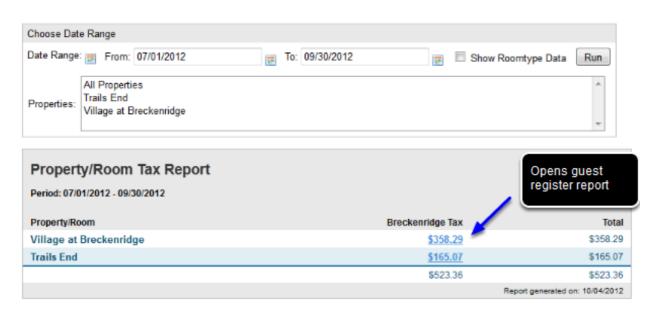# Tax Reports

There are two tax reports, but they have completely different uses. The sales / use tax report reports on what taxes are due for a given reporting period. The guest / register report is meant ONLY to be used in the event of a tax audit and you need to provide proof of bodies in rooms for individual dates of the month. Because of all the slicing and dicing necessary to arrive at a daily rate, tax, etc. the guest register report will many times be off by pennies or more from the actual amount owed which is shown in the sales / use tax report.

Sales / Use Tax Report

Clicking on the tax owed will generate a Guest Register Report which give a general idea of how the tax was calculated. However, the Guest Register Report is NOT a tax only report so it must include all invoices, *even the invoices without taxes*.

When the guest register report is generated as detail from the Sales / Use Tax Report, it is a Tax report, so it will only include the invoices that have taxes associated with them.

How the Sales / Use Tax report is calculated

1. *Lodgix disregards when the tax is actually collected and calculates the tax generated for each day of the reporting period.*
2. *For reservations that span two reporting periods (see image above), Lodgix must calculate the tax generated for each day.* Thus if the report period is 5/1 to 5/31, there are two nights of this reservation in May and two nights in June. DON'T forget the cleaning fee (which is taxable in this example).

LODGIX WILL TAKE THE TOTAL TAXABLE REVENUE FOR THE INVOICE ($900.00) DIVIDE THAT BY 4 NIGHTS = $225.00 PER NIGHT. HOWEVER WE NEED ONLY 2 NIGHTS (5/30 AND 5/31), THUS $225.00 X 2 = $450.00.

The tax rate in this example is:

Hotel / Motel @ 9% = $450.00 x .09 = $40.50

Occupancy Tax @ 6% = $450.00 x .06 = $27.00

Lodgix will sum the calculated tax amounts of the invoices which spanned two reporting period and add that amount to the total of all the invoices which arrived AND departed during the reporting period.

WHY THIS CAN BE CONFUSING:

Many of you will attempt to use a TOTAL GROSS REVENUE number for the reporting period and then multiply that by your tax rate. **Taxes are not collected that way.** They are collected per reservation and depending on the amount of rounding that is done on each invoice, the TOTAL GROSS REVENUE number is always going to be the cleaner number because it hasn't been subject to the rounding of multiple invoices.

Lodgix simply calculates the tax that is due based upon when it is realized. That is the most straight forward method and offers no ambiguity.

Guest Register Report

As disscussed above, the sales / use tax report captures all reservations within a given reporting period. When part of a reservations falls outside of the reporting period the total taxable

revenue for the invoice will be divided by the number of nights in the invoice to arrive at a revenue per night number.

The revenue per night is then multiplied by the actual number of nights falling within the reporting period for that reservation and those numbers are multiplied by their respective taxes.

THE GUEST REGISTER REPORT ON THE OTHER HAND…. is only concerned at arriving at a rate and tax per day. Thus nearly every night is a calculated rate / tax.

Sales / Use tax values are calculated using total sums. Let's say a reservation has:

10 night reservation - $106.53/ nt plus 13% tax = $1065.30 x 13% = $138.49 total tax (sales / use tax report). This is most clean tax nunber.

Now let's look at this a different way, the way the Guest Register Report looks at things by calculating each night:

10 nights- $106.53 / nt plus 13% tax = ($106.53 x 13%) x 10 =13.85 x 10 = $138.50 dollars total tax (guest register report)

Both values are correct. If we don't have to display the daily detail, we just calculate the final sum and it is correct. But for the Guest Register Report we wil have to display daily amounts

So will have to display $13.85 on each nightly row. On the total row we either display $138.50 or $138.49. Both are correct. But as on each row we have $13.85, we are forced to display $138.50, which will not match the sales / use tax report ($138.49). If we multiply this error for N different reservations, multiple taxes, etc in a period, the cents add up to bigger errors.

THAT IS WHY THE GUEST REGISTER REPORT IS NOT A TAX REPORT AND THE COLUMNS ARE FORCE SUMMED TO MATCH THE NUMBERS IN THE SALES / USE TAX REPORT.