



Tax and Service Charge Manual

2016 - Winter Edition

User Guide - Table of Contents

[Overview](#)

[Use Case\(s\)](#)

[Tax Code Items](#)

[Accessing Tax Code Items](#)

[Creating a New Tax Code Item](#)

[Tax Setup](#)

[Service Charge Setup](#)

[Service Charge Override](#)

[System Settings](#)

[Set Up Service Charge Member Group](#)

[Rules](#)

[Tax Codes](#)

[Accessing Tax Codes](#)

[Creating a New Tax Code](#)

[Applying Tax Codes and Overrides](#)

[Item Group](#)

[Item Category](#)

[Change Tax Code Item Percentage/Rate](#)

[Reporting](#)

[Best Practices](#)

[Frequently Asked Questions](#)

Overview

The Office System allows the user to create various combinations of Tax and Service Charges that can be applied at multiple levels. In this guide, we will learn how to set up Taxes, Service Charges, make Tax percentage changes, set up items to point to the correct Tax and Service Charges, apply Tax Code overrides, and review the variables impacting the Tax application.

Tax and Service Charge have two layers in the Office System. **Tax Code Items** are where the user sets up the individual Tax and Service Charge rates. **Tax Codes** are where the user sets up the combinations of Tax and Service Charge to apply to an item/area.

Use Case(s)

- Due to specific arrangements made with a Member to retain their Membership, a Club has agreed to charge the Member a reduced Service Charge fee for the next 90 days. The Club will ensure the reduced Tax Code Item is applied by specifying the rules in the Tax Codes, and ensuring the Member is assigned to the Reduced Tax Code Group.
- Due to the recent election, local sales tax will be increasing a .25% next month. The Club will update the Tax Code Item after Club operations end the last day of the month, and prior to business opening the first day of next month to ensure the increase in sales tax is properly applied.
- When certain Items are sold in designated areas of the Club, certain taxes/service charges no longer apply. As such, the Club will set up Area Tax overrides.

Tax Code Items

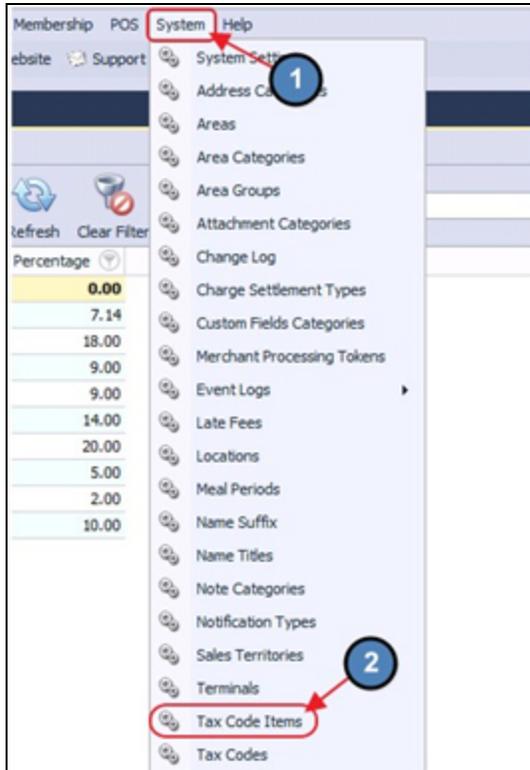
Tax Code Items are where the user sets up the individual Tax and Service Charge rates.

Important: The system applies Tax and Service Charges on the Price of the item, not the subtotal.

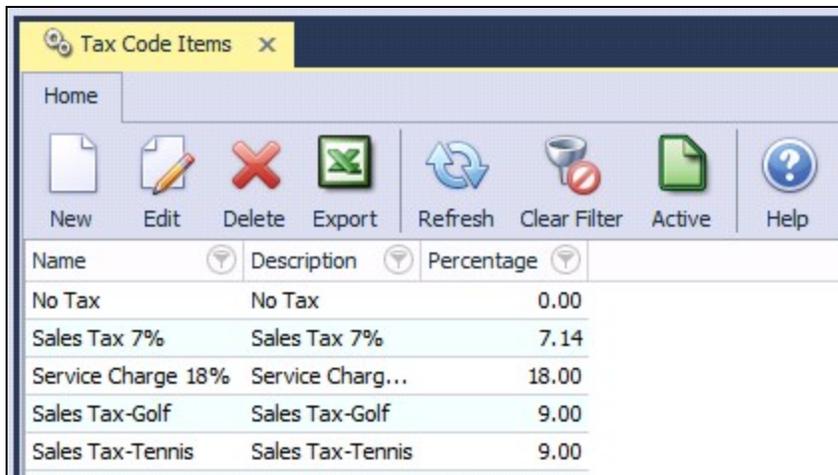
Accessing Tax Code Items

To access Tax Code Items,

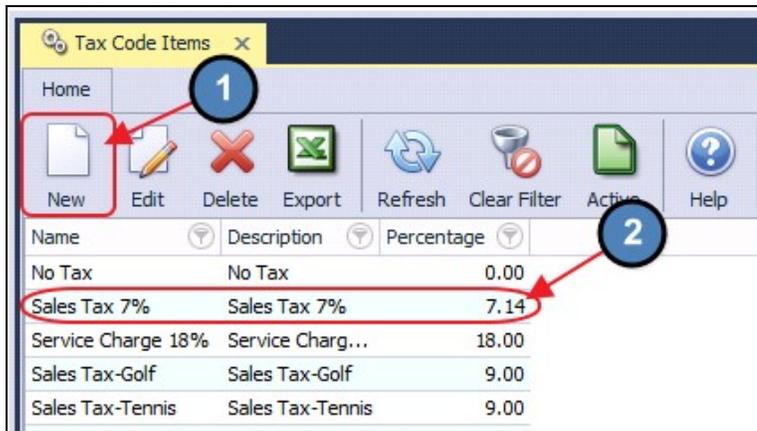
- 1) Navigate to **System** across the top toolbar and select **Tax Code Items**.



2) The Tax Code Items grid will launch.



3) The primary functions associated with managing Tax Code Items are embedded in the Tax Code Item setup screen, which can be accessed by clicking the **New** button or double-clicking on an existing item.



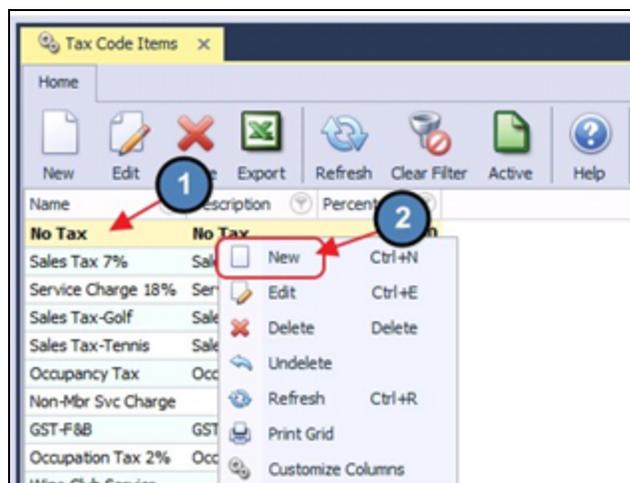
Creating a New Tax Code Item

To create a new Tax Code Item,

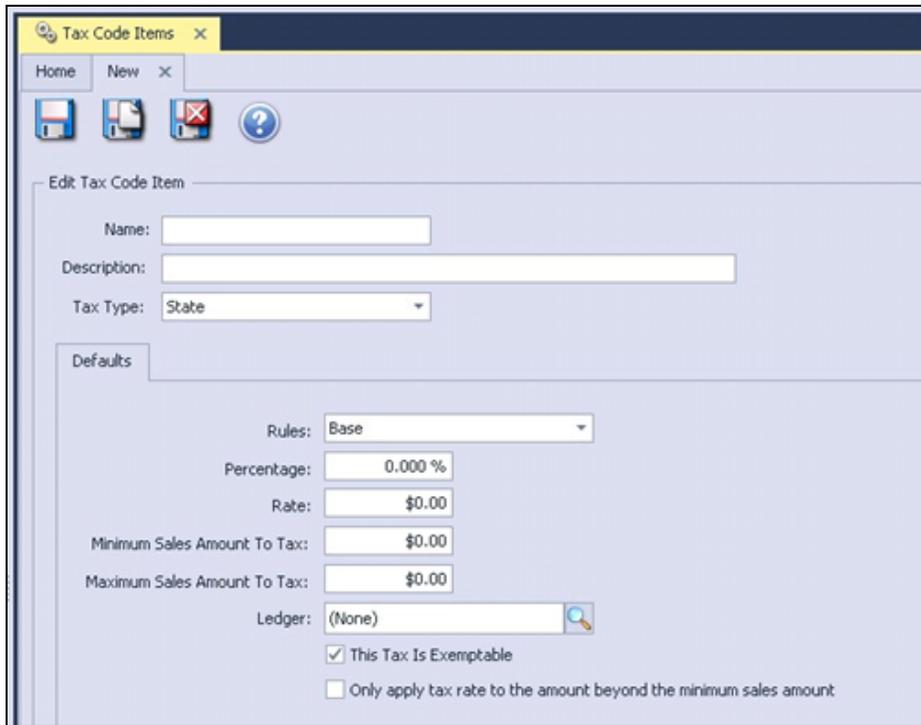
- 1) Navigate to the **Tax Code Items Grid** and perform either of the following to launch the Tax Code Item setup screen:
 - a) Click the **New** icon on the toolbar.



- b) Right-click anywhere on the **Tax Code Items Grid** and select **New**.



2) The Tax Code Item setup screen will launch.



Tax Setup

When setting up a tax, complete the following information as shown/listed below.



Name - Give the Tax Code Item a name. The name you give the Tax Code Item should be a distinctive description, especially if there is more than one percentage or rate.

Example:

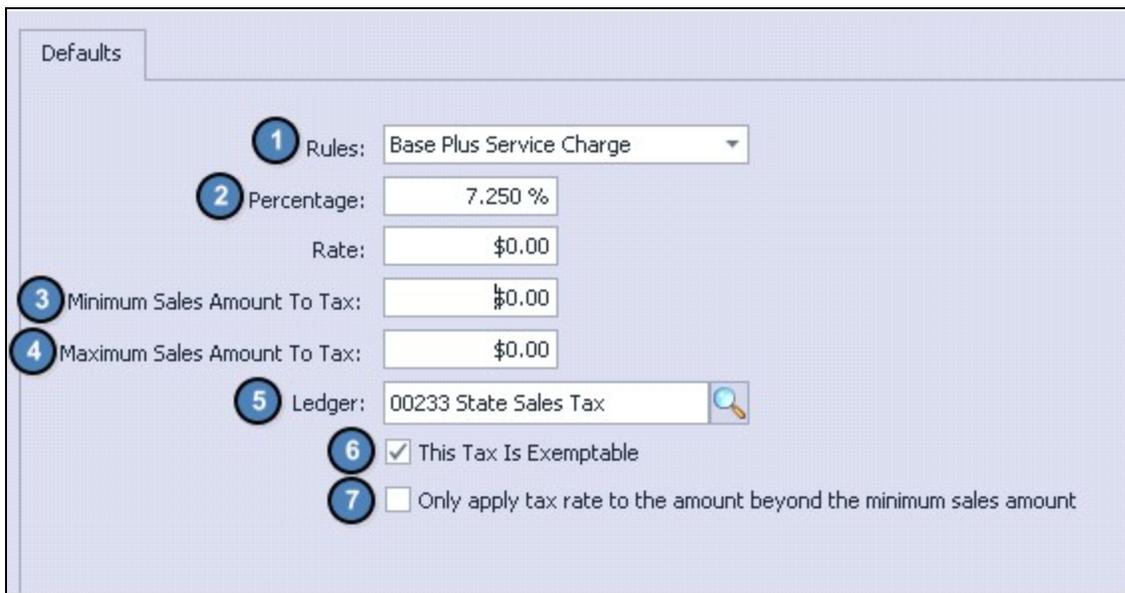
- Sales Tax

- Liquor Tax 1.5%

Description - Enter an optional description for internal purposes.

Tax Type - Click the drop down arrow and select the Tax Type.

Continue populating the Default fields as needed.



The screenshot shows a 'Defaults' form with the following fields and callouts:

- 1 Rules: Base Plus Service Charge
- 2 Percentage: 7.250 %
- Rate: \$0.00
- 3 Minimum Sales Amount To Tax: \$0.00
- 4 Maximum Sales Amount To Tax: \$0.00
- 5 Ledger: 00233 State Sales Tax
- 6 This Tax Is Exemptable
- 7 Only apply tax rate to the amount beyond the minimum sales amount

Rules - Click the drop down arrow and select the rule that applies. Options include:

- **Base** - will tax the total of each taxable item not including Service Charge.
- **Base + Service Charge** - will tax the total of each taxable item including the Service.
- **Charge** - both item and service charge will be taxed.
- **Service Charge** - will only tax the service charge total and will exclude all items taxable and nontaxable.

Percentage - Enter the Tax Percentage (if this is not a percentage leave blank and go to **Rate**).

Rate - Enter the Rate if applicable (this is a flat dollar amount).

Minimum Sales Amount to Tax - Use if tax is not to apply to an item price less than a specified amount. Example: if the minimum sales amount to tax entered is \$20.00, the system will not tax items less than \$20.00 (\$19.99 and less).

Maximum Sales Amount to Tax - Use if tax is not to apply to item price greater than a specified amount. Example: if the maximum sales amount to tax entered is \$20.00, the system will not tax items over that amount (\$20.01 and greater).

Ledger - Browse to the General Ledger and select the ledger account the tax will post to.

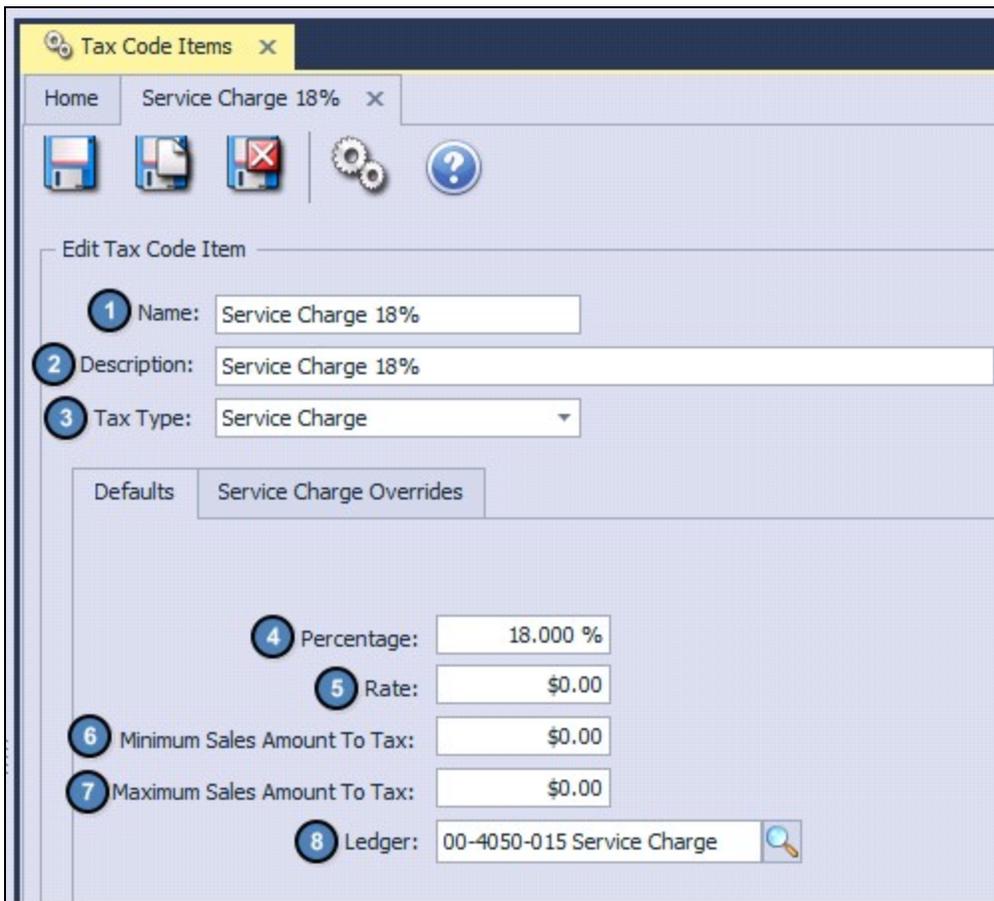
This Tax is Exemptible - If this tax can be exempted or waived, check the box. If the box is not checked, tax will be calculated even if the member or item is flagged as Tax Exempt.

Only Apply Tax Rate to the amount beyond the minimum sales amount - This works in relation to **Minimum Sales Amount to Tax**. This box would be checked for states that only tax an item over a certain dollar amount. For example, a clothing item is taxed only if it exceeds \$150. If a jacket is purchased for \$200, sales tax would be applied on \$50 (\$200 - \$150 = \$50).

In this example \$150 should be the **Minimum Sales Amount to Tax**.

Service Charge Setup

When setting up a service charge, complete the following information as shown/listed below.



The screenshot shows the 'Edit Tax Code Item' form for 'Service Charge 18%'. The form is divided into 'Defaults' and 'Service Charge Overrides' sections. The 'Defaults' section contains the following fields:

- 1 Name: Service Charge 18%
- 2 Description: Service Charge 18%
- 3 Tax Type: Service Charge
- 4 Percentage: 18.000 %
- 5 Rate: \$0.00
- 6 Minimum Sales Amount To Tax: \$0.00
- 7 Maximum Sales Amount To Tax: \$0.00
- 8 Ledger: 00-4050-015 Service Charge

Name - Give the Tax Code Item a name. The name you give the Tax Code Item should be given a distinct description, especially if there is more than one percentage or rate.

Description - Enter an optional description for internal purposes.

Tax Type - Click the down arrow and select **Service Charge**.

Percentage - Enter the Service Charge Percentage (if this is not a percentage leave blank and go to **Rate**).

Rate - Enter the Rate if applicable (this is a flat dollar amount).

Minimum Sales Amount to Tax - Does not apply to a Service Charge Tax Code Item.

Maximum Sales Amount to Tax - Does not apply to a Service Charge Tax Code Item.

Ledger - Browse to the General Ledger and select the ledger account the tax will post to.

Service Charge Override

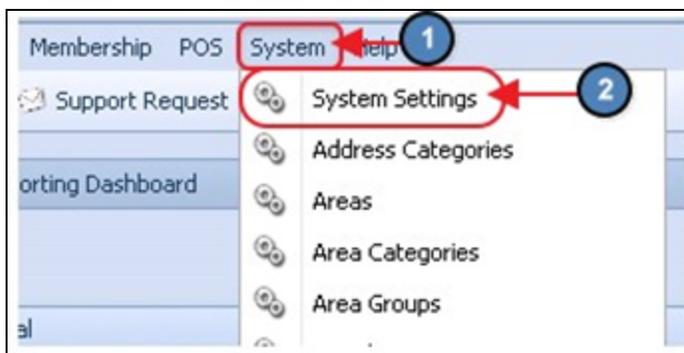
This is used when certain Members or Areas have different Service Charge rules than the normal setup. There are a few different ways in the system to have automatic Service Charges applied at different rates depending on the club rules. Contact Clubessential Support to help you decide the best setup for your club policy.

Before creating the Service Charge Override, the user must first apply the Service Charge **Group Type** in System Settings and create a Service Charge **Member Group** to set up the override; as described below.

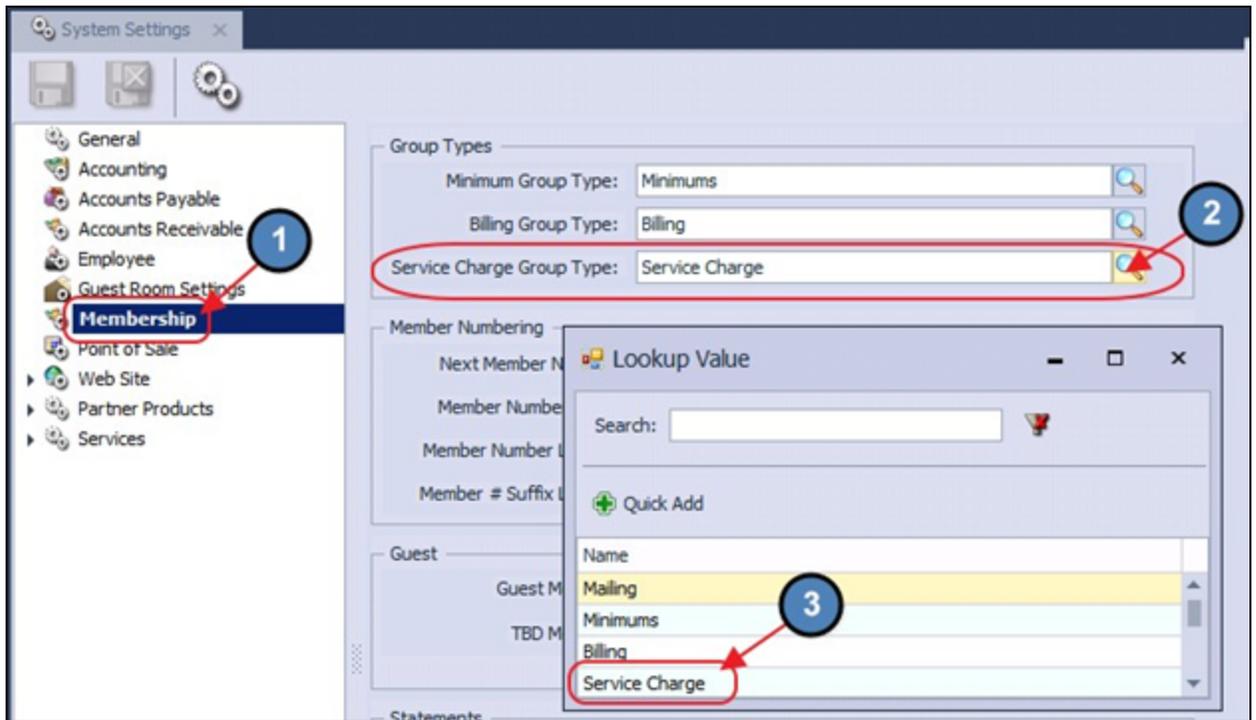
System Settings

The first step is to apply the Service Charge Group Type in System Settings. To do so,

- 1) Navigate to **System** across the top toolbar and select **System Settings**.



- 2) Navigate to the **Membership** tab and select **Service Charge** in the Service Charge Group Type section.

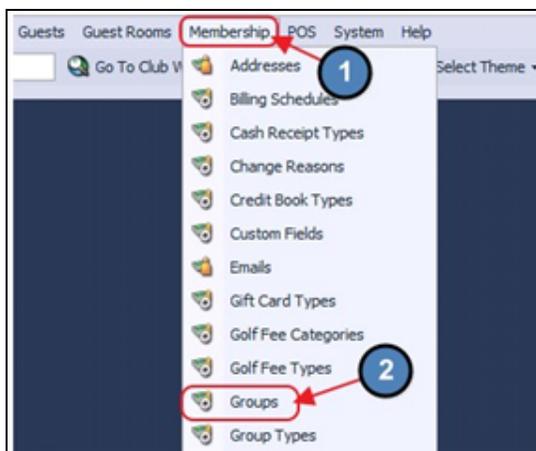


Set Up Service Charge Member Group

The next step is to set up the Service Charge Member Group. All Members who should receive the Service Charge Override should be selected in this Member Group.

To set up the Service Charge Member Group,

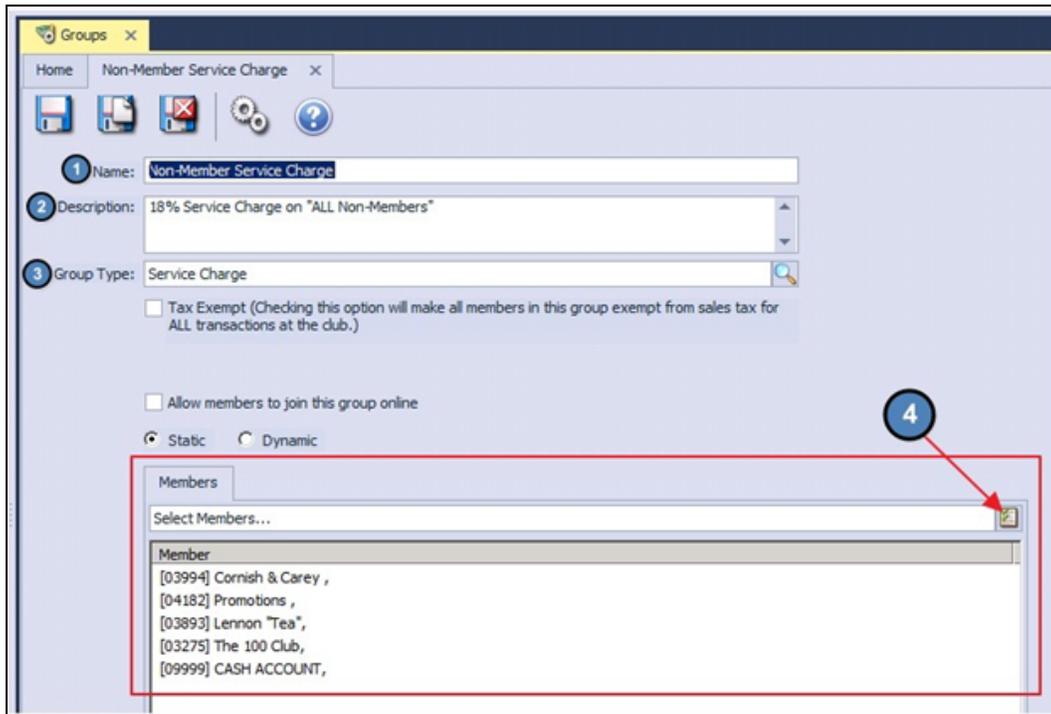
- 1) Navigate to **Membership** across the top toolbar and select **Groups**.



2) Click the **New** icon on the toolbar.

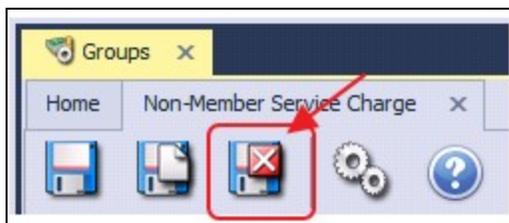


3) The Member Group setup screen will launch. Enter all relevant information shown/listed below:



- **Name** - Give the Member Group a name.
- **Description** - Enter an optional description for internal purposes.
- **Group Type** - Select **Service Charge** as the Group Type.
- **Members** - Select all Members who should be included in the group.

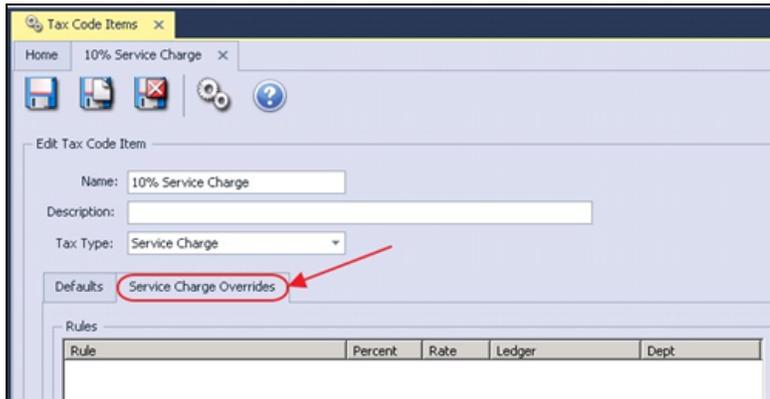
4) Select **Save & Close**.



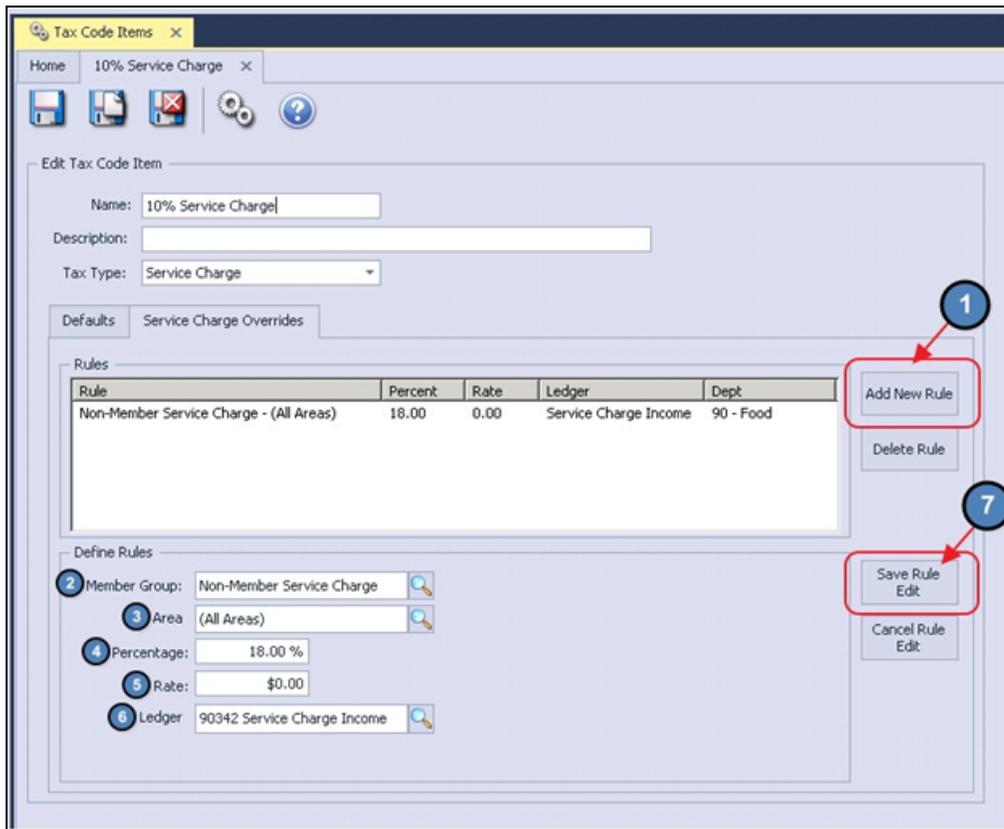
Rules

The last step is to create the rules for the Service Charge Override. To do so,

- 1) Navigate to the applicable Service Charge Tax Code Item and select the **Service Charge Overrides** tab.



- 2) Click **Add New Rule** and enter the appropriate information shown/listed below:



- **Member Group** - Select the **Service Charge Member Group**. Please note that only Member Groups with a **Service Charge Group Type** will be displayed in the lookup.

- **Area** - Select the Area the override applies or select All Areas if the override should occur at all Areas in the club.
- **Percentage** - Enter the Service Charge Percentage (if this is not a percentage leave blank and go to **Rate**).
- **Rate** - Enter the Rate if applicable (this is a flat dollar amount).
- **Ledger** - Browse to the General Ledger and select the ledger account the tax will post to.

Save Rule Edit - Be sure to select **Save Rule Edit**.

- 3) Select Save & Close **AFTER** you have selected Save Rule Edit.



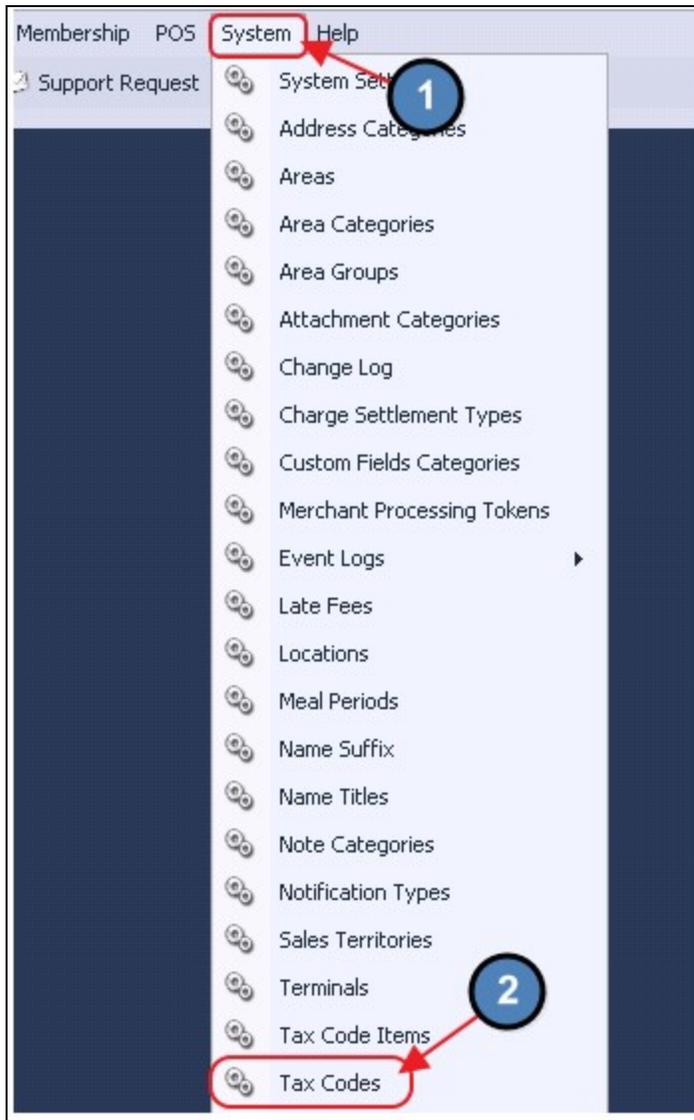
Tax Codes

As previously mentioned, **Tax Codes** are where the user sets up the combinations of Tax and Service Charge to apply to an item/area.

Accessing Tax Codes

To access Tax Codes,

- 1) Navigate to **System** across the top toolbar and select **Tax Codes**.



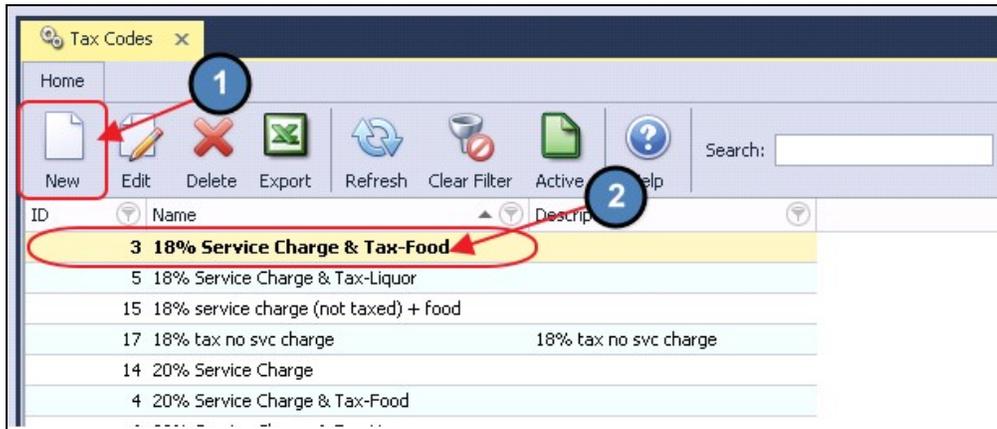
2) The Tax Codes grid will launch.



A screenshot of the 'Tax Codes' grid interface. The interface has a toolbar with icons for 'New', 'Edit', 'Delete', 'Export', 'Refresh', 'Clear Filter', 'Active', and 'Help'. There is a search box and radio buttons for 'All Words' and 'Any Word'. The grid has columns for 'ID', 'Name', and 'Description'. The first row is highlighted in yellow and contains the text '3 18% Service Charge & Tax-Food'. The second row contains '5 18% Service Charge & Tax-Liquor'. The third row contains '15 18% service charge (not taxed) + food'. The fourth row contains '17 18% tax no svc charge' and '18% tax no svc charge'. The fifth row contains '14 20% Service Charge'. The sixth row contains '4 20% Service Charge & Tax-Food'.

ID	Name	Description
3	18% Service Charge & Tax-Food	
5	18% Service Charge & Tax-Liquor	
15	18% service charge (not taxed) + food	
17	18% tax no svc charge	18% tax no svc charge
14	20% Service Charge	
4	20% Service Charge & Tax-Food	

- 3) The primary functions associated with managing Tax Codes are embedded in the Tax Code setup screen, which can be accessed by clicking the **New** button or double-clicking on an existing code.



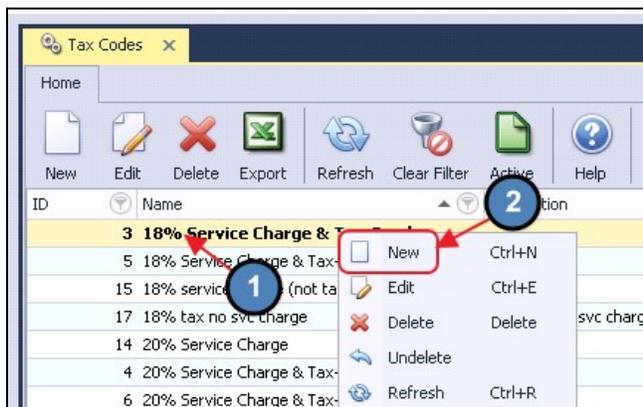
Creating a New Tax Code

To create a new Tax Code,

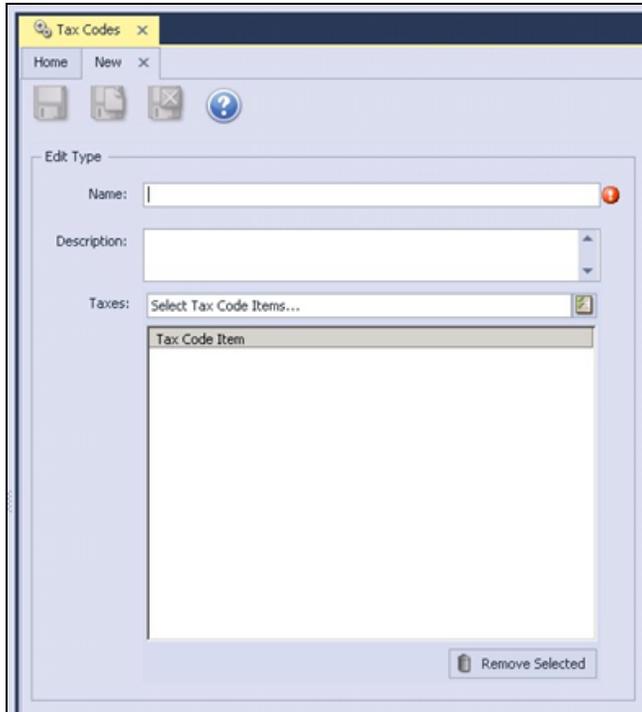
- 1) Navigate to the **Tax Codes Grid** and perform either of the following to launch the Tax Code setup screen:
 - a) Click the **New** icon on the toolbar.



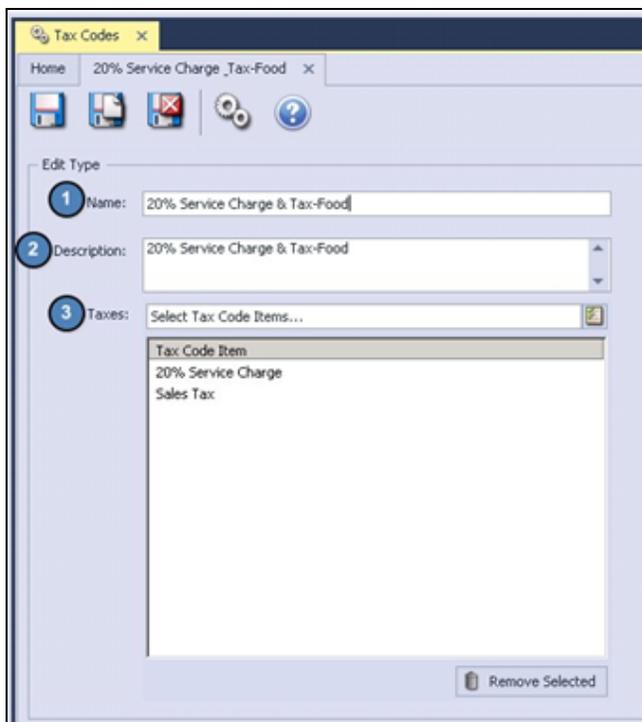
- b) Right-click anywhere on the **Tax Codes Grid** and select **New**.



2) The Tax Code Item setup screen will launch.



3) Please enter all appropriate information shown/listed below:



- **Name** - Give the Tax Code a name. The name you give the Tax Code should be given a distinctive description, especially if there is more than one percentage or rate.
- **Description** - Enter an optional description for internal purposes.
- **Taxes** - Select the applicable combination of **Tax Code Items** using the Lookup. Again, Tax Codes are what you select to apply Tax and Service Charges to items. Be sure to select the correct combination.

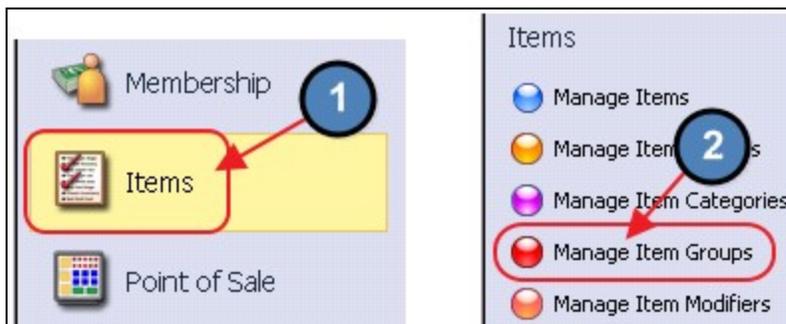
Example: Sales Tax and 20% Service Charge

Applying Tax Codes and Overrides

Tax Codes are applied at the Item Group level, but can be overridden at the Item Category level if applicable.

Item Group

- 1) Navigate to **Items** on the left user menu and select **Manage Item Groups**.

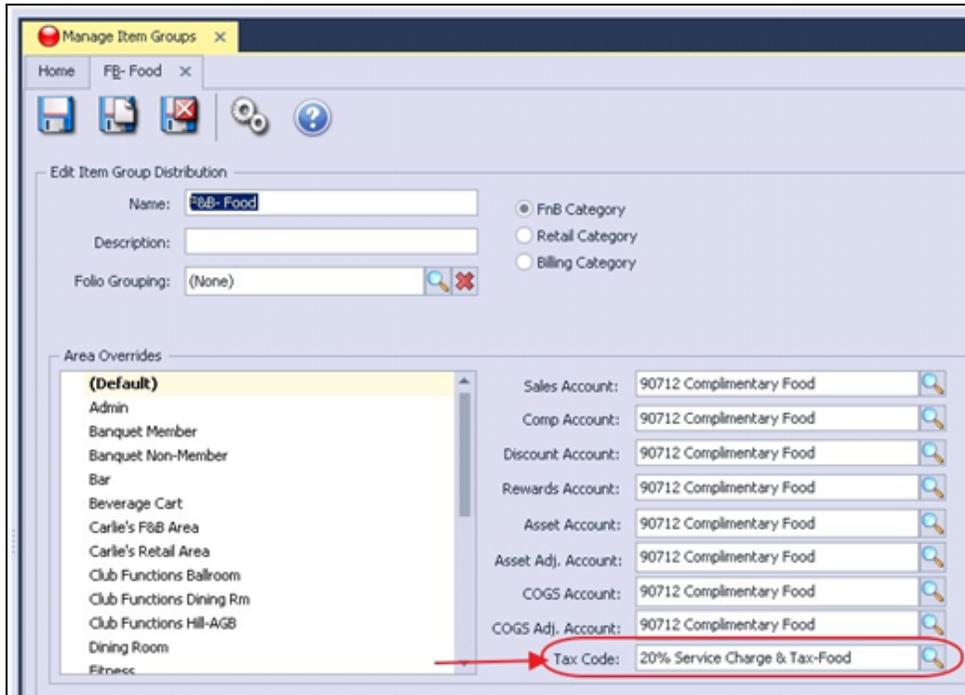


- 2) The Item Groups Grid will launch. Double click on the applicable Item Group to launch the Item Group setup screen.

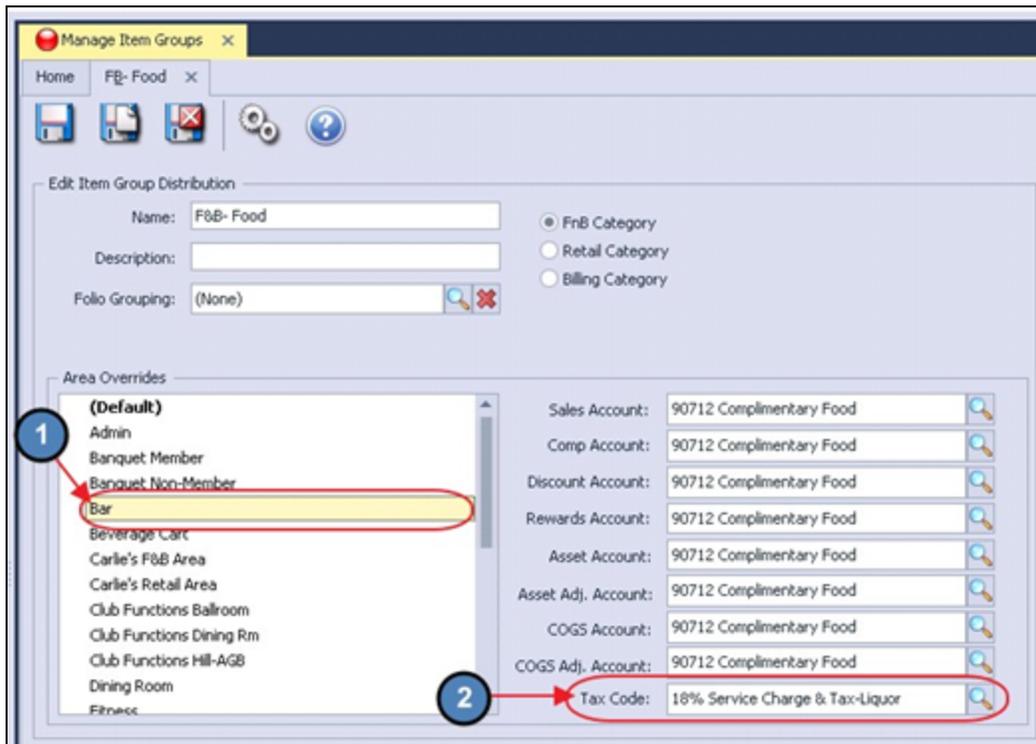
The image shows a screenshot of the 'Manage Item Groups' application window. The window title is 'Manage Item Groups'. Below the title bar is a ribbon with various icons for actions: New, Edit, Delete, Export, Refresh, Clear Filter, Active, (All), and Help. There is also a search box. Below the ribbon is a table with the following columns: Name, Description, Tax Code ID, Retail Category, FNB Category, and COGS Adjustment Account. The table contains several rows of data. The row for 'F&B- Food' is highlighted in yellow and has a red circle around it with a red arrow pointing to it.

Name	Description	Tax Code ID	Retail Category	FNB Category	COGS Adjustment Account
Banquet		1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Billing Items - No Minimum		1	<input type="checkbox"/>	<input type="checkbox"/>	
cash advance		19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
F&B- Beer		5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
F&B- Food		4	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
F&B- Liquor		12	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

3) Navigate to the **Tax Code** field and select the proper Tax Code.



Area Overrides - If different Areas have different Tax Codes, be sure to highlight the applicable Area from the left pane labeled **Area Overrides** and choose the correct Tax Code.

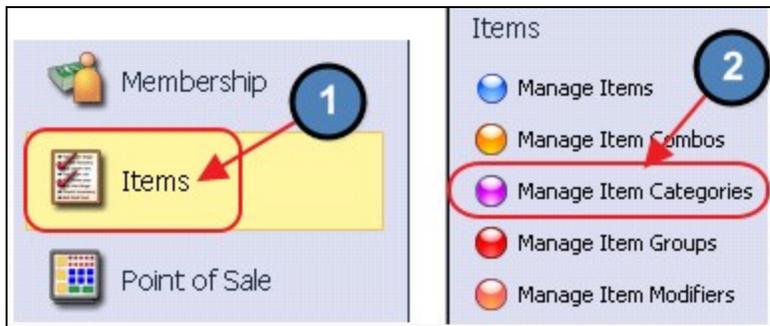


Item Category

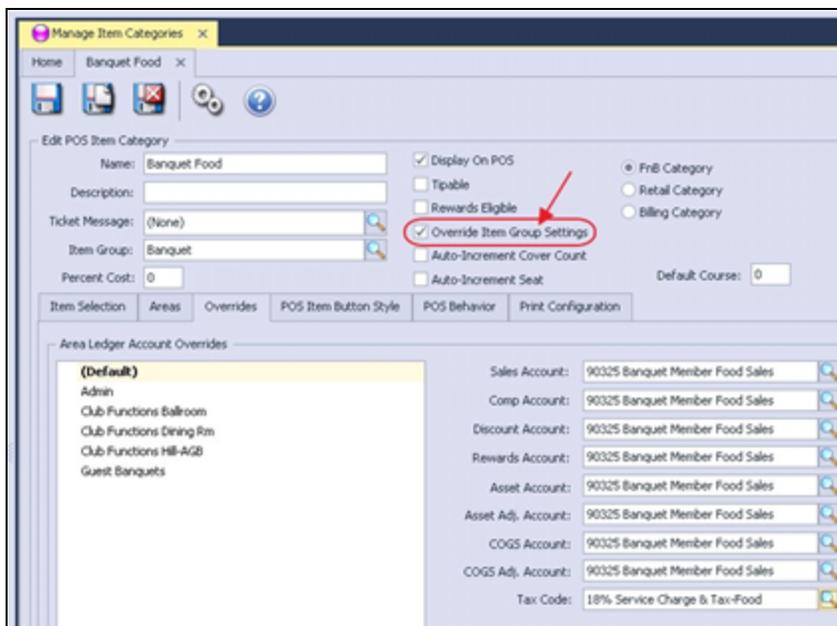
As previously mentioned, if a certain Item Category should have a different Tax Code than its Item Group, the Item Group settings can be overridden.

To override the Item Group Settings,

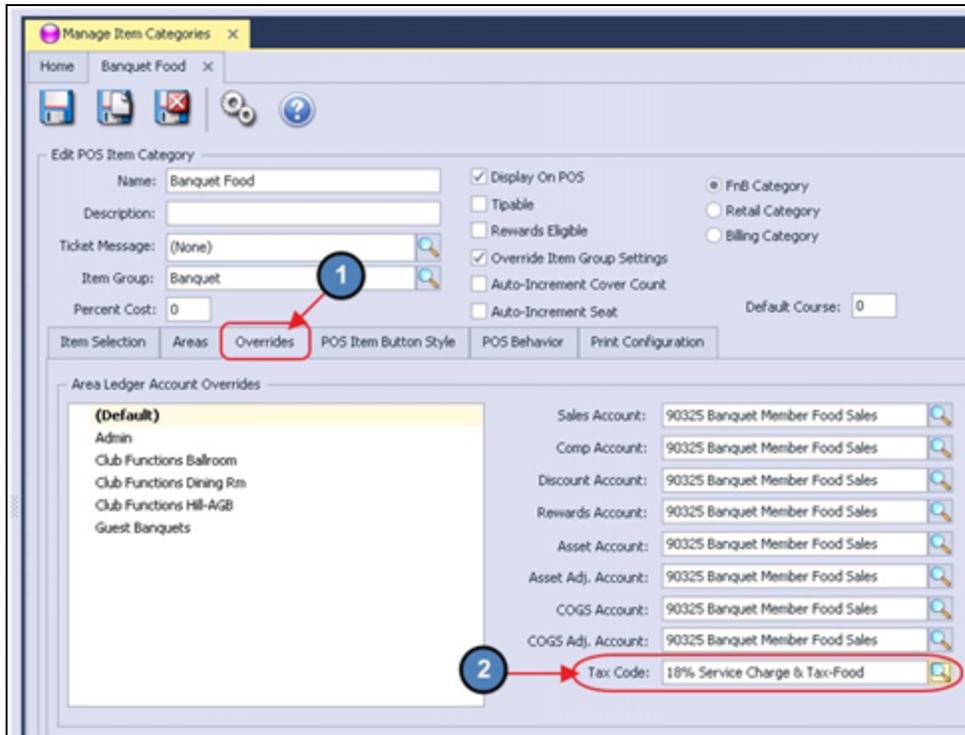
- 1) Navigate to **Items** on the left user menu and select **Manage Item Categories**.



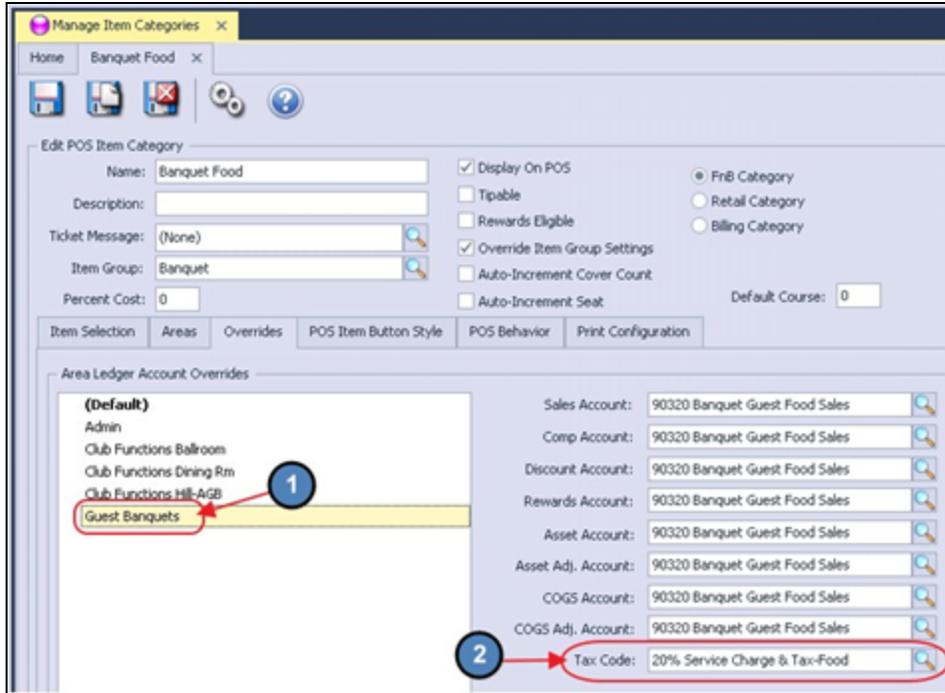
- 2) The Item Categories Grid will launch. Double click the applicable Item Category to launch the Item Category setup screen.
- 3) Check **Override Item Group Settings**.



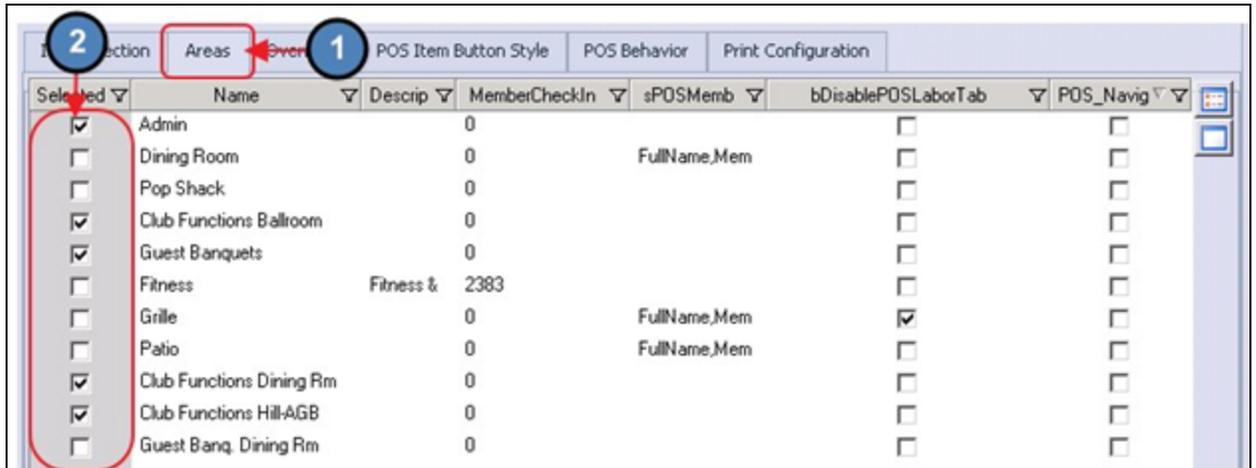
- 4) Navigate to the **Overrides** Tab and select the applicable Tax Code. If the Overrides tab is not active be sure to check **Override Item Group Settings**.



Area Overrides - If different Areas have different Tax Codes, be sure to highlight the applicable Area from the left pane and choose the correct Tax Code.



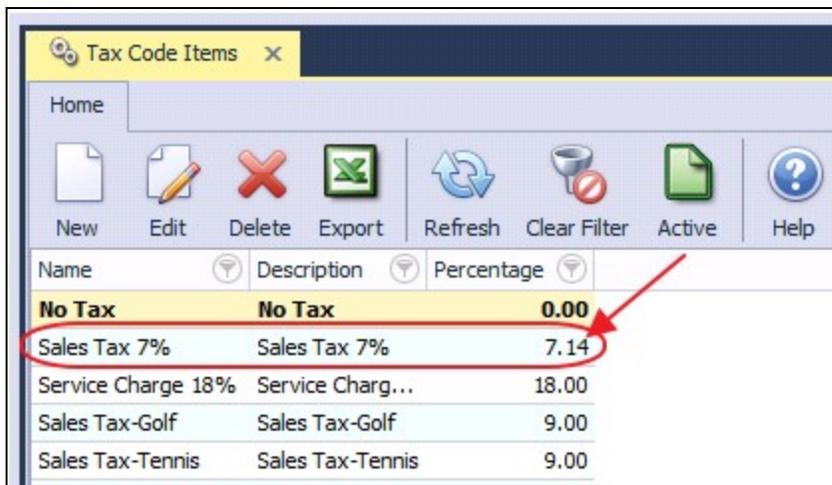
Note: Only Areas selected on the Areas tab within the Item Category will show as an override option on the Overrides tab.



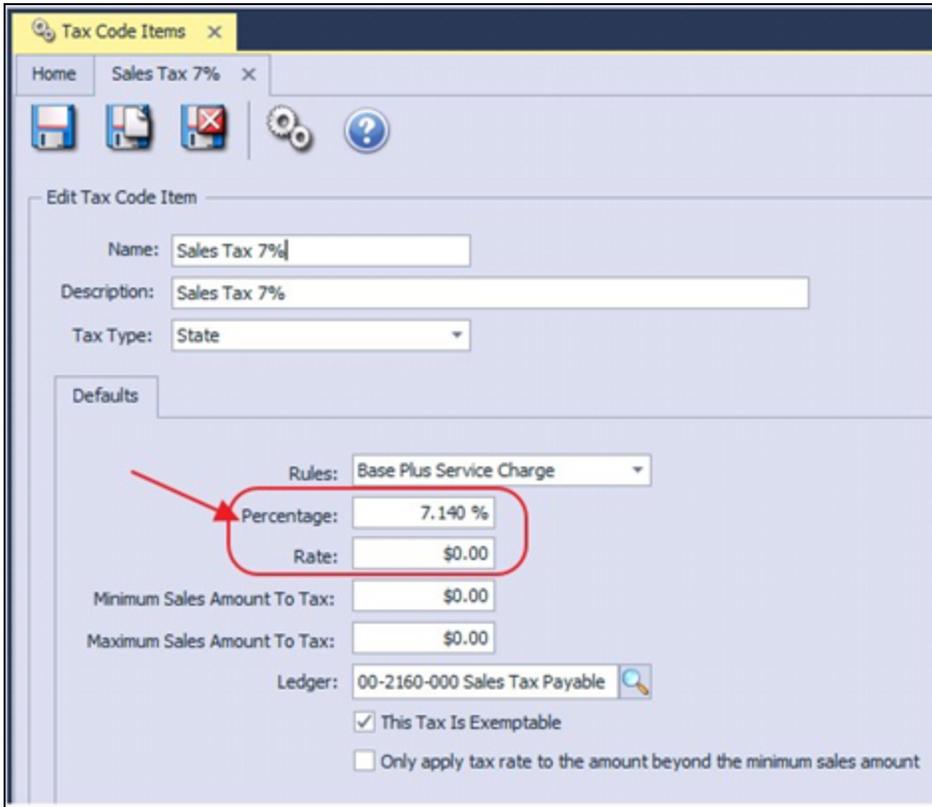
Change Tax Code Item Percentage/Rate

To change the Tax percentage of a particular Tax Code Item,

- 1) Navigate to the Tax Code Items Grid and double click the appropriate Tax Code Item.



- 2) Change the Percentage or Rate appropriately.



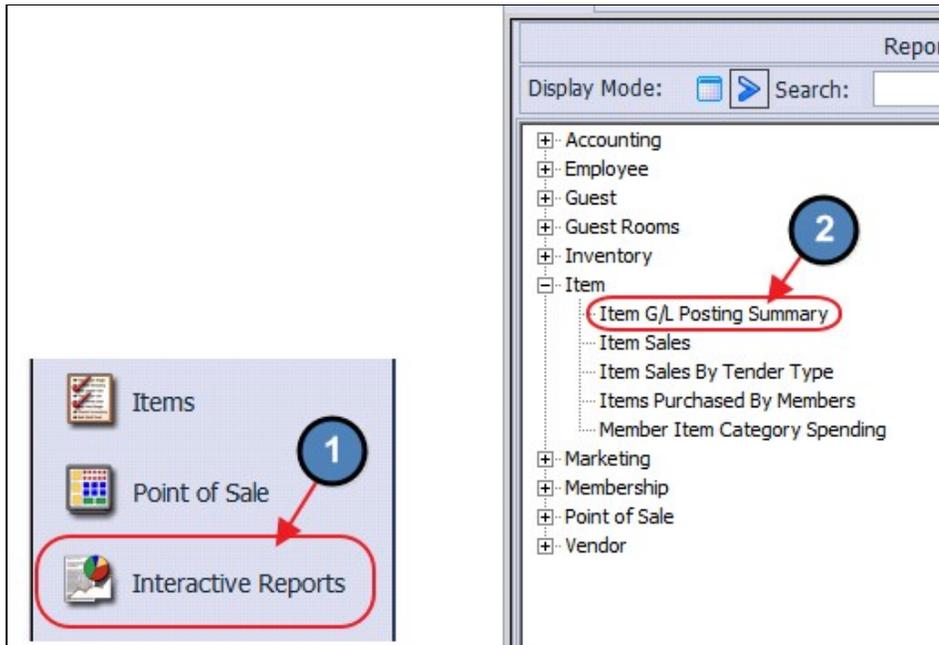
Important:

- All items pointing to the Tax Code Item will **immediately** be affected by the change. Do not change the tax percentage or rate until the new rate goes into effect.
- If the Tax Rate or Tax Code is changed in the middle of the day, all items that have previously been rung up and added to a ticket will have the old rate. The only way to get the new tax rate is to delete the ticket and re-enter the sale.
- Sales and credits will be calculated at the new rate from the time you change the rate.
- The systems applies taxes and service charge on an item level not a subtotal level.

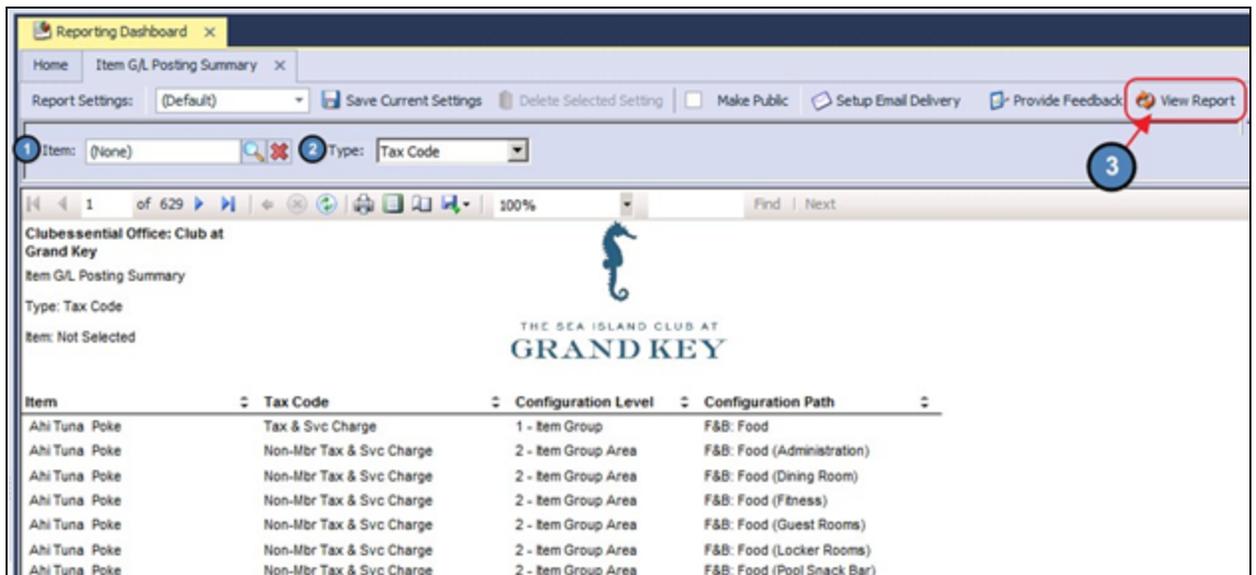
Reporting

If at any time a user would like a list of items and their respective Tax Codes, please follow the below instructions.

- 1) Navigate to the **Interactive Reports** module on the left user menu, expand Item, and select **Item G/L Posting Summary**.



- 2) If the user would like a list of **ALL** items and their Tax Codes, leave the Item field set to **None**. To see just one item, select the applicable item within the Item field. Set the **Type** to **Tax Code** and select **View Report**.



The Report will display the item, the Tax Code, Configuration Level, and Configuration Path.

Configuration Level - The level, either Item Group or Item Category that is defining the Item's Tax Code.

Configuration Path - The location of the Item Group/Category that is assigning the Tax to the Item.

Note: If an item displays more than once, this means the item has varying taxes applied depending on the Area in which it is sold.

Best Practices

Plan for legislative or upcoming Club changes to Taxes and/or Service charges to ensure implementation is proper.

Periodically review the Item G/L Posting Summary to ensure tax applications are proper.

Frequently Asked Questions

When I change a tax rate, how soon is it applied?

The tax rate changes immediately upon saving the change. If performed in middle of the day, tickets created prior to the change will contain the old tax rate.

When looking to establish a Sales Tax override for an Item Category (to make it different than its Item Group default), I am unable to locate the Overrides tab, where is it?

If the Overrides tab is not active within the Items Category, be sure the **Override Item Group Settings** option is checked within the Category.