

UK VAT Changes

Implementing VAT changes in OPERA Cloud

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PURPOSE STATEMENT

This document provides an overview of how to amend the configuration of your OPERA system to accommodate the changes in VAT rates being introduced in the UK on October 1st, 2021.

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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

The new VAT percentages need to be configured on the folio formats. In case you are unable to complete this task on your own, and would like to request assistance from Oracle Hospitality to make the necessary stationery changes, 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.

OVERVIEW

Following the temporary reduction in VAT rates for hospitality which has been in force in the UK since July 15th, 2020, the Government announced a gradual return to previous VAT rates. This is to be a two-stage process, with the VAT rates scheduled to increase to 12.5% on October 1st, 2021, and then back to the original 20% on April 1st, 2022.

For these changes, the user needs to have Administration access in OPERA Cloud

PRE-WORK BEFORE OCTOBER 1ST

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

Create New Tax Codes

From the OPERA Cloud menu select 'Administration' and go to Financial>Transaction Management and from the sub-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 range but these may vary per site

Code	Description	Group	Subgroup	Generates		
				Inclusive	Exclusive	
7000	VAT 20%	TAX	VAT	<input type="checkbox"/>	<input type="checkbox"/>	⋮
7001	VAT 4%	TAX	VAT	<input type="checkbox"/>	<input type="checkbox"/>	⋮
7002	VAT 0%	TAX	VAT	<input type="checkbox"/>	<input type="checkbox"/>	⋮
7003	VAT Exempt	TAX	VAT	<input type="checkbox"/>	<input type="checkbox"/>	⋮

Make a note of the Group & Subgroup for VAT @5% and from the list of codes find the next free number in the example here 7004 would be the next number. To create the new code, click on "New" and then enter the code i.e. 7004, description as "VAT 12.5%" or the naming convention used for other codes which might be TAX @12.5%. The numbering convention will vary between hotels but in most cases will be in the 7000 or 7500 range. Enter the Subgroup as noted

from above which will fill in the Group automatically and then “Transaction Type” select TAX and then in the Tax Code box enter “12”. Then click “Save” and the code is created.

For Hotels which offer Reduced VAT rates for long-stay guests, locate the code for VAT 4% (in example above this is 7001) and repeat the same process as above using the next free transaction code number in that area as before and enter the description as VAT@2.5% or the naming convention used for other codes which might be TAX @2.5%. The numbering convention will vary between hotels but in most cases will be in the 7000 or 7500 range. Ensure you enter the TAX number to be Tax 13.

Create Deposit Tax Transaction Codes

If your hotel uses the Deposit Tax function within OPERA Cloud then some changes need making to accommodate these changes. If you need to check if you use this option, from the OPERA Cloud menu select ‘Administration’ and go to Enterprise>OPERA Controls. Select the Cashiering group on the left and then scroll down the controls until you see “Deposit Handling” as show below:

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. From the OPERA Cloud menu select ‘Administration’ and go to Financial>Transaction Management and from the sub-menu select 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. For these 2 codes make a note of the transaction code and then subgroup.

Code	Description	Group	Subgroup	Generates	
				Inclusive	Exclusive
1002	Deposit Revenue	REV	ACC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7010	Deposit VAT 20%	REV	TAX	<input type="checkbox"/>	<input type="checkbox"/>
9940	Deposit Matured	PAY	INP	<input type="checkbox"/>	<input type="checkbox"/>

Firstly, for Deposit Tax, if that code is 7010 then we would create the new code as 7011 or whatever the next number is sequentially. Click on “New” and then enter the code i.e. 7011, description as “Deposit VAT 12.5%” or the naming convention used for other codes which might be Deposit Tax @12.5%. The numbering convention will vary between

hotels but in most cases will be in the 7000 or 7500 range. Enter the Subgroup as noted from above which will fill in the Group automatically and then “Transaction Type” select TAX and then in the Tax Code box enter “12”. Then click “Save” and the code is created.

Next create a new Deposit Revenue code by click on “New”. enter the Trx Code as the next available code i.e. 1003 and Description “Deposit Revenue” and then enter the Subgroup as you noted above. Next in the Transaction Type select “Lodging”. In the “Options” section make sure you tick the following:

Revenue Group, Generates Inclusive and Manual Posting

Once complete click on “Save and Add Generates”

In the “Generates” section click on “New” and then in the “Generates Code” enter the Deposit VAT 12.5% code you just created and in the percentage field enter 12.5, scroll down and click “Save” and “Back”

This area is then ready for the change on October 1st

CHANGES TO BE MADE ON OCTOBER 1ST

After the Night Audit on September 30th, and as soon as possible on October 1st, 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 Cloud menu select ‘Administration’ and go to Financial>Transaction Management and from the sub-menu select Transaction Codes.

Starting at the top of the list, generally code 1000 for Accommodation – click on the Actions option and then “View”, scroll down to the “Generates” section and on the line for 5% click on the Action button and “Edit”



In the “Generates code” overwrite the existing code with the 12.5% VAT code which in our example is 7004, then change the percentage to 12.5 and click “Save” then “Back” and move onto the next transaction code which needs updating and Repeat the same process of selecting “Generates” and amend to the 12.5% VAT code and change the percentage to “12.5”.

All codes associated with the accommodation posting, food elements and 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 as detailed above and amend the Generates code to the 2.5% VAT code and change the percentage to “2.5”.

Some hotels have also previously used an automatic update of VAT after the 28th night of the stay. This will not be available until the VAT returns to original levels, 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 12.5% transaction code and the percentage as “12.5”. 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 Cloud menu select ‘Administration’ and go to Financial>Commission Management and from the sub-menu select Commission Codes; click “Search”.

Code	Description	Based On	Amount	Tax %	Default
10P	10% Commission	REVENUE		20.00%	<input checked="" type="checkbox"/>
12P	12 Percent Commission	REVENUE			<input type="checkbox"/>
CB10	C&B 10 Percent Commission	REVENUE			<input type="checkbox"/>
NON	Non Commissionable	RESERVATION			<input type="checkbox"/>

If on the screen you have any items shown with a Tax% of 5% - click on the actions button for that line and “Edit”, change the Tax% to 12.50 and then click on “Save” at the bottom of the screen, repeating for any other codes

*** Required Field**

Property
LONDON

Code
10P

*** Description**
10% Commission

*** Sequence**
- 1 +

Hold Status
 Always
 Accounts Receivables
 Prepaid

Reservation History Records

Commission Paid
 Per Night Per Stay

Amount
 Percentage ▾

Commission Calculation

Based On
 Reservation Revenue

Tax %
 12.50%

However, if none of the commission codes have a Tax% value shown then you can skip this part.

Checking Everything is Updated

To make sure you have completed the changes correctly, log into OPERA Cloud application and go to Reports and Run Reports. In the ‘Report Group’ select ‘Configuration’ and locate the report which has the REP name of ‘CF_TRXCODES2’. Click on “Preview/Download” and on each accommodation/Food or non-alcoholic beverage code you should now see 12.50 as highlighted below:

Ty.	Group	Subgr.	Sub Ty.	Tm.	Description	Rev Cash	Man Value	Def Flat / Per	Gen
C	RM	RM	L	1000	Room Rate Tax Inclusive Generate 1	Y	Y 12.50		Y

If any codes have been missed that should be at 12.5%, 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 OCTOBER 1ST

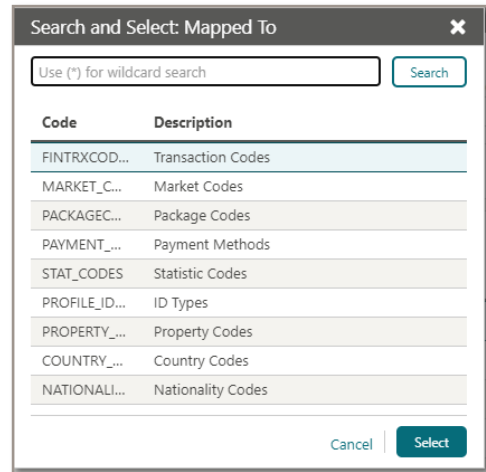
If your hotel uses the Back Office functionality in OPERA to your financial accounting system used by your company, e.g. Sage50, Sage200, etc., then during the daytime of October 1st, the setup of the Back Office interface will need amending.

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 Administration > Interfaces > Export Mapping

Changing VAT on Back Office Codes

OPERA Cloud menu select 'Administration' and go to Interfaces > Export Mapping and from the sub-menu select Export Mappings. In the "Mapped To" search field click on the search option and from the results returned (shown below) click on Transaction Codes and "Select" and then Search.



On each transaction code which requires a change in VAT percentage or a new value adding, click on the Actions option at the end of the line and "Edit"

Code	Description	Actions
1000	Accommodation	⋮
1005	Accommodation Manual	Edit

Expand the "Backoffice Transaction Codes" by clicking the "+" and then amend the Tax Codes:

Mapping Code	Description	Export Value
BOF_CODE1	Nominal Code	40000
BOF_CODE2	Cost Centre	GUI
BOF_CODE3	Department	REC
BOF_CODE4	Tax Code	1
BOF_CODE5	CB Account (Payments Only)	
BOF_CODE6	Account Number	
BOF_CODE7	Mapping Code 7	
BOF_CODE8	Mapping Code 8	
BOF_CODE9	Mapping Code 9	

In the above example Tax Code 1 = 5% - change to new code for 12.5% and "Save"; Continue this process with all transactions codes as necessary. For any newly created transaction codes, enter all required values accordingly.