

UK VAT Changes

Implementing VAT changes in OPERA Version 5

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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 configuration access to OPERA

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 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 range, 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 5% and click on "Repeat", enter the 'New Trn Code' as being the next free transaction code number in that area, so if VAT@5% is 7000, VAT Exempt is 7005 etc. then you would make the new code 7010 and enter the 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.

Once the code has been created, highlight the new code and press 'Edit'. Now change the TAX number to be Tax **12** as shown and once completed click on 'OK'.

For hotels which offer reduced VAT rates for long-stay guests, locate the code for VAT 1% (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@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.

Once the code has been created, highlight the new code and press 'Edit'. Now change the TAX number to be Tax **13** similar to how the 12.5% code was updated.

Create Deposit Tax Transaction Codes

If your hotel uses the Deposit Tax function within OPERA then some 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.

Name	Value
ADVANCED DEPOSIT HANDLING	4
AR SETTLEMENT TRN CODE	9008
ARTICLE PROMPT	PROMPT
CALCULATION OF EARLY DEPARTURE AMOUNT	REMAINING NIGHTS

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@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.

Once the code has been created, highlight the new code and press 'Edit'. Now change the TAX number to be Tax **12** 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 12.5%", 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 5% VAT, click on "Edit" and then in the transaction code overwrite the existing code with the Deposit VAT 12.5% VAT code you created earlier and change the percentage to 12.5 and click "OK" then "Close" and "OK".

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

Starting at the top of the list, generally code 1000 for Accommodation – click on "Edit" and then in the bottom left hand corner click on "Generates". One record should appear as show below:

Code	Description	Rule	Level	Inactive
7000	VAT@20%	Percentage - 20%	Transaction Code	

Click on "Edit" and then in the transaction code overtype the existing code with the 12.5% VAT code which in our example is 7020, then change the percentage to 12.5 and click "OK" then "Close" and "OK" and move onto the next transaction code which needs updating.

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 – select "Generates" and amend the code 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 main menu screen select 'Configuration' and once logged in, go to Commissions and from the menu select Commission Codes. If you see a screen like this, you don't need any further action:

Comm. Code	Description	Comm. Amount	Resv./Rev.	Default
10%	10 percent		Rev.	X
8%	8 per cent		Rev.	
NON	non commissionable		Resv.	

However, if you have a column showing for Tax% then you need to edit each line that shows 5% and on the next screen change the Tax % to be 12.5% :

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 12.50 as highlighted below:

Ty.	Group	Subgr.	Sub Ty.	Trn.	Description	Rev Cash	Man Value	Def Flat / Perc	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 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.

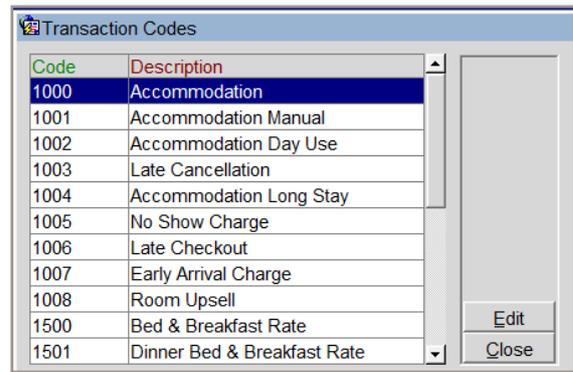
Check which codes need updating

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 5% to 12.5% 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

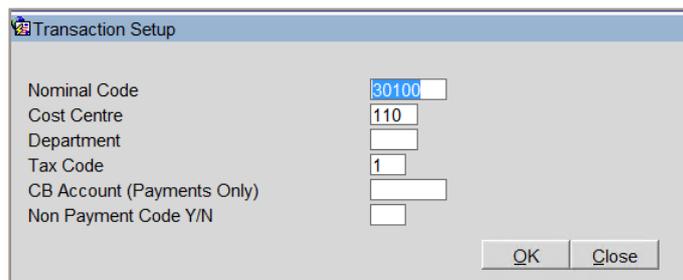
Changing VAT on Back Office Codes

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 5% and “4” maybe the code being used for 12.5%, in some system this may be the value 5 changing to 12.5.



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.