ORACLE

UK VAT Changes

Implementing Temporary VAT Reduction in OPERA Cloud 1.20

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PURPOSE STATEMENT

This document provides an overview of how to amend the configuration of your OPERA system to accommodate the temporary reduction in VAT rates being introduced in the UK on July 15th 2020.

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Due to the nature of the product architecture, it may not be possible to safely include all features described in this document without risking significant destabilization of the code.

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IMPORTANT INFORMATION

FOLIO AMENDMENTS

For Oracle Hospitality to make the necessary stationery changes to your existing folios please purchase 2 hours / units from the on line store. Please note, this is for folio amendments only.

Please follow this link to access the store:

- https://shop.oracle.com
- Change the country to “United Kingdom”
- Select “MICROS Consulting”
- Select Oracle Hospitality Hotel Remote Property Management System Implementation (part number B87423)
- Hit “Buy now” and select “Oracle Hospitality OPERA”, and the quantity “2”.
- Select “Add to Cart” and follow the path to register your business and complete the purchase.

If you do not wish to or are unable to purchase the time from the Oracle on line store using a credit card please refer this request to your Account Manager, if you do not know who this is, then please call +44 (0) 1189 244 156 and we will help locate them for you.

POINT OF SALE INTERFACE UPDATE IN OPERA

For Oracle Hospitality to make the necessary changes to the interface link between Opera and your Point of Sale system (often referred to as the split table or transaction matrix) please purchase 2 hours / units from the on line store. Please note, this is for amendments to existing interface links only.

Please follow this link to access the store:

- https://shop.oracle.com
- Change the country to “United Kingdom”
- Select “MICROS Consulting”
- Select Oracle Hospitality Hotel Remote Network Interface Technical Services Implementation (part number B87424)
- Hit “Buy now” and select “Oracle Hospitality OPERA”, and the quantity “2”.
- Select “Add to Cart” and follow the path to register your business and complete the purchase

If you do not wish /are unable to purchase the time from the Oracle on line store using a credit card please refer this request to your Account Manager, if you do not know who this is, then please call +44 (0) 1189 244 156 and we will help locate them for you

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OVERVIEW

On July 8th 2020, the UK Government announced a temporary reduction in VAT rates for Accommodation, Food & Non-Alcoholic beverages. The rate is being reduced from the standard 20% to a 5% rate for a period of 6 months running from July 15th to January 12th 2021. Due to the complexity of the changes needed, specifically around the splitting of beverage charges into non-alcoholic and alcoholic, the work has to be performed manually, but can be completed in 2 stages as detailed below.

For these changes, the user needs to have configuration access to OPERA

PRE-WORK BEFORE JULY 15TH

Some elements of the VAT change can be prepared in advance to save time as detailed below:

Create New Tax Codes

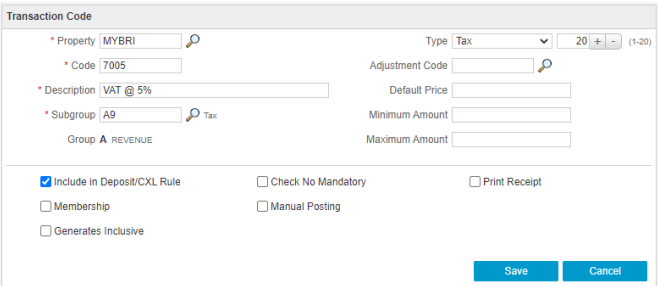
From the OPERA side menu screen select 'Administration' and go to Transaction Management under the Financial section and from the jump menu select Transaction Codes.

Scroll down the codes until you reach the transaction codes which are used for VAT, traditionally these will be in the 7000 area but these may vary per site

Code	Description	Group	Subgroup	Generates	
				Inclusive	Exclusive
7000	VAT @ 4%	A Revenue	A9 Tax		
7010	VAT @ 0%	A Revenue	A9 Tax		
7015	VAT Exempt	A Revenue	A9 Tax		
7020	VAT @ 20%	A Revenue	A9 Tax		

Click NEW and create a new transaction code against the next free transaction code number in that area, so if VAT@20% is 7000, VAT Exempt is 7005 etc. then you would make the new code 7010 and enter the description as VAT@5% or the naming convention used for other codes which might be TAX @5%. The numbering convention will vary between hotels but in most cases will be in the 7000 or 7500 range.

Complete the details of the new transaction code as shown below, copying the same set up as the VAT 20% code. The only difference should be TAX number to be Tax **20** as shown and once completed click on 'OK'.



For Hotels which offer Reduced VAT rates for long-stay guests, create a code for VAT 1% at the next free transaction code number in that area as before and enter the description as VAT@1% or the naming convention used for other codes which might be TAX @1%. The numbering convention will vary between hotels but in most cases will be in the 7000 or 7500 range. Update the TAX number to be Tax **19** similar to how the 5% code was updated.

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Create Non-Alcoholic Transaction Codes

As the VAT change is temporary, our view is that it is easier to keep the existing transaction codes for Beverage as the "alcoholic" charges and create new codes for non-alcoholic beverages which have the lower VAT rate

Some hotels may already have separate transaction codes for Alcoholic and Non-Alcoholic – if that's the case then this section can be skipped and proceed to here

If you don't separate charges today then there are two options available depending on how granular you wish to be with non-alcoholic beverages

Have you considered……?

Do you need separate non-alcohol codes for each outlet/serving period if the change is only 6 months?

OPTION 1 – Quick Solution

From the OPERA side menu screen select 'Administration' and go to Transaction Management under the Financial section and from the jump menu select Transaction Codes.

Scroll down until you reach transaction codes relating to Beverages – traditionally these are in the 3000 range but vary per site. Most hotels would have codes per each outlet and serving period:

3000 Restaurant Breakfast Beverage
3002 Restaurant Lunch Beverage
3004 Restaurant Dinner Beverage

If this is the case, then we would recommend editing the name and add the word "Alcoholic" before Beverage (you may decide to leave as just Beverage). Then to save time, instead of creating codes for Breakfast/Lunch/Dinner simply create a code for Restaurant Non-Alcoholic Beverage.

To do this create a new code at the next free number in the range i.e. 3006 with the description as "Restaurant Non-Alcoholic Beverage", copy the same settings as the existing Beverage codes, except for generates. Here attach the 5% code and the amount of 5 instead of 20 as shown on the existing Beverage codes.

If this work is being performed in advance of the VAT change, it is advised to leave Manual Posting unticked until the date of the change and then re-tick.

Repeat for any other outlets you may have in the hotel including conference facilities.

OPTION 2 – More Detailed Solution

From the OPERA side menu screen select 'Administration' and go to Transaction Management under the Financial section and from the jump menu select Transaction Codes.

Scroll down until you reach transaction codes relating to Beverages – traditionally these are in the 3000 range but vary per site. Most hotels would have codes per each outlet and serving period:

3000 Restaurant Breakfast Beverage
3002 Restaurant Lunch Beverage
3004 Restaurant Dinner Beverage

If this is the case, then we would recommend editing the name and add the word "Alcoholic" before Beverage. Now create a new code at the next free number in the range i.e. 3006 with the description as "Restaurant Breakfast Non-Alcoholic Beverage", copy the same settings as the existing Beverage codes, except for generates. Here attach the 5% code and the amount of 5 instead of 20 as shown on the existing Beverage codes.

If this work is being performed in advance of the VAT change, it is advised to leave Manual Posting unticked until the date of the change and then re-tick.

Repeat for any other outlets you may have in the hotel including conference facilities. You should now have a non-alcoholic transaction code for each alcoholic transaction code.

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Create Deposit Tax Transaction Codes

If your hotel uses the Deposit Tax function within OPERA then some additional changes need making to accommodate these changes. If you need to check if you use this option, please go to OPERA side menu screen select 'Administration' and go to OPERA Controls under the Enterprise section. Select the Cashiering group on the left and locate the Deposit Handling section.

If the value for "Advanced Deposit Handling" is "0" then no action is needed, if it is "4" then please complete the tasks below.

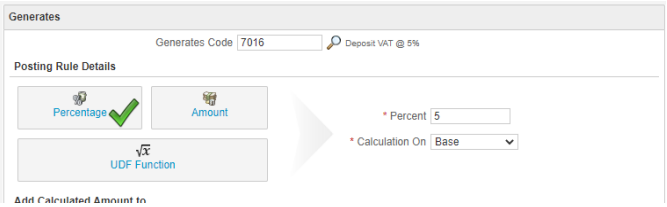
Now you have the determined you use the Deposit Tax Function; 2 new codes need to be created. Navigate back to Transaction Codes within Administration and in the description just type "deposit" and search. You should have several codes returned, the ones to focus on are Deposit VAT or Deposit Tax (usually in the 7000 range) and one for Deposit Revenue.

Firstly create a new code, duplicating the setup of the Deposit VAT code as the next free transaction code number in that area, so if Deposit VAT is currently is 7020 then you would make the new code 7025 and enter the description as Deposit VAT@5% or the naming convention used for other codes which might be Deposit TAX @5%. The numbering convention will vary between hotels but in most cases will be in the 7000 or 7500 range.

Update the TAX number to be Tax **18** and once completed click on 'OK'. This is very similar to the "Create New Tax Codes" if you require assistance.

Next create a new code, duplicating the setup of the Deposit Revenue code which generally is in the 1000 code range, as the next free transaction code number in that area and the description as "Deposit Revenue 5%".

The only difference with this code is that the generates should be set with Deposit VAT @ 5% code you created earlier and change the percentage to 5.



This area is then ready for the change on the 15tH July.

Add New Codes to Routing Instructions

If your hotel uses Routing Instructions, we recommend that you check your current setup and add in the newly created codes. From the OPERA side menu screen select 'Administration' and go to Transaction Management and from the jump menu select Routing Codes.

If you have Routing Codes which include Beverage, you will need to highlight that code and select "Edit" and then on the "Transaction Codes" section click search by Beverage and add in the newly set up codes.

Once done, save, and repeat this for any other routing groups where the new beverage codes need adding.

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Add New Codes to Arrangement Codes

If your hotel uses Folio Arrangements, we recommend that you check your current setup and add in the newly created codes. From the OPERA side menu screen select ‘Administration Configuration’ and go to Cashiering Management and from the menu select Folio Grouping Codes>Arrangement.

Highlight any group which involves Beverage you will need to highlight that code and select “Edit” and then on the “Transaction Codes” section click search by Beverage and add in the newly set up codes.

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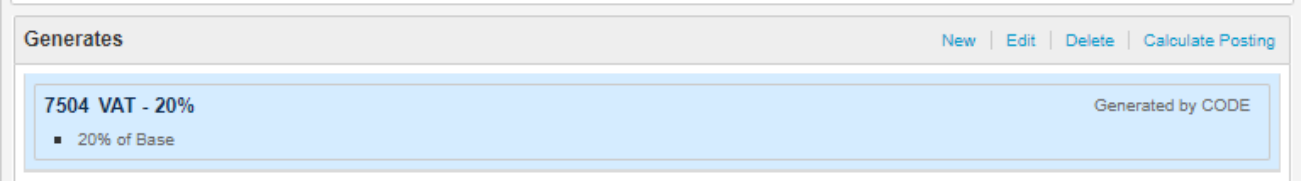
CHANGES TO BE MADE ON JULY 15TH

After the Night Audit on the 14th July, as soon as possible on the 15th the changes below must be completed, assuming the pre-work has been completed – if it hasn't then this needs to be completed first.

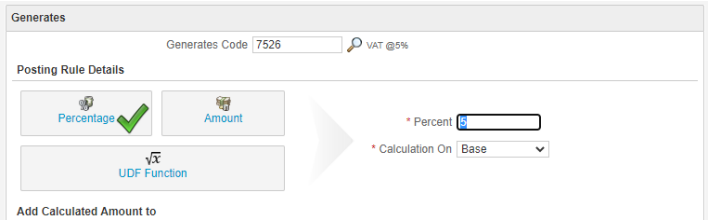
Update VAT code on Transaction Codes

From the OPERA side menu screen select 'Administration' and go to Transaction Management and from the jump menu select Transaction Codes.

Starting at the top of the list, generally code 1000 for Accommodation – click on "Edit" and then in the middle you will see the "Generates". One record should appear as show below:



Delete this record, then click NEW. Update the transaction code to the 5% VAT code, then update the percentage to 5 and click "Save" then "Back" and move onto the next transaction code which needs updating.



All codes associated with the accommodation posting, food elements and the newly created Non-Alcoholic codes need to be updated. All other codes unless specified by HMRC should remain at 20% or 0% or Exempt as per your current setup.

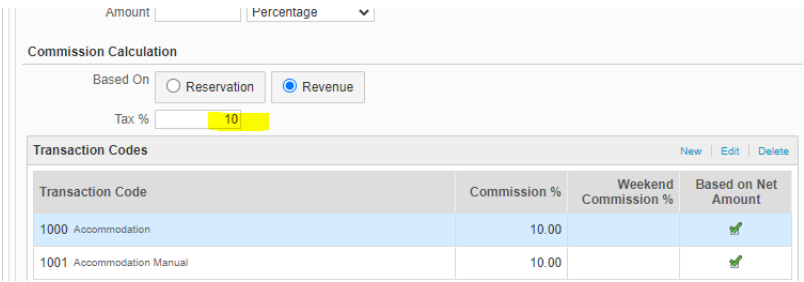
If your hotel does offer Reduced VAT rates for long-stay guests (as identified in the pre-work) then you need to locate the Accommodation Long Stay transaction code which would be in the similar range as Accommodation and edit the transaction code – select "Generates" and amend the code the 1% VAT code and change the percentage to "1".

For some hotels they also used an automatic update of VAT after the 28th night, this will not be available during the temporary VAT reduction period, so if you use this option, please edit your standard Accommodation code (generally 1000) and go to "Generates" – delete the two records which appear and add a new one using the VAT at 5% transaction code and the percentage as "5". Should you require long stay VAT reductions over the duration of the temporary reduction, Oracle Hospitality can provide a documented process to accommodate this.

Update VAT for Commissions

If your hotel uses the Commission module the Tax in here also needs updating. From the OPERA side menu screen select 'Administration' and go to Transaction Management and from the jump menu select Commission Codes.

However, if you have a column showing for Tax% then you need to edit these codes and update the tax field shown to 5%.



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Checking Everything is Updated

To make sure you have completed the changes correctly, access the side menu and select Reports from the menu.

In the 'Report Group' select 'Configuration' and locate the report called 'Transaction Codes by Transaction Code'.

Print or Preview the report and on each accommodation/food or non-alcoholic beverage code you should now see 5.00 as highlighted below:

Ty.	Group	Subgr.	Sub Ty.	Trn.	Description	Rev	Cash	Man Value	Def Flat / Per	Gen
C	RM	RM	L	1000	Room Rate Tax Inclusive Generate 1	Y		Y 5.00		Y

If any codes have been missed that should be at 5%, please go back to the transaction code and update it

Your system is now ready to be used with the temporary VAT rate in place

Please review the following page if your hotel uses a Back Office Interface to system such as Sage/SAP etc.

If this is the case you will need to access the V5 screens for your environment to make the following changes detailed below.

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CHANGES TO BE MADE BEFORE NIGHT AUDIT ON JULY 15TH

If your hotel uses the Back Office functionality in OPERA to your financial accounting system used by your company, e.g. Sage50, Sage200, etc., then during the daytime of July 15th, the setup of the Back Office interface will need amending.

Please remember that the tax codes for the transaction codes may also have to be changed and mapping for any new transaction codes must also be done. It should be noted that there are screen variations depending on the accounting system used.

The user must have access to Configuration and from there the External > Back Office option. If this is not accessible, then the permission "External Config – Back Office Configuration" will need to be assigned.

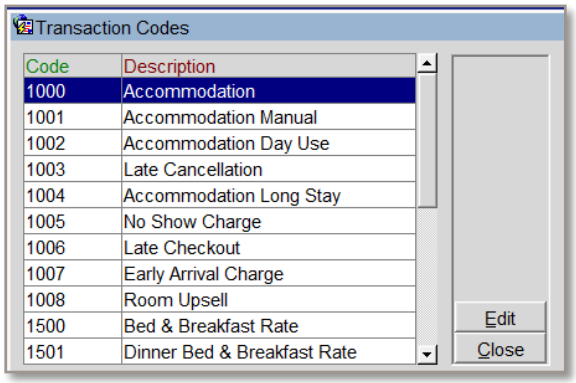
Check which codes need updating

To get a list of the codes which will need updating, log into PMS and go to Miscellaneous and select Reports from the menu. In the 'Report Group' select 'Configuration' and locate the report which has the REP name of 'CF_BOF_TRXCODES_MAP'.

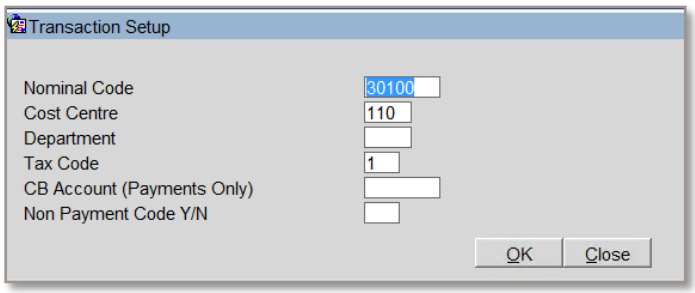
Print the report and highlight any codes which need changing from 20% to 5% and any new codes that do not have a VAT element assigned to them. Remember that the tax codes for the transaction codes may also have to be changed if required by the financial system

Changing VAT on Back Office Codes

From the OPERA main menu screen select 'Configuration' and once logged in, go to External and from the menu select Back Office>Configuration>Transaction Codes



Using the list generated above, edit each transaction code and locate the field relevant to tax – this may be a code and your finance team should be able to tell you what number to replace it with – so below "1" is the old code for 20% and "4" maybe the code being used for 5%, in some system this may be the value 20 changing to 5.



Repeat the process of editing each identified record and once complete, back in PMS run the same report of BOF mappings and confirm all updates have been completed.

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