Tax Modifiers & Tax Audit

Quick Reference Guide

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Overview

This document is intended as a reference guide to provide details and information on the tax modifiers and tax audit global setup for Front Desk Reservations. The **Tax Modifiers** allow the user to define a variation in a tax rate that is dependant upon the number of nights of a guest's stay. The **Tax Audit** will enforce the tax rules and posts adjustments when needed.

1   Introduction

Tax modifiers will set tax rules based on the length of stay for a guest reservation in Front Desk. Users can setup modifiers to adjust the tax as per state/provincial rules when a certain number of days stayed, is met. Tax Modifiers in use with Tax Audit will ensure the appropriate amount of tax is posted and or adjusted as per setup rules.

The reader should be familiar with the following Maestro functions:

- Tax Maintenance
- Posting codes
- Front Desk reservations

2   Setup and Configuration

Tax Modifiers and Tax Audit work together, however they will be required to be setup in 2 separate sections within Maestro. Tax Modifiers will be the rules the tax posting codes will follow and the Tax Audit will consider the tax modifier rules to determine if enough taxes have been posted or needs to be adjusted off.

2.1   Tax Modifiers

Tax Modifiers allow the user to define a variation in a tax rate that is dependent upon the number of nights of a guest's stay. The Tax Modifier setup screen can be accessed in Global maintenance by following:

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From **Global Maintenance** | Select **Setup** | Select **Tax Code Maintenance** | Select **Window** | Select **Tax Modifiers**

Field	Action/Purpose of Field
Revenue Category	**Lookup (F8)** and select the revenue category the tax modifier should be calculated on. For Front Desk reservations, normally the ROOM category is used for any ROOM revenue posting codes to monitor. The ROOM revenue will be on gross amount of the posting code.
Tax Code	**Lookup (F8)** and select the tax posting code for the tax modifier to follow rules
After Day of Stay	A numerical digit to identify on this day of stay to start adjusting the tax code. Ex. GST on the 30th night of posting during night audit, change/follow the tax amount as per tax modifier rules.
Tax Amount to Post	A numerical digit to determine the new amount the tax should be adjusted to. Choose flat Amount to adjust tax amount. Blank = Zero.
Tax % To Post	A numerical digit to determine the new amount tax should be adjusted to. Choose % to adjust tax amount. Blank = Zero

On % of Charge	A numerical digit to determine how much percentage of the tax's normal posting will be adjusted to based on the Tax Amount or % figures. Ex. for GST, 100% of the tax posting code amount will reduce to Zero Amount.
Backdate to Day (Incl)	A numerical digit to determine how much posted tax should remain posted to the folio. The number entered here should always be considered less 1. Ex. 1 = keep zero tax posted to folio if stayed the minimum After Day of Stay figure. Or 4 = keep 3 days tax posted to folio if stayed the minimum After Day of Stay figure.

2.2   Tax Audit

Tax Audit when setup, will verify that the correct tax postings have been applied to the guest's account and is capable of posting adjustments. The Tax Audit is accessed through:

From **Global Maintenance** | Select **Setup** | Select **Tax Code Maintenance** | Select **Window** | Select **Tax Audit Setup**

Tax Audit Options [nwind] - Northwind Canada Inc

Field	Action/Purpose of Field
Enable Tax Audit	Y/N, set to **Y** to enable the Tax Audit functionality. If set to a **N**, the tax audit is not available anywhere in the system.
Minimum Stay to Audit	A numerical digit to determine how often the tax audit will check postings on folio. In the example above, guest reservations that have met a minimum stay of 30 nights, tax audit will check.
Maximum Stay to Audit	A numerical digit to determine how often the tax audit will check postings on a folio. In the example above, guest reservations that have met maximum stay of 999 nights, tax audit will check.
Auto Post Audit Results	Y/N, this must be set to a **Y** and then setup Night Audit Report Print Schedule for the tax audit report to generate results. Setup from **Global	Reports	Night Audit Print Schedule	add below entry** for FDTAXCHK report. The report will generate daily, with a listing of each reservation in which the tax audit has posted adjustments, if there are any items to report. **Note:** If the property is using the Rate Audit report, the FDTAXCHK should occur after the FDRATECHK report

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Do NOT Audit Charges before	A past date can be entered here, if the tax audit should NOT review any reservation folio postings prior to this date.
Service For Audit Exemption	A Service code can be created and setup here so that the Tax Audit will be exempt from checking any guest reservation that has this service code in place. Setup Service code in **Front Desk Maintenance	Codes	Service Codes.**
Audit All Inhouse Nightly	The Tax Audit will review all guest reservations that have an Inhouse status during night audit on a nightly basis. This will occur once any reservation has met between the Minimum and Maximum Stay to Audit length of stay. Also, tax audit will resume and perform checks every Minimum Stay to Audit. Ex. in above example, Minimum Stay to Audit figure is 30, so every 30th night of a long-term reservation, the tax audit will check taxes posted and make adjustments as per tax modifier rules.
Audit All Checkouts	The Tax Audit will review all guest reservation postings on the folio when a reservation is going through the Check Out process. Adjustments will be automatically posted and then the user will have to review and balance the folio accordingly.
Audit Early Departures	The Tax Audit will review all guest reservation postings on the folio when a reservation is an Early Departure. Adjustments will be automatically posted and then the user will have to review and balance the folio accordingly. **Note**: The Tax Audit during an Early Departure will look at the number of nights on the reservation to calculate the tax adjustments, not the number of postings that occurred on the folio.

2.3   Manual Tax Audit

Tax Audit can be manually performed to check a single guest reservation. This can be run from the Assignment Chart in Front Desk, follow:

From the **Guest Reservation | Drill Down (F5)** on the **Rate Amount** to access the **Assignment Chart |** Select **Rates/Chart |** Select **Tax Audit**

This will perform a Tax Audit and review folio postings according to the tax modifier rules at that point in time. Adjustment postings will post automatically to the folio if need to.

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3   Notes and Troubleshooting Tax Audit

3.1   Tax Audit after several Folio Transfers

The Tax Audit will sum all tax postings across all folios on a guest reservation, even if original postings have been transferred. Its best, if the property performs many folio transfers, to use Tax Audit Service codes to exempt the reservation from further tax audit adjustments.

3.2   Tax Audit with Group Routing

The Tax Audit with Group Routing does not follow rules entirely, it may not clear all taxes if needed. Its best to avoid Tax adjustments to work in conjunction with group routing. Use the Tax Audit Service code to exempt the reservation from further tax audit adjustments.

3.3   Tax Audit with Folio Redirections

The Tax Audit must not be used if the property intends to use folio redirection causing the charges and taxes to be posted on separate Folios belonging to different entities. If the room charges are redirected to another folio, and the tax postings are kept on the original folio, the Tax Audit will assume that these taxes were posted in error, and remove them.

Example 1

The ROOM revenue posting code has the RMTX tax posting code of 13% tax. The Tax Modifier is setup where on the 10th day of stay, reduce the tax to zero and backdate all taxes posted to a zero tax amount, to be paid by the guest. On the folio, tax posting code RMTX will be posted for 9 nights, and then on the 10th night, only the ROOM posting code will be posted. Also observe, with tax audit setup with Minimum Stay to Audit occurring at 10 nights, during night audit on the 10th night, Tax Audit will see 9 nights of posted tax and post adjust the sum of 9 nights tax posted to leave zero RMTX posted on the folio.

Example 2

Aside from modifying an existing tax, this function can serve to change taxes and Posting Codes assigned to a Room Posting Code. My Room Revenue posting code "RMRV" has tax posting code 32 and 39. In Tax Code Maintenance, assign a Tax % of "10" for 32 posting code and a Tax % of "0" to 39 posting code. In the Tax Modifier section, set up both taxes and assign From Day of Stay as "10" and 100% of charge for both taxes. For Tax % To Post, assign a zero value to 32 and a value of "5" to 39.

Results: Any revenue posted to RMRV will create a tax posting of 10% to 32 and 0% to 39 for the first 10 days. After the ten days, 32 will be reduced to zero and 39 will be increased to 5%.

Revenue Category	Tax Code	After Day Of Stay	Tax Amount To Post	Tax % To Post	On % Of Charge	Backdate To Day (Incl)
ROOM	32	10			100.00	
ROOM	39	10		5.00	100.00	
ROOM	91	2			100.00	3
ROOM	CBT1	2			100.00	1
ROOM	CBT2	3			100.00	2
ROOM	HIT1	3			100.00	2
ROOM	HIT2	4			100.00	3
ROOM	RMTX	10			100.00	1