



Turnover rent

Planon Software Suite

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About this Document

Intended Audience

This document is intended for *Planon Software Suite* users.

Contacting us

If you have any comments or questions regarding this document, please send them to: support@planonsoftware.com.

Document Conventions

Bold

Names of menus, options, tabs, fields and buttons are displayed in bold type.

Italic text

Application names are displayed in italics.

CAPITALS

Names of keys are displayed in upper case.

Special symbols



	Text preceded by this symbol references additional information or a tip.
	Text preceded by this symbol is intended to alert users about consequences if they carry out a particular action in Planon.

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About turnover rent

In addition to lease contracts based on a fixed rent per month, Planon also supports another way of agreeing rent payments, a variant in which the lease amount depends on the reported turnover. Turnover rent can be used in addition to fixed rent, or in combination with fixed rent.

Turnover rent is a type of rent mainly found in retail lease agreements where the lessee pays the lessor a percentage of the gross sales generated by the leased rentable unit. Often, but not always, the lessee starts paying a rent until the location's gross sales exceed a specific threshold called a [breakpoint](#). A lessee can pay a percentage of rent instead of or in addition to the base rent.



Turnover rent in Planon can be used based on the lessee perspective but also based on lessor perspective.

Before working with turnover rent, some configuration is required:

- The agreements between lessor and lessee are negotiated per contract.
- A profile must be drawn up to register the schedule of the turnover rent, the agreed conditions on how the turnover rent is calculated, the agreed prepayments, etc.

Once this profile is linked to a contract, the contract is ready to be settled on the basis of reported turnover. After calculating and checking the completeness of the turnover, you can close a period to calculate the rent based on the reported turnover. The calculated rent is registered as a once-only payment at the end of the settlement period.

The **Turnover rent** solution in Planon consists of the following TSIs:

- **Turnover rent - configuration**
Here you can set up lease contracts, turnover types, turnover profiles, turnover groups and breakpoints.
- **Turnover rent - input data**
Here you can register the turnover results reported by the lessees.
- **Turnover rent - settlement**
Here you can perform a (trial) turnover settlement for a specific period.
For more information, see the relevant sections in [Working with...](#)



Turnover rent is sometimes also referred to as 'percent rent', 'percentage rent', or 'sales-based rent'.

Licenses

The TSIs for turnover rent are only available for customers with a license. In addition, the number of turnover rent lines is restricted via a [volume license](#). All active lease contract lines with the setting **Turnover rent line?** set to **Yes** are taken into account for the volume license.

Concepts

The following topics describe the concepts that are key to understanding the functionality.

Turnover

A company's turnover is the value of the goods or services that it sells during a particular period of time. The turnover is used as input to calculate the turnover rent.

The lessee discloses his turnover to the lessor:

- per [turnover type](#) and per contract;
- per rentable unit / per set of rentable units.

Turnover type

The type of sales for which the turnover is used as input to calculate the turnover rent, for example clothing, shoes, groceries, advertising. Turnover types can be linked to [turnover groups](#).

Turnover profile

In a turnover profile you define the conditions for the turnover settlement of a specific lease contract and (group of) [turnover types](#). The profile includes information on:

- the settlement period
- the lease contract lines for the fixed base rent and the turnover rent line



A profile is configured per lease line, it is not a reusable for multiple leases.

Turnover group

In a turnover group you define how the turnover rent should be calculated for a certain period:

- the linked [turnover types](#)

A turnover group can be linked to one or more turnover types. A turnover type can be linked to multiple groups.

- A turnover group is linked to a [turnover profile](#), the linked turnover types are all taken into account when settling a profile.
- the calculation strategy that should be applied: natural breakpoint or turnover breakpoints - tiers (see [Breakpoints](#))
- The maximum value (cap) of turnover rent to take into account for the settlement. If the calculated turnover rent exceeds this value, the turnover rent is limited by the cap value.
- The minimum value (threshold) of turnover rent to take into account for the settlement. If the calculated turnover rent is equal to or exceeds this threshold, the turnover rent is taken into account. If the calculated turnover rent is below the threshold, the threshold value is taken into account.

Breakpoints

Planon supports the following breakpoint methods:

- [Natural breakpoint](#)
- [Breakpoint tiers](#)

Natural breakpoint

A natural breakpoint is calculated by dividing the base rent of the settlement period by an agreed percentage. The turnover rent owed by the lessee is equal to this percentage multiplied by the amount by which turnover exceeds the breakpoint. With a natural breakpoint, a lessee pays a base rent and pays a percentage turnover rent on top of that whenever their sales go above the breakpoint.

The natural breakpoint percentage is registered on the turnover group. The fixed base rent for a settlement period is divided by this percentage. The turnover rent is calculated as follows:

*(reported turnover for settlement period - (fixed base rent / percentage)) * breakpoint percentage*



If the amount is negative, no turnover rent is taken into account.

Example

A lessor and lessee agree that the lessee will pay turnover rent equal to 5% over the natural breakpoint. If the annual base rent is \$100,000, then the breakpoint would be equal to $\$100,000 \div 5\%$, which is \$2,000,000.

If the lessee's turnover for a year was equal to \$2,500,000, then the lessee would pay \$25,000 in turnover rent, which is calculated by multiplying 5% by the amount by which turnover exceeds the breakpoint: $\$500,000 \times 5\% = \$25,000$.

Breakpoint tiers

With breakpoint tiers, a lessee pays turnover rent depending on the total sales for a retail store. A tiered structure is defined in the contract and turnover rent is applied based on amounts falling in a specific tier. Turnover breakpoints allow to define the ranges of reported turnover and indicate per range how the turnover is charged: what percentage and what fixed amount.

i There are also cases where the 'From value' is not only zero on the first tier, but also on the second tier, the third tier and so on. In this case, the reported turnover determines which tier should be taken into account as the start and the entire turnover is accounted for for that ignored tier (starting at zero, so any previous tier is skipped).

Example

- For sales up to and including \$1,000,000 a fixed amount of \$20,000 is to be paid.
- For sales between \$1,000,000 and \$3,000,000 5% turnover rent is to be paid.
- For sales above \$3,000,000 a 6% turnover rent is to be paid.

The lessee has a reported turnover of \$4,750,000 for the turnover rent settlement period.

The turnover rent due is calculated as follows:

$$(4,750,000 - 3,000,000) * 6\% = 105,000$$

$$(3,000,000 - 1,000,000) * 5\% = 100,000$$

$$1,000,000 \text{ at } 20,000 = 20,000$$

$$\text{Turnover rent due: } 105,000 + 100,000 + 20,000 = 225,000$$

Broken periods

Broken periods are calculated proportionally to the number of days compared to a full period, based on the following factor:

$$\text{factor} = \frac{\text{\#days in broken period}}{\text{\#days of the full period}}$$

The breakpoint amounts for a broken period will be adjusted with this factor.

Example

If an annual turnover rent starts on June 1, 2022 (with period start in January), then the factor to be taken into account for 2022 is:

$$214/365 = 0.586$$

If a breakpoint is set for 500,000 gross turnover, the considered turnover amount is:

$$500,000 * (214/265) = 293,150.68$$

Turnover rent line

The turnover rent to be settled at the end of a period is registered as part of the turnover rent line. This special lease amount generates a financial commitment. The financial commitment will be closed along with the prepayment commitments based on the financial closure date.

Prepayments

The amounts that are already paid in advance by the lessees.

The lessor and lessee can agree prepayments so that the lessor can already collect a certain amount of turnover rent during the settlement period without having to wait until the end of the period.

The turnover rent to be settled at the end of the period takes into account the registered prepayments within the settlement period. The prepayments are deducted from the rent to be settled.

All turnover rent related amounts (prepayments and settlement amounts) are linked to a special lease amount line with the setting **Turnover rent line?** set to **Yes**.



If there is no agreement on prepayments, you must still link the turnover profile to a turnover rent line. Enter an amount with the value **0** (zero) to indicate that there are no regular prepayments.

Working with...

This section describes the various functions available.

Setting up a turnover rent

Lessee and lessor make agreements on how to settle the costs for renting a property or rentable unit. You can register these agreements in Planon.

The turnover rent process in Planon includes the following steps:

- Defining turnover types
- Defining a lease contract with
 - a turnover rent line, to register the prepayments for the turnover rent paid by the lessee
 - a lease contract line for the fixed base rent, if applicable
- Defining turnover profiles
- Defining turnover groups
- Defining breakpoints (optional)
- Adding the turnover results that the lessee has reported to the lessor
- Running the turnover rent settlement

Defining turnover types

Procedure

1. Go to Turnover rent - configuration > Turnover types.
2. On the action panel, click Add.
3. On the data panel, enter a code and name for the turnover type.
4. Click Save.

Adding lease contracts

Procedure

1. Go to Turnover rent - configuration > Contracts.
2. On the action panel, click Add
3. On the data panel, enter the required information. See Contract fields.

4. Click Save.
5. Go to Turnover profiles > Contract lines to add the corresponding lease contract lines.

A turnover profile has a link to a lease contract because it is linked to a turnover rent line.

6. On the action panel, click Add....
7. On the data panel, enter the required information. Please note the following fields that are specific to turnover rent. For a description of the other fields, see Contract line fields.
 - **Turnover rent line?:** set this field to **Yes**. Setting this field to **Yes** makes the **Maintain turnover profile** action available (see [Defining turnover profiles](#)). If the lessee also pays a *fixed rent* in addition to the turnover rent, you must add a lease contract line for the fixed rent. In the **Contract line for fixed rent** field of the turnover rent line, enter a reference to the lease contract line for the fixed rent.
 - **Amount:** enter the amount of the prepayment in this field.
8. Click Save.

Some notes on working with contracts:

- It is possible to deep copy a contract including the linked turnover profiles with all details. After clicking **Copy** in the action panel, the **Copying...** window appears in which you can select the option to copy linked turnover profiles.
- You can use the **Shift contract dates** option to shift the dates of a contract, together with the dates of all linked subcontracts, contract lines and turnover profiles. The dates of contract options, contract actions and contractual terms are also automatically moved with the contract. If the contract dates are shifted, the start and end dates of linked turnover profiles will also shift:
 - If you shift the contract start date, the start date of the turnover profile will shift accordingly. If the new date is after the profile end date, the profile will be deleted and the start date of the next profile is shifted.
 - If you shift the contract start date, the field **Start date of regular period** of the turnover profile will be updated accordingly.
 - If you shift the contract end date, the end date of the turnover profile will shift accordingly and the profile period will be recalculated based on the new end date. If the end date is moved to an earlier time, the profile will be deleted if the new end date is before the start date of the profile. The previous profile will be shortened accordingly.



For more information on working with contracts, see [Contracts](#).

Defining turnover profiles

You can define a turnover profile for a specific lease contract line.

Procedure

1. Go to Turnover rent - configuration > Turnover profiles > Contract lines.
2. Make sure that Turnover rent line? field of the lease contract line for which you want to define the turnover profile is set to Yes.
3. On the action panel, click Maintain turnover profile.

The Turnover profiles dialog box appears.

4. On the Turnover profiles action panel, click Add.
5. Enter the required information in the data fields. For more information, see Turnover profile fields.
6. Click Save.
7. On the Status transitions action panel, click Active.

You have now defined a turnover profile for a specific lease contract line. The Turnover profile field on the lease contract line is automatically populated with the turnover profile you just created.

If a profile changes over time, you can define a second profile on the turnover rent line. Planon automatically adjusts the start date and end date: the end date of the first profile = the start date of the second profile minus one day. If a profile is deleted, Planon will also automatically adjust the dates.

Defining turnover groups

Procedure

1. Go to Turnover rent - configuration > Turnover groups.
2. On the action panel, click Add.

The Turnover profiles dialog box appears.

3. Select the turnover profile to which you want to link the turnover group and click OK.

A profile can be linked to several groups at the same time. Each group can have its own conditions and types.

4. On the data panel, enter the required information in the data fields. For more information, see Turnover group fields.
5. Click Save.
6. On the Links action panel, click Turnover groups - Turnover types.
7. Select the turnover type(s) you want to link to the turnover group.

Defining turnover breakpoints (tiers)

Make sure you have selected a turnover group at the previous selection level, **Turnover groups**.

Procedure

1. Go to Turnover rent - configuration > Breakpoints.
2. On the action panel, click Add.
3. On the data panel, enter the required information. For more information, see Turnover breakpoint fields
4. Click Save.

Adding reported turnover

Turnover is reported over a period. Planon calculates the turnover rent due based on the reported turnover.



If the reported turnover period overlaps with the settlement period, the reported turnover is adjusted, based on the number of days that fall within the settlement period.

Example

- Reported turnover for the period June 20, 2022 – July 19, 2022 for an amount of 1,000.00
- Settlement period is monthly, start of the period is the first of the month
- The turnover amount that is taken into account is calculated as follows:

$$\text{Reported turnover} * \frac{\text{\#days overlap}}{\text{\#days reported turnover period}}$$

For the settlement of June, the turnover is: $1,000.00 * 11 / 30 = 366.67$

For the settlement of July, the turnover is: $1,000.00 * 19 / 30 = 633.33$

Below you can read how to add reported turnover in Planon.

Procedure

1. Go to Turnover rent - input data > Reported turnover.
2. On the action panel, click Add.


3. On the data panel, enter the required information. For more information, see Reported turnover fields.

For more information on working with contracts, see [Contracts](#) or [Lease accounting](#).

4. Click Save.
5. On the Links action panel, click Approved.

Settling a turnover rent

Since financial data is used for payments, accounting and invoicing, it is vital that it is correct. For this reason, Planon enables you to first run a *trial* settlement of turnover rent amounts to provide a preview on the financial data so that you can check for any mistakes. Once you have approved this information, the amounts can be settled definitively.

 In [System settings](#) you can specify the *standard* currency you want to use in all money fields in Planon. Planon also supports the use of a currency that deviates from the standard system currency. The turnover rent can be calculated for currencies other than the default currency. Note that within one turnover rent settlement, all financial data should be in the same currency.

Procedure

1. Go to Turnover rent - settlement > Contracts .
2. Select the lease contract for which you want to settle the turnover.

 Make sure that the contract is completely financially closed for the selected settlement period. For more information, see [Closing amounts](#).


3. On the action panel, click Trial settle turnover rent.

A dialog box appears.

4. Enter the end date of the turnover settlement period and click OK.

On the contract, the Trial settlement up to and including is automatically populated by Planon.

Data of the trial settlement is now automatically available in the other selection levels of the Turnover rent - settlement TSI. Here you can check the correctness of the data. After you have checked and approved the correctness of the data, you can run a final settlement. See step 5.

 Trial settlement data is generated if the trial closure date is on or after the end date of the settlement period.

5. On the action panel, click Settle turnover rent.

On the contract, the Settlement up to and including is automatically populated by Planon with the end date of the settlement period you specified.

Details of the final settlement are now automatically available in the other selection levels of the Turnover rent - settlement TSI:

- To get an overview of the prepayments used in the calculation, use the **Show paid prepayments** action on the **Turnover settlement** selection level.
- To get an overview of the paid fixed rent used in the calculation, use the **Show paid rent** action on the **Turnover settlement - details > Settlement details** selection step.
- Calculation details of the settlement are displayed in the **Formula text** field on the **Turnover settlement** selection level.



If you have settled a profile for a certain period, you can still make corrections afterwards, for example if the turnover, fixed rent or prepayments have changed. You can rerun a specific period, by setting the **Planned for rerun?** option on the settlement period to **Yes**. Planon will then completely recalculate the same period. This rerun will result in an additional amount of turnover rent to settle. The rerun takes an earlier settlement run into account and incorporates the already settled turnover rent as a prepayment and settle the open amount for the second time.

Field descriptions



The following section(s) describe(s) the fields, their purpose and meaning.

Turnover profile fields

Fields	Description
Code	Enter a code for the turnover profile.
Name	Enter a name for the turnover profile.
Start date / End date	Planon automatically populates these fields with the start date and end date of the corresponding contract line.
Start date of regular period	Enter the start date of the regular settlement period.
Contract	Displays the related contract.
Settlement period	Specify the settlement period.
Currency	Displays the currency that is linked to the contract line.

Turnover group fields

Fields	Description
Code	Enter a code for the turnover group.
Name	Enter a name for the turnover group.
Calculation type	Enter the required calculation type: Turnover breakpoints (tiers) or Natural breakpoint calculation . For more information, see Breakpoints
Turnover profile	Select the turnover profile to which you want to link the turnover group.

Fields	Description
Breakpoint percentage	Enter the natural breakpoint percentage you want to use.
Cap value	<p>Specify the maximum value of turnover rent to take into account for the settlement. If the calculated turnover rent exceeds this value, the turnover rent is limited by the cap value.</p> <p>This field is only used for both the natural breakpoint and the breakpoint tiers calculation.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin: 5px 0;"> <p> You can change the cap value for active turnover rent profiles, even after the profile has already been applied in turnover rent calculations. The changed cap value will <i>not</i> be taken into account retrospectively, but only for new calculations.</p> </div>
Threshold value	<p>Specify the minimum value of turnover rent to take into account for the settlement. If the calculated turnover rent is equal to or exceeds this threshold, the turnover rent is taken into account. If the calculated turnover rent is below the threshold, the threshold value specified in this field is taken into account.</p> <p>This field is only used for the natural breakpoint calculation.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin: 5px 0;"> <p> You can change the threshold value for active turnover rent profiles, even after the profile has already been applied in turnover rent calculations. The changed threshold value will <i>not</i> be taken into account retrospectively, but only for new calculations.</p> </div>
Currency	Enter the currency that you want to link to the turnover group.
Linked turnover types	Displays the turnover type(s) that is (are) linked to the turnover group.

Turnover breakpoint fields

Fields	Description
Code	Enter a code for the turnover breakpoint.
Name	Enter a name for the turnover breakpoint.

Fields	Description
Lower limit	Enter the lower limit.
Turnover profile	Select the turnover group to which you want to link the turnover breakpoint.
Settlement amount	Enter the settlement amount.
Settlement percentage	Enter the settlement percentage.
Currency	Enter the currency that you want to link to the turnover breakpoint.

Reported turnover fields

Fields	Description
Code	Enter a code for the reported turnover.
Amount	Enter the turnover amount.
Start date / End date	Enter the start date and the end date of the turnover period.
Contract	Select the related contract.
Reported on	Enter the date on which the turnover is reported.
Rentable unit	Select the rentable unit(s) for which you want to report the turnover. You can report the turnover either on a contract or on a specific rentable unit or set of rentable units.
Turnover type	Select the related turnover type.
Currency	Enter the currency that you want to link to the reported turnover.

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