

UK VAT Changes

Implementing Temporary VAT Reduction in OPERA Version 5

July 2020 | Version [1.01]
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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

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

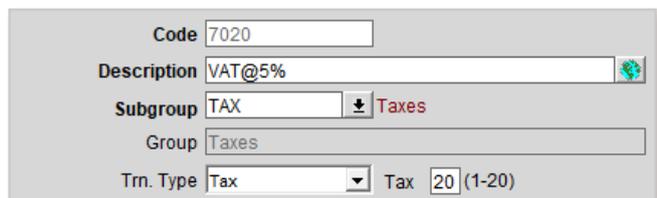
From the OPERA main menu screen select 'Configuration' and once logged in, go to Cashiering and from the menu select Codes>Transaction Codes.

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

7000	VAT@20%	TAX	TAX	
7005	VAT@4%	TAX	TAX	
7010	VAT@0%	TAX	TAX	
7015	VAT Exempt	TAX	TAX	

Highlight the code for VAT 20% and click on "Repeat", enter the 'New Trn Code' as being 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.

Once the code has been created, highlight the new code and press 'Edit'. Now change the TAX number to be Tax **20** as shown and once completed click on 'OK'.



Code: 7020
Description: VAT@5%
Subgroup: TAX Taxes
Group: Taxes
Trn. Type: Tax Tax 20 (1-20)

For Hotels which offer Reduced VAT rates for long-stay guests, locate the code for VAT 4% (in example above this is 7005) and "Repeat" enter the 'New Trn Code' as being 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.

Once the code has been created, highlight the new code and press 'Edit'. Now change the TAX number to be Tax **19** similar to how the 5% code was updated.

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 main menu screen select ‘Configuration’ and once logged in, go to Cashiering and from the menu select Codes>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 highlight code 3000 and “Repeat” enter the ‘Trn Code’ as the next free number in the range i.e. 3006 and enter the description as “Restaurant Non-Alcoholic Beverage”, click on “OK” and then “Yes” to copy the generates. Repeat for any other outlets you may have in the hotel including conference facilities.

OPTION 2 – More Detailed Solution

From the OPERA main menu screen select ‘Configuration’ and once logged in, go to Cashiering and from the menu select Codes>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:

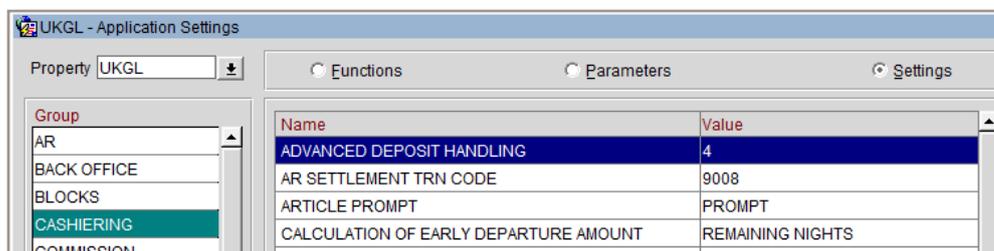
3000	Restaurant Breakfast Beverage
3002	Restaurant Lunch Beverage
3004	Restaurant Dinner Beverage

If this is the case, then we would recommend editing the name and add the word “Alcoholic” before Beverage. Now highlight code 3000 and “Repeat” enter the ‘Trn Code’ as the next free number in the range i.e. 3006 and enter the description as “Restaurant Breakfast Non-Alcoholic Beverage” click on “OK” and then “Yes” to copy the generates. Repeat for each outlet/serving period combination. You should now have a non-alcoholic transaction code for each alcoholic transaction code.

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 main menu screen select ‘Configuration’ and once logged in, go to Setup>Application Settings> select the Cashiering group on the left and then click on the Settings radio button – you should at the top of the list then see this:

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



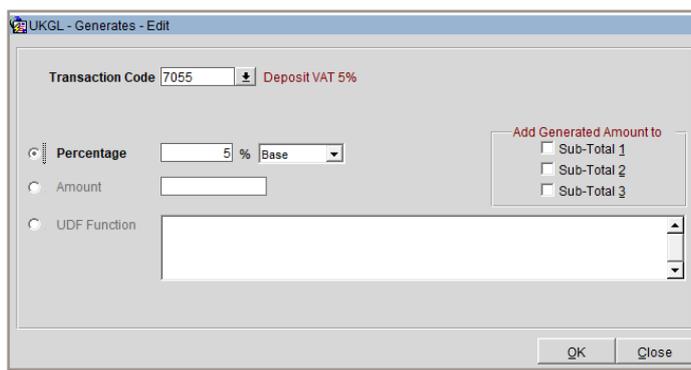
Now you have determined you use the Deposit Tax Function; 2 new codes need to be created. From the OPERA main menu screen select 'Configuration' and once logged in, go to Cashiering and from the menu select Codes>Transaction Codes and in the description just type "deposit" and search. You should have 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 highlight the Deposit VAT code and then click on "Repeat", enter the 'New Trn Code' as being 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.

Once the code has been created, highlight the new code and press 'Edit'. Now change 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 search again for the Deposit Revenue code which generally is in the 1000 code range. Once located click on "Repeat" enter the 'New Trn Code' as being the next free transaction code number in that area and the description as "Deposit Revenue 5%", click on "OK" and "Yes" to copy generates.

Next edit your newly created code and in the bottom left hand corner click on "Generates". One record should appear for 20% VAT, click on "Edit" and then in the transaction code overwrite the existing code with the Deposit VAT 5% VAT code you created earlier and change the percentage to 5 and click "OK" then "Close" and "OK".



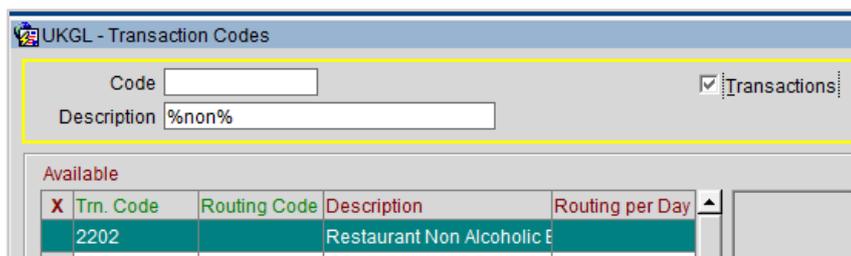
This area is then ready for the change on the 15th July.

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 main menu screen select 'Configuration' and once logged in, go to Cashiering and from the menu select Routing Codes.

X	Code	Description	Transaction Codes
	ALL	All Charges	1000,1010,1011,1012,1013,1016,2000,2001
	BEV	Beverage	2001,2201
	FOOD	Food	2000,2200
	MB	Minibar	3000,3001,3002,3003,3004,3008
	ROO	Room only	1000,1010,1011
	RT	Room and Tax	1000,1010,1011,7000,7500

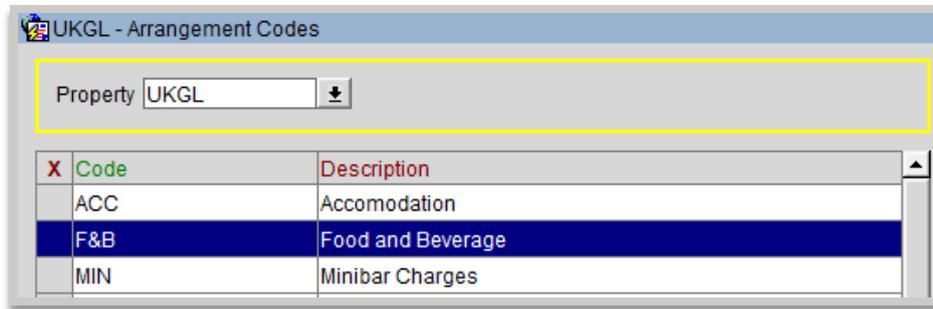
If you have codes for Beverage, you will need to highlight that code and select "Edit" and then on the "Trn Codes" line click on the dropdown list and from the next screen, tick the "Transactions" box and then either scroll through the list and put an "X" next to your new codes or search at the top (as shown below) for all non-alcoholic codes, remembering to select with an "X".



Once done, simply click on "Add" and "OK", repeat this for any other routing groups where the new beverage codes need adding.

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 main menu screen select 'Configuration' and once logged in, go to Cashiering and from the menu select Folio Grouping Codes>Arrangement.

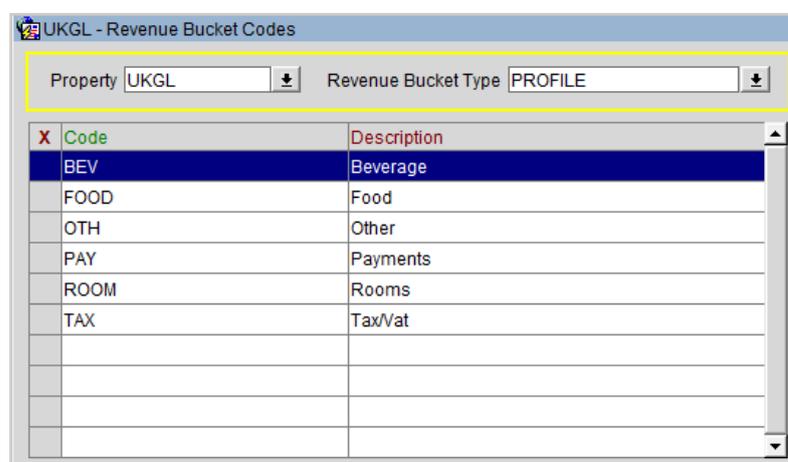


Highlight any group which involves Beverage and select "Edit" and from the "Transaction Codes" line click on the drop down. On the next screen tick the "Transactions" box and then either scroll through the list and put an "X" next to your new codes or search at the top for all non-alcoholic codes, remembering to select with an "X". Once done, simply click on "Add" and "OK" noting that with Arrangement Codes the code can only appear in one group.

Add New Codes to Revenue Buckets

If your hotel uses Revenue Buckets for CRS/Membership purposes, we recommend that you check your current setup and add in the newly created codes. From the OPERA main menu screen select 'Configuration' and once logged in, go to Cashiering and from the menu select Revenue Buckets>Bucket Codes.

In the search area change the Revenue Bucket Type to Profile and the list should update below it something similar to the below noting that some system may use number like 001 instead of a code like ACC



Highlight any group which involves Beverage and select "Edit" and from the "Transaction Codes" line click on the drop down. Scroll through the list and put an "X" next to your new codes or search at the top for all non-alcoholic codes, remembering to select with an "X". Click on "Add" and then once all required codes are selected choose "OK". Repeat for the Tax group making sure you select the new 5% code.

However, if you have a column showing for Tax% then you need to edit each line that shows 20% and on the next screen change the Tax % to be 5% :

UKGL - Commission Codes - Edit

Commission Code: 10%

Description: 10 percent

Display Sequence: 1

Commission Based On: Reservation Revenue

Tax %: 5.00

Checking Everything is Updated

To make sure you have completed the changes correctly, 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_TRXCODES2'.

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.

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.

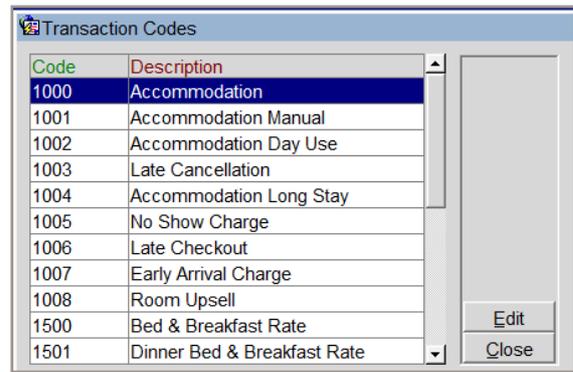
Check which codes need updating

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

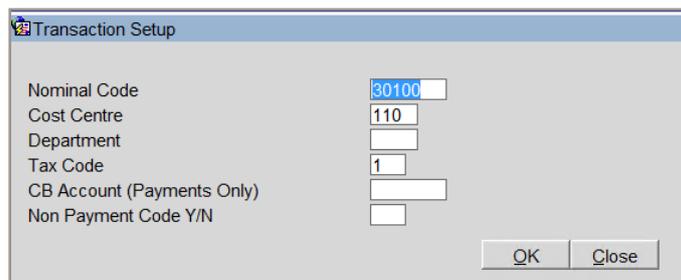
Changing VAT on Back Office Codes

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



Code	Description
1000	Accommodation
1001	Accommodation Manual
1002	Accommodation Day Use
1003	Late Cancellation
1004	Accommodation Long Stay
1005	No Show Charge
1006	Late Checkout
1007	Early Arrival Charge
1008	Room Upsell
1500	Bed & Breakfast Rate
1501	Dinner Bed & Breakfast Rate

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.



Nominal Code	30100
Cost Centre	110
Department	
Tax Code	1
CB Account (Payments Only)	
Non Payment Code Y/N	

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.