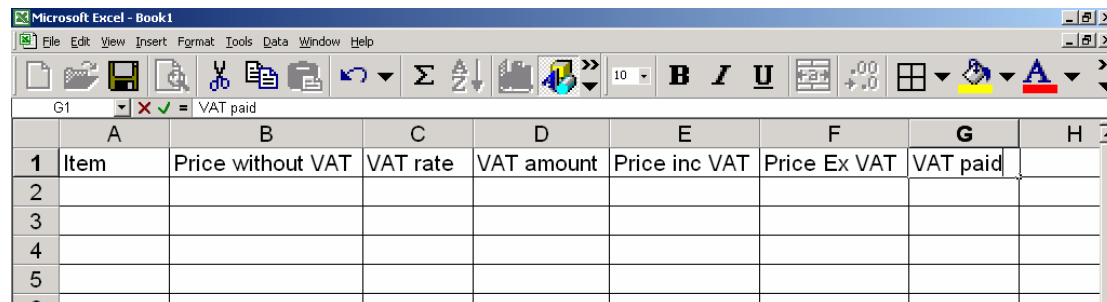
These instructions enable you to produce a simple spreadsheet which allows you to calculate the following:

- VAT payable given the price before VAT
- Price including VAT given the price before VAT
- Price excluding VAT given the price including VAT
- VAT paid if given price including VAT

Open Microsoft Excel (from Start > Programs > Microsoft Excel)

Open a new spreadsheet.

Start with the following headings along the top row:



The screenshot shows a Microsoft Excel spreadsheet with the following headings in the top row:

	A	B	C	D	E	F	G	H
1	Item	Price without VAT	VAT rate	VAT amount	Price inc VAT	Price Ex VAT	VAT paid	
2								
3								
4								
5								
6								

Now enter a few items, with their prices before VAT:

Fertiliser £1000
Sprays £300
Oil and filters £65
Dairy sundries £35
Feed £250
Heating oil £600

Note: Most of these items carry VAT at the full rate of 17.5%. Feed is zero rated, and heating oil is charged at 5%.

List the VAT rates, (don't put the "%" sign) in the C column ..

Now we need a formula in cell D2:

This formula needs to take the price (from cell B2) and multiply it by the VAT rate (from cell C2), divided by 100.

Formulas always start with =

The sign for multiplication is * which is found above the 8.

The sign for division is / which is on the same key as the ?

The formula you need in D2 is therefore:

$$=B2*C2/100$$

	A	B	C	D	E
1	Item	Price without VAT	VAT rate	VAT amount	Price inc VAT
2	Fertiliser	1000	17.5	=B2*C2/100	
3	Sprays	300	17.5		
4	Oil and filters	65	17.5		
5	Dairy sundries	35	17.5		
6	Feed	250	0		
7	Heating Oil	600	5		
8					
9					

The result is the amount of VAT payable.

To calculate the price including VAT, in column E, you need to add the VAT amount to the Price without VAT (obviously !)...

The formula here is easier to work out:

$$=D2 + B2$$

This gives us a method of working out the price including VAT, if we are given the price before VAT...

Often we need to calculate it the other way round. We may have the price including VAT and want to find out the VAT paid.

The formula here multiplies the Price including VAT by the following fraction:

$$\frac{100}{117.5}$$

But what if the VAT rate is different from the standard rate of 17.5% ?

See if you can work out how this formula takes account of VAT rate changes..

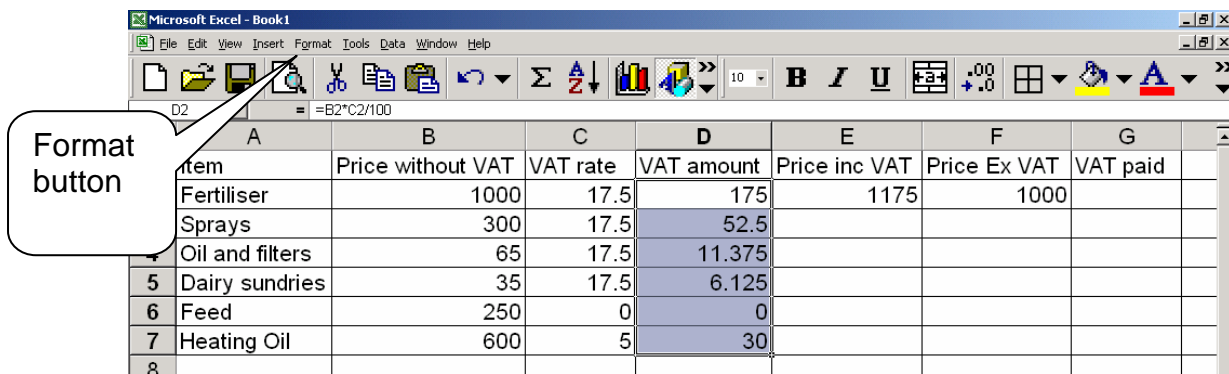
	A	B	C	D	E	F	G
1	Item	Price without VAT	VAT rate	VAT amount	Price inc VAT	Price Ex VAT	VAT paid
2	Fertiliser	1000	17.5	175	1175	=E2*100/(100+C2)	
3	Sprays	300	17.5				

$$=E2 * 100 / (100 + C2)$$

Now you can copy your formulas down the columns..

You do this by clicking on the cell where the formula has been entered, then move your mouse to the bottom right-hand corner of the cell, where your cursor becomes a thin cross +.

Now hold your left mouse button down and scroll down the column; the formula will be repeated down the column.

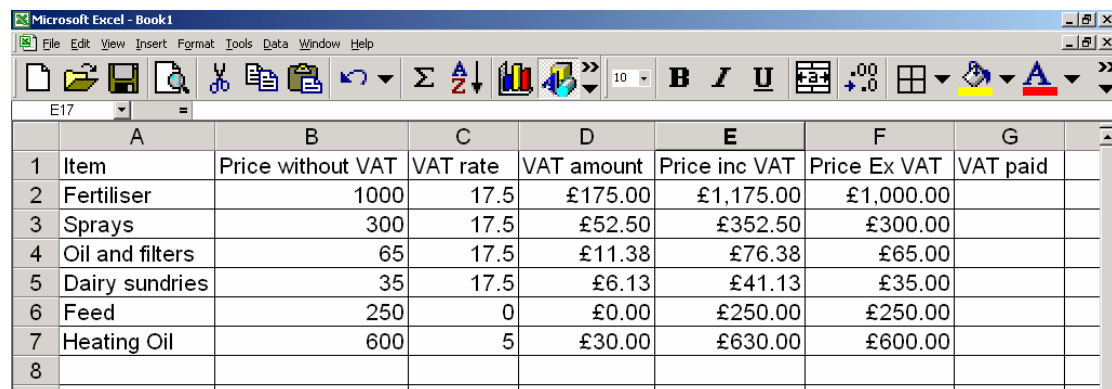


Clearly we need these figures to be in £.

With the column still highlighted (as above), click Format > Cells > Currency, and make sure that the £ sign is selected.

Repeat the process with the other columns. You will find it possible to copy more than one column at a time, but it is useful to have practice...

Notice how your formula works out the price excluding VAT, and takes into account when there is no VAT to pay, for example for feed..



To work out the VAT paid, the formula in words is Price inc VAT minus Price ex VAT.. in cell G2 put: =E2-F2. Copy this formula down the column in the same way, and format the column to currency.