

Tax Modifiers and Tax Audit

Tax Modifiers Setup

Similar to *Length Of Stay* rates, *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. *Tax Modifiers* are accessed through *Global Maintenance | Setup | Tax Code Maintenance | Window | Tax Modifiers*.

Revenue Category	Tax Code	From Day Of Stay	Tax % To Post	On % Of Charge	Backdate To Day
ROOM	GSS	3	5.00	100.00	1
ROOM	PRTA	30	10.00	100.00	1

Complete the *Tax Modifier* screen as follows:

Revenue Category	This field must reflect the <i>Category</i> of the <i>Posting Code</i> that is being taxed. I.e. it should be "Room" if the revenue is being generated by a room charge, regardless of the category that the tax code belongs to.
Tax Code	This is the <i>Posting Code</i> for the tax that the user wishes to modify.
From Day of Stay	This field will define the day of stay that the tax will be charged. For example, on the 30 th day – the tax rate will be discounted to the new rate defined below.
Tax % to Post	The amount entered here will be the new percentage that will be calculated for the tax.
On % of Charge	The percentage of the original revenue, i.e. the room charge, used for calculation
Backdate to Day	The retroactive day of the stay that this tax modification should be applied to, if previous postings are to be affected.

Aside from modifying an existing tax, this function can serve to change taxes and *Posting Codes* assigned to a *Room Posting Code*.

Example: Create *Room Revenue* code "RMRV" and assign *Tax Codes Tax1* and *Tax2* to the *Posting Code*. In *Tax Code Maintenance*, assign a *Tax %* of "10" for *Tax1* and a *Tax %* of "0" to *Tax2*. 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 *Tax1* and a value of "5" to *Tax2*.

Result: Any revenue posted to *RMRV* will create a tax posting of 10% to *Tax1* and 0% to *Tax2* for the first 10 days. After the ten days, *Tax1* will be reduced to zero and *Tax2* will be increased to 5%.

Tax Audit

This program will verify that the correct tax postings have been applied to the guest's account and, like the *Rate Audit*, it is capable of posting adjustments. The *Tax Audit* is accessed through *Global Maintenance | Setup | Tax Code Maintenance | Window | Tax Audit Setup*.

Complete this screen as follows:

Enable Tax Audit	If this is set to "N", the <i>Tax Audit</i> is not available anywhere on the system.
Audit All In-house Nightly	If "Y", the <i>Tax Audit</i> will occur automatically during the <i>Night Audit</i> process. NOTE: Like <i>Rate Audit</i> , a report, <i>FDTAXCHK</i> must be added to the <i>Night Audit Sequence</i> of reports. If the property is using the <i>Rate Audit</i> report, <i>FDTAXCHK</i> should occur after <i>FDRATECHK</i> .
Audit All Checkouts	If "Y" the <i>Tax Audit</i> will occur during checkout.
Audit Early Departures	If "Y" the <i>Tax Audit</i> will occur at the time of Early Departure. This is specifically provided for those properties that do not post taxes for long stay guests in anticipation of the stay being tax exempt.
Minimum/Maximum Stay to Audit	These fields establish parameters for the <i>Tax Audit</i> that overrides all other parameters. If a property foresees very limited situations where they will need to audit tax postings, they can set date parameters in these fields. For example, this would allow a property to define the 30 th day of a guest stay as being the only time that a <i>Tax Audit</i> is necessary.
Auto Post Auto Results	As seen in <i>Rate Audit</i> , this allows the system to make the necessary adjustments automatically, or forces it to generate a report only.
Do NOT Audit Charges Before	This field establishes a start date, prior to which, any tax changes will be ignored. This is to guard against any system-wide tax changes that may be occurred previously.
Service for Audit Exemption	This allows the property to define a specific <i>Service Code</i> that can be added to a reservation to ensure that it is ignored during a <i>Tax Audit</i> .



When the *Tax Audit* is run through the *Night Audit* process, only those reservations that need adjustments are displayed.

If the *Tax Audit* is set to run during the Checkout process, there is no display or message generated, although the folio balance may be adjusted. This is to minimize disruption of the checkout process. If, however, a clerk attempts to settle *Folios* during a checkout situation without using the “*Checkout*” Button, adjustments may occur after an incorrect balance has been settled.

The *Tax Audit* can also be called from the *Assignment Chart*. Guest Reservations | *Assignment Chart* | *Rates / Char* | *Rate Audit*. This will perform a *Tax Audit* on the specified reservation. This will display all results, not just those requiring adjustment.

Note: 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.