

# UK VAT Changes

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## Implementing Temporary VAT Reduction in OPERA Cloud

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 15<sup>th</sup> 2020.

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This document is for informational purposes only and is intended solely to assist you in planning for the implementation and upgrade of the product features described. It is not a commitment to deliver any material, code, or functionality, and should not be relied upon in making purchasing decisions. The development, release, and timing of any features or functionality described in this document remains at the sole discretion of Oracle.

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 8<sup>th</sup> 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 15<sup>th</sup> to January 12<sup>th</sup> 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 Administration access in OPERA Cloud**

## PRE-WORK BEFORE JULY 15<sup>TH</sup>

**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 area 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 @20% 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 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. 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 "20". Then click "Save" and the code is created.

Transaction Codes

Property

Manage Transaction Code

\* Required Field

Property  
TRIAL1

Code  
7000

\* Description  
Tax 5%

Manage Translations

\* Subgroup  
TAX

Group  
REV REVENUE

Transaction Type  
Tax

\* Tax Code  
20

Fiscal Transaction Code

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@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. Ensure you enter the TAX number to be Tax 19.

## 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

### OPTION 1 – Quick Solution

From the OPERA Cloud menu select ‘Administration’ and go to Financial>Transaction Management and from the sub-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). To edit, highlight the code and then click on the “Actions” option at the end of the line and click “View” and the “Edit” to overtype the description, then “Save” and move onto next code.

To save time, instead of creating codes for Breakfast/Lunch/Dinner simply create a code for Restaurant Non-Alcoholic Beverage. Firstly, make a note of the Subgroup of the 3000 code (or similar codes based on your setup) and then click on “New”.

Enter the Trx Code as the next available code i.e. 3006 and Description “Restaurant Non-Alcoholic Beverage” and then enter the Subgroup as noted above. Next in the Transaction Type select “Food & Beverages”. 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 VAT 5% code you previously created and in the percentage field enter 5, scroll down and click “Save” and “Back”

Repeat this process for any codes you wish to add for 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 2 – More Detailed Solution

From the OPERA Cloud menu select ‘Administration’ and go to Financial>Transaction Management and from the sub-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). To edit, highlight the code and then click on the “Actions” option at the end of the line and click “View” and the “Edit” to overtype the description, then “Save” and move onto next code.

Make a note of every transaction code that now needs to have a non-alcoholic code adding and the subgroup it falls into. Once done click on “New” to start building new codes

Enter the Trx Code as the next available code i.e. 3006 and Description “Restaurant Lunch Non-Alcoholic Beverage” and then enter the Subgroup as noted above. Next in the Transaction Type select “Food & Beverages”. 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”

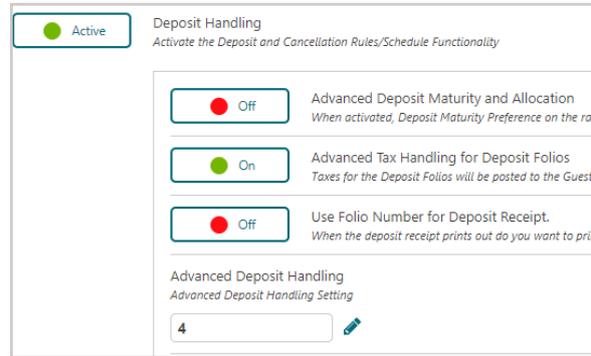
In the “Generates” section click on “New” and then in the “Generates Code” enter the VAT 5% code you previously created and in the percentage field enter 5, scroll down and click “Save” and “Back”

Repeat this process for any codes you wish to add for Non-Alcoholic Beverages

## 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 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. 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 "20". 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

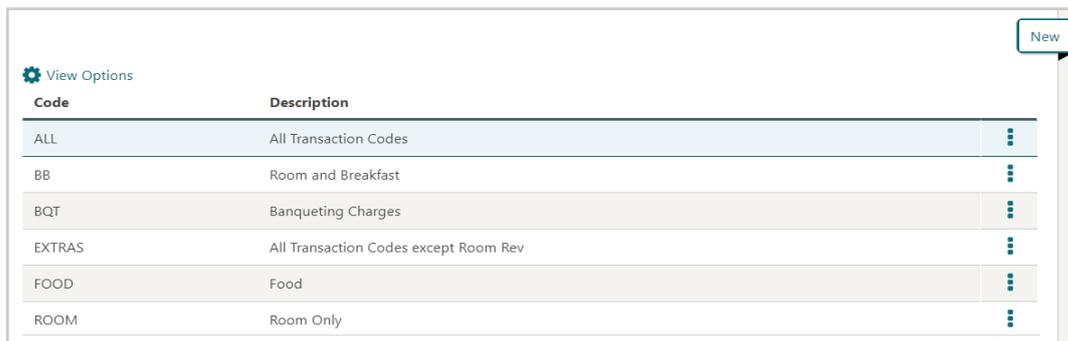
Once complete click on "Save and Add Generates"

In the "Generates" section click on "New" and then in the "Generates Code" enter the Deposit VAT 5% code you just created and in the percentage field enter 5, scroll down and click "Save" and "Back"

This area is then ready for the change on the 15<sup>th</sup> 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 OPERA Cloud menu select 'Administration' and go to Financial>Transaction Management and in the sub-menu select Routing Codes

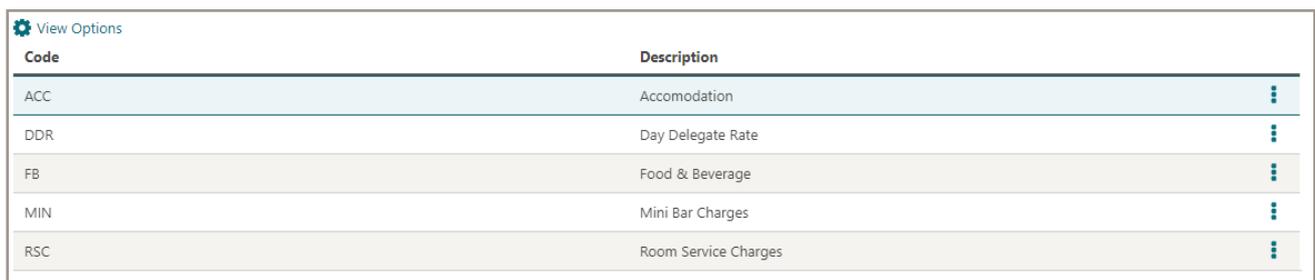


Code	Description	
ALL	All Transaction Codes	⋮
BB	Room and Breakfast	⋮
BQT	Banqueting Charges	⋮
EXTRAS	All Transaction Codes except Room Rev	⋮
FOOD	Food	⋮
ROOM	Room Only	⋮

If you have codes for Beverage, you will need to highlight that code and go to the Actions option on that line and select "Edit". On the left-hand side of the screen in the filter type "alco" or "bev" depending on what wording you used for the non-alcoholic code and then click "Go". Use the arrows to either move all codes or manually click on the codes and use the single arrows to move over, once done click "Save". Repeat this for any other routing groups where the new beverage codes need adding.

## Add New Codes to Folio Arrangement Codes

If your hotel uses Folio Arrangements, we recommend that you check your current setup and add in the newly created codes. From OPERA Cloud menu select 'Administration' and go to Financial>Cashiering Management and in the sub-menu select Folio Arrangement Codes



Code	Description	
ACC	Accommodation	⋮
DDR	Day Delegate Rate	⋮
FB	Food & Beverage	⋮
MIN	Mini Bar Charges	⋮
RSC	Room Service Charges	⋮

Highlight any group which involves Beverage and from the Actions menu on that line select "Edit". On the left-hand side of the screen in the filter type "alco" or "bev" depending on what wording you used for the non-alcoholic code and then click "Go". Use the arrows to either move all codes or manually click on the codes and use the single arrows to move over, once done click "Save", noting that with Arrangement Codes the code can only appear in one group.

## CHANGES TO BE MADE ON JULY 15<sup>TH</sup>

After the Night Audit on the 14<sup>th</sup> July, as soon as possible on the 15<sup>th</sup> 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 20% click on the Action button and "Edit"



in the "Generates code" overwrite the existing code with the 5% VAT code which in our example is 7004, then change the percentage to 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 5% VAT code and change the percentage to "5".

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 as detailed above and amend the Generates code the 1% VAT code and change the percentage to "1".

For some hotels they also used an automatic update of VAT after the 28<sup>th</sup> 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 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 20% - click on the actions button for that line and "Edit", change the Tax% to 5.00 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 %  
 **5.00%**

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 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	<b>Y 5.00</b>		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 15<sup>TH</sup>

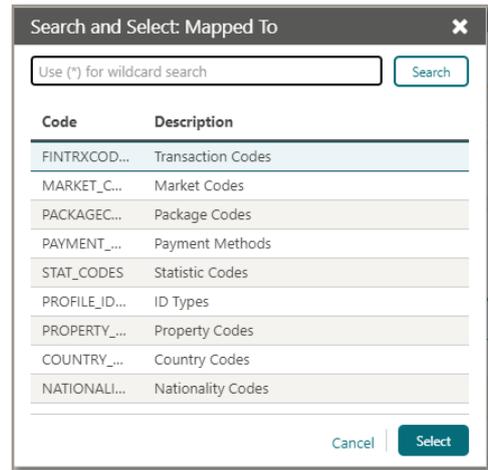
If your hotel uses the Back Office functionality in OPERA to your financial accounting system used by your company, e.g. Sage50, Sage200, etc., then during the daytime of July 15<sup>th</sup>, the setup of the Back Office interface will need amending.

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 = 20% - change to new code for 5% and "Save"; Continue this process with all transactions codes as necessary. For any newly created transaction codes, enter all required values accordingly.