Alphatax UK Release Notes
Autumn 2010

tax computer systems

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Autumn 2010

IMPORTANT NOTE - IXBRL E-FILING
The default behaviour in the Autumn 2010 Edition is to allow users access to the iXBRL E-Filing options in the E-Filing options Input statement. (In the Spring 2010 Edition, the default was to prevent access to these options.) If you wish to restrict access to iXBRL E-Filing prior to mandation, you must change your ini file settings. **See page 15 for details.**

IMPORTANT NOTE - iXBRL E-FILING HMRC ERROR
Please note that we have recently made HMRC aware of an error in the validation checks they are performing on iXBRL computations prepared for multi-trade companies. The error will lead to the rejection of multi-trade iXBRL computations. HMRC have acknowledged their error and state that they will fix the issue in the latest version of their live service on 11 October 2010. Unfortunately due to the timescales involved HMRC has been unable to provide us with test facilities to validate that their fix is correct prior to releasing the Autumn Edition of Alphatax. We suggest that you do not attempt to file multi-trade iXBRL computations prior to 11 October 2010. If HMRC's fix is correct then submissions for such computations will be accepted after this date.

Contents

Introduction

Welcome to the Alphatax UK Autumn 2010 edition. This edition is a major release which includes:

- Significant enhancements to the E-Filing module in order to simplify the submission process, including full pre-submission validation of the returns using an enhanced implementation of HMRC's E-Filing validation rules (go to page 7)
- Updates for Finance Act 2010 and Finance (No. 2) Act 2010 including changes to corporate tax rates and Annual Investment Allowance limits (go to page 17)
- Changes announced as part of the Pre Budget Report including rates announced for future financial years (go to page 17)
- Full incorporation of the second stage of the tax law rewrite with the inclusion of CTA 2010 and TIOPA 2010 (go to page 21)
- Further improvements to the Accounts Analysis function including allowing the analysis of more than one value in the same analysis statement (go to page 37)
- Streamlining and automation of the IFRS Advanced Reporting function (go to page 41)
- Further improvements to the Group module, in particular including enhanced visibility and disclosure of the Max claim calculations (go to page 46)
- A new Workflow function enabling control of Alphapack, Tax Pack and E-Filing functions for Enterprise users (go to page 58)
- A large number of other enhancements and bug fixes.

Note. Alphalife has been updated with a number of changes and enhancements in line with user requests. For details, refer to the Alphalife Release Notes for Autumn 2010.

Installation

To update your existing version of Alphatax, simply insert the Alphatax Installation CD and press the enter key at the prompts. This will overwrite the old version of Alphatax.

*Note. You may be prompted to enter the 16 digit Alphatax Installation Key. The Key is attached to the CD jewel box. Enter the key and then click **Next**. Not all installations require an Alphatax Installation Key.*

Templates

The installation will reinstall the standard Alphatax templates to ensure that you have the latest version.

To allow you to retrieve your own versions of these templates, if applicable, the old templates are stored in a new folder called BACKUPNn (where n is a number incremented for each new installation). Note that this part of the process may take some time. A progress bar displays the names of templates as they are being copied.

Folders called BACKUPMn created in the Spring 2010 release are removed with this release.

Enterprise only

You must update the Enterprise database using the Alphatax Enterprise Manager before running Alphatax. If you do not update the database, an error message is displayed when you open Alphatax.

To update the database, open Enterprise Manager and:

1. Double-click the **System Administration** item in the Contents list.
2. Double-click the **Upgrade Alphatax Database** item.
3. Connect to the database for SQL Server or Oracle as appropriate.

   The **Database** drop-down list is a list of all the Alphatax databases on the selected server. The corresponding **Status** gives the version number of the database. For Autumn 2010, the version number is 22. You **must** apply the upgrade if the Status shows a version number earlier than 22.
4. Choose **Upgrade Now** for Alphatax Enterprise Manager to upgrade the database.

For further details refer to the Enterprise Manager Administrator Guide which is located in the Manuals folder on the installation CD.

E-Filing

We have performed a major rewrite of the E-Filing module in this release to improve usability and incorporate full pre-submission error checking. The E-Filing module now makes use of publicly available E-Filing validation rules used by HMRC [known as Rules and Interface Management (RIM)] to validate submission of returns before you attempt to e-file. This means that when you are ready to e-file you can be sure that the return will pass the validation checks that HMRC will perform on the submitted documents.

To aid you in resolving any errors identified by the pre-submission checks we have taken the opportunity to customize HMRC's validation messages to advise precisely how any errors that arise should be dealt with in Alphatax.

We continue to update the E-Filing module on the basis of user feedback and requests. If you would like to provide any feedback on the operation of the E-Filing module please contact Support.

E-Filing schemas

Alphatax Edition	HMRC schema	Effective dates
Autumn Edition 2010	Schema v 3.4	Effective from 11 October 2010
Spring Edition 2010	Schema v 3.3	No longer accepted from April 2011

The E-Filing process

In response to user feedback we have redesigned the E-Filing process to function as a two part process:

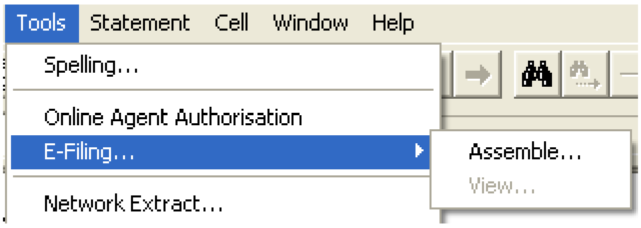
- Assembly and validation
- Submission

We have also changed the way long periods of account are e-filed giving you the option of assembling and submitting both accounting periods at the same time.

E-Filing Assembly Wizard

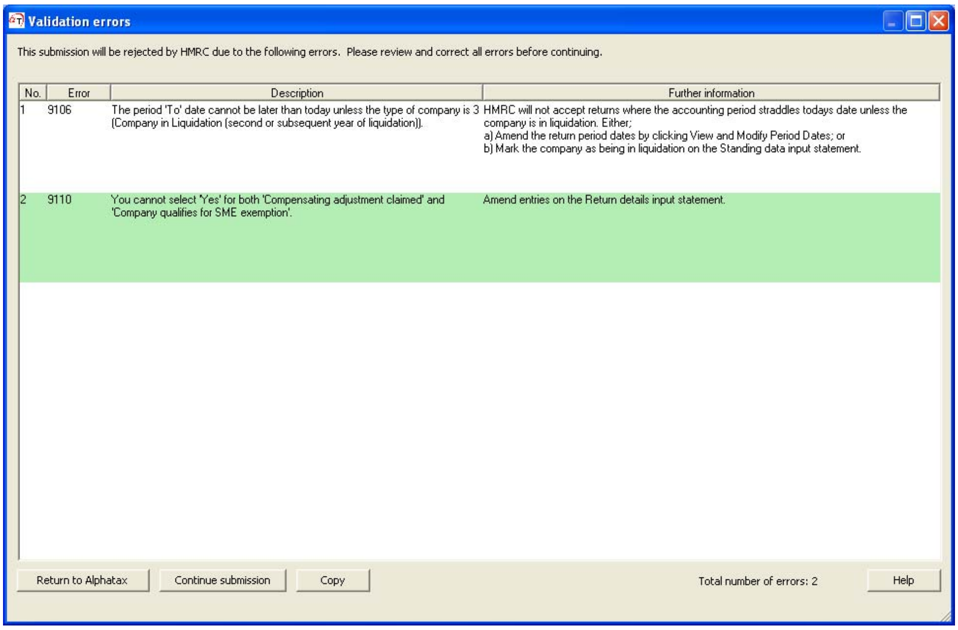
The Assembly and validation process enables users to build an E-Filing submission package containing the computation, return, accounts and any other relvant documents, and to validate that this will pass HMRC's validation checks.

When you first select E-Filing from the Tools menu, the sub-menu will contain two items: Assemble and View.



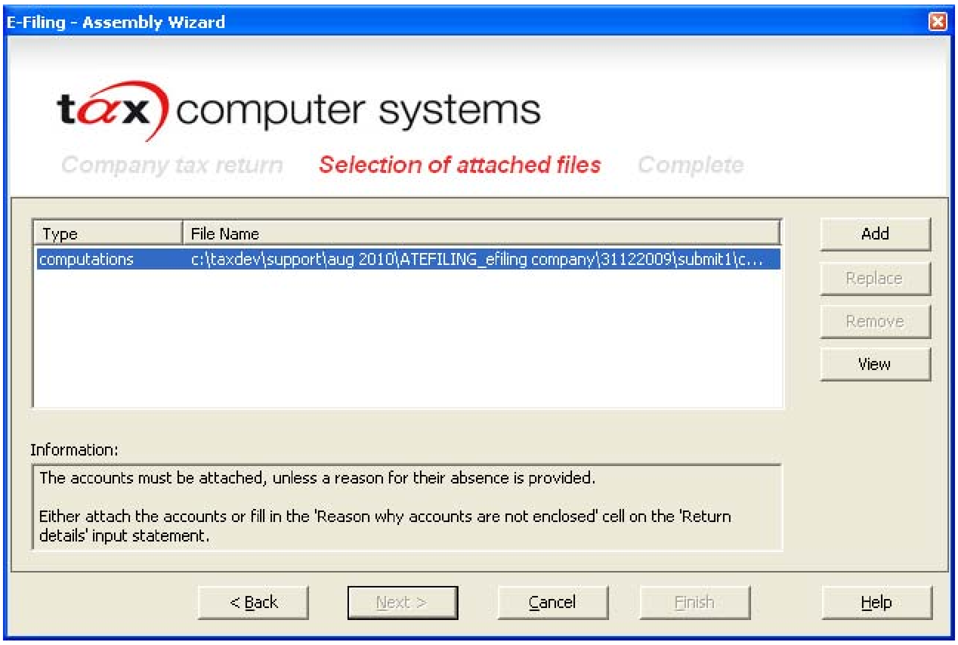
Selecting **Assemble** starts the creation of an E-Filing submission package. This initially contains the computation and return and this is checked against RIM validation rules before proceeding to the Assembly Wizard. A Validation errors window is displayed if there are any errors that would prevent successful submission to HMRC. Alphatax runs a series of validation checks but returns all the results in a single window for ease of reference.

To ensure that any issues can be dealt with as easily as possible we have added specific Alphatax guidance in the **Further information** column to confirm the Alphatax entries required to resolve the issue in question. In most cases, the **Further information** column will give you all the information you need to correct the error. In a few cases, you may be directed to the help for guidance or advised that HMRC acknowledge an error in their E-Filing validation rules and that the return will need to be filed on paper.

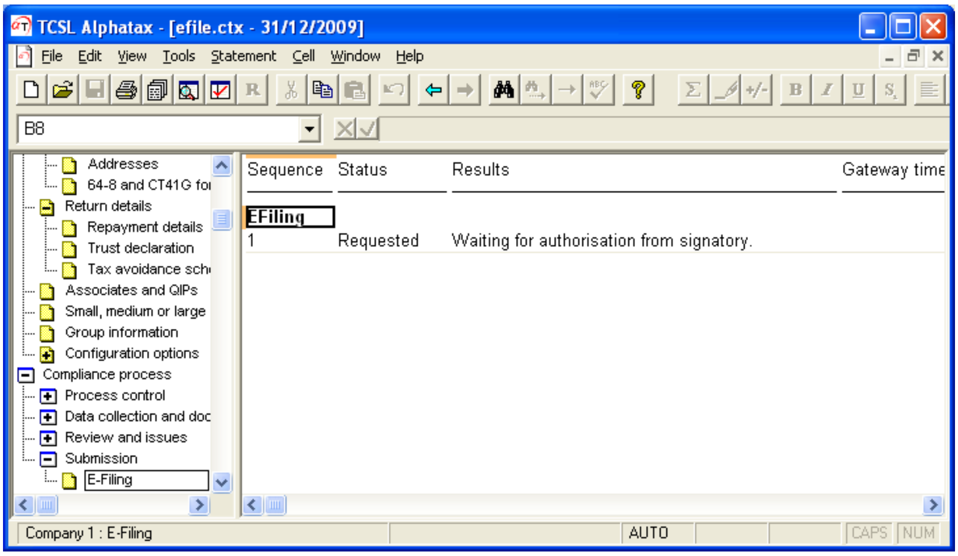


If such a window appears you can either return to Alphatax to correct the errors or continue with the submission. If you choose to continue you will be able to complete the assembly but submission of the resulting package will fail, returning the same errors. Alphatax will warn you of this fact if choose to continue the submission.

If there are no validation errors or you choose to continue you will be taken to the E-Filing Assembly Wizard. This will advise of any inecessary tasks relating to the assembly of the package such as required attachments.

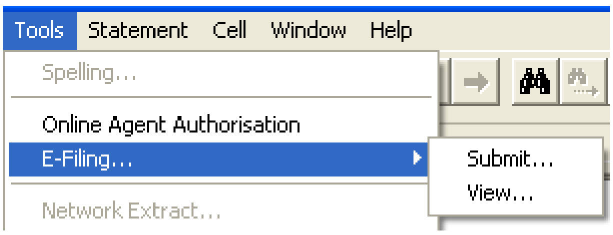


Once the Assembly Wizard has been completed, the E-Filing Input statement under the Submission heading in the Compliance process section of the Contents tree shows that the package is **"Waiting for authorisation from signatory"**.



E-Filing Submission Wizard

Once a package has been created the period is locked until it is either submitted or abandoned. The **Assemble** item on the E-Filing sub-menu is replaced with **Submit**.



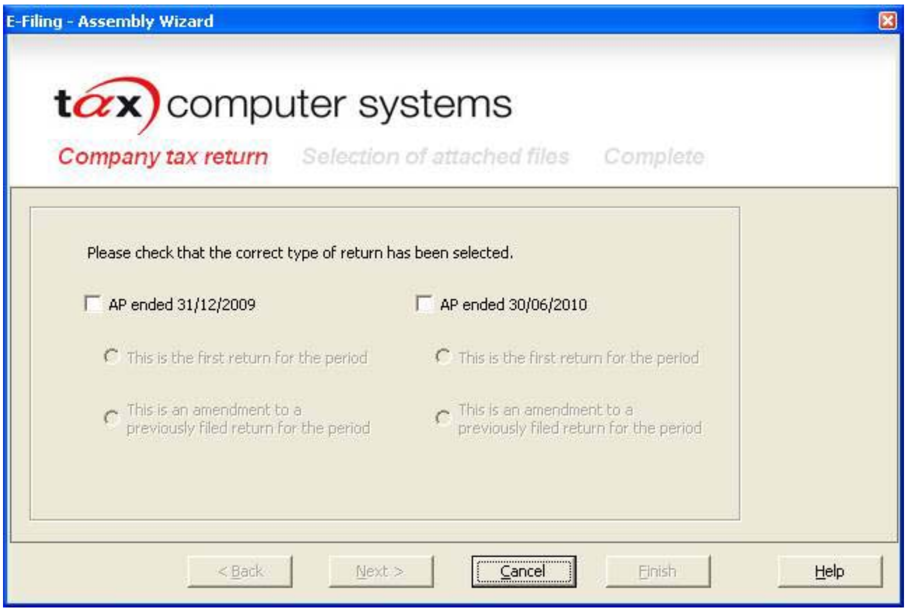
If you select **Submit** you are given the choice of submitting or cancelling the assembly. If you choose to cancel, this is irrevocable and you will have to assemble a new package in order to e-file the return. If you choose to submit you will be taken to the E-Filing Submission Wizard. From this point the process remains in line with previous Alphatax releases.

After submission the E-Filing Input statement under the Submission heading in the Compliance process section of the Contents tree shows details of the submission status including the TCSLMark (and IRMark if appropriate).

Long periods of account

If you are E-Filing a period of account which contains two accounting periods:

- Both accounting periods are validated and any errors in either period are listed in the Validation errors window.
- The Assembly Wizard allows you to assemble E-Filing packages for one or both accounting periods.



The Submission Wizard will submit the return(s) that have been assembled. As HMRC can only receive one return at a time, if you are submitting two accounting periods the first accounting period will be submitted first and, if that is successful, the second will then be submitted. If both succeed you will see two green ticks on the submission page of the wizard.

Other E-Filing changes

Aligning Alphatax tax logic to HMRC's RIM validation model

Whilst implementing the Rules Interface Management model into Alphatax we took the opportunity to stress test the tax logic used in Alphatax against the full set of validation rules used by HMRC (over 400 in all) to ensure that the logic used was robust in all identifiable circumstances and to ensure minimal instances of E-Filing failure.

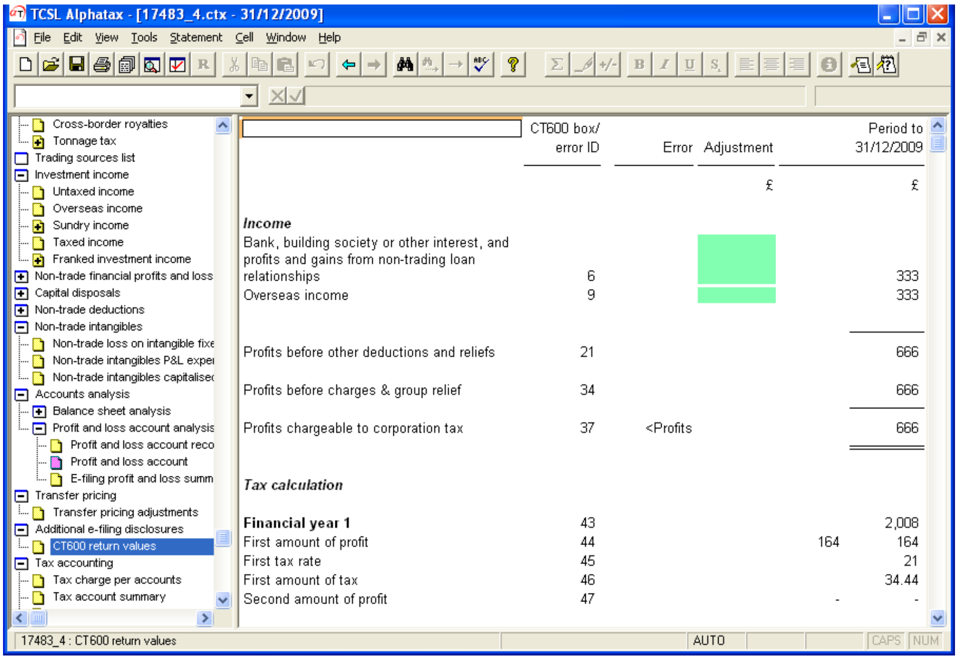
Following our review of this area, we have made the following changes.

CT600 return values and Profits chargeable statements

In rare instances in foreign currency computations, Alphatax calculations may give rise to rounding differences in either the Profits chargeable report statement or the CT600. In order to prevent any such differences giving rise to issues on E-Filing we have introduced new Input statements which are made available in certain circumstances for periods ending on or after 31 December 2009, or where XBRL E-Filing is enabled using **Filing under XBRL protocol? [Mandatory for returns filed after 31 March 2011]** on the Submission configuration options statement.

Where a rounding difference exists on the Profits chargeable report and the above conditions apply a new input statement will be made available. This statement allows individual income and expenses to be adjusted in order to resolve any rounding differences.

Where a rounding difference exists that would give rise to an E-Filing error a new CT600 return values input statement is made available. The statement allows boxes 3 to 37 of the CT600 to be adjusted to remove any rounding differences. The input statement includes an **Error** column to clarify which balances give rise to the error. Each possible error is supported by a unique diagnostic to ensure the reason for the error is clear.



Reason for no account or computation attachments

In most cases an E-Filing submission will contain both computation and accounts. Where this is not the case, HMRC require taxpayers to confirm the reason from a list of pre-defined explanations. We have implemented new drop-down boxes containing the approved explanations for both the **Reason why accounts are not enclosed [select from dialog]** and the **Reason why computations are not enclosed [select from dialog]** flags in the Return details Input statement.

Minor changes to E-Filing rules

- The configuration flag **Use unrounded values for marginal relief calculation** will switch to **Use rounded values for marginal relief calculation** for periods subject to mandatory E-Filing in view of guidance received by HMRC.
- We have made a minor change to the tax logic used in the calculation of marginal rate relief in a leap year to ensure full accordance with HMRC’s validation checks.
- A problem whereby a rate of deduction of tax from cross border royalties of more than two decimal places would cause E-Filing to fail has now been fixed. The rate entered will be rounded to two decimal places on the return in line with the requirements of HMRC's E-Filing schema.
- We have made a minor change to the E-Filing logic relating to Film tax to ensure that the E-Filing validation ‘Box 167 can only be 'Yes' if Box 101 is greater than 0 (zero)’ can no longer fail in the second accounting period of a film tax company.
- In response to feedback from users we have added diagnostics to capture the following errors:
  - Where the accounting period dates entered for a company claiming or surrendering group relief exceed 12 months.
  - Where neither of the two mandatory claims to exemption inputs has been populated for Charities and CASCs.
  - Where the entry for **Stop repayment** on the Repayment Details statement exceeds the repayment surrendered under FA 1989 s102.
  - HMRC’s E-Filing validation rules require the CT600B to be attached when applicable regardless of any agreement that individual taxpayers may have with their Tax Inspector. For periods of account ending on or after 31 December 2010, where the **Suppress CT600B?** is set to **Yes** then a diagnostic will be produced advising users that an E-Filing submission will fail.
- In response to user feedback the E-Filing Status report is no longer set to print by default.

XBRL changes

Enabling iXBRL E-Filing

In this edition, iXBRL configuration options are made available by default. If you wish to restrict access to iXBRL E-Filing for periods ending before 31 March 2010, you must switch the option **OFF**.

To do this, you must include the following setting in the **[E-Filing]** section of the tcslbase.ini file: **`EnableXBRL=0`**. For details on editing the tcslbase.ini file, refer to the online Help.

HTML computation output

Formatting and layout of the HTML output has been enhanced to more closely match the Alphatax Report statements. Furthermore, the TCSLMark is displayed on each page together with a company logo where specified.

E-Filing P&L account

- We have made some minor changes to the display logic for the XBRL E-Filing profit and loss account following feedback from users. The Input statement will now appear in all computations where **Filing under XBRL protocol? [Mandatory for returns filed after 31 March 2011]** is marked as **Yes**. In previous releases the statement would only be visible if this option was chosen and the company included a trade. The associated E-Filing diagnostic 'Unreconciled amount on E-filing profit and loss summary' will not display for investment companies if no entries are made in the E-Filing Profit and Loss account input statement.
- We have introduced prior year comparison columns to the E-Filing profit and loss in line with the main profit and loss statements to aid users in reviewing the prior year XBRL tagging within the current period computation.
- XBRL tagging of total Turnover is now enabled using the the same mechanism as that previously used for Cost of Sales.
- The order of the income and expense sections has been changed to follow an alphabetical order.

Other

- A new configuration option **Company exempt from online filing requirements? [Company in liquidation or members have incompatible religious beliefs]** has been added to the Submission options Input statement for periods where XBRL E-Filing applies so that relevant companies can choose to opt out of the additional disclosure requirements.
- Some minor presentational enhancements to the XBRL **Additional e-filing disclosure** for Overseas Property Businesses have been made. This will not have any impact on existing reports.

Legislative changes

Finance Act updates

Corporate tax rate changes

Finance (No.2) Act 2010 announced changes to the main rate of corporation tax to 27% from 1 April 2011 for non ring fence profits. This change has been incorporated into Alphatax.

We have also taken the opportunity to amend the rates that Alphatax will use in periods up to 2014/15 in line with announcements made as part of the June 2010 Budget. The rates are as follows:

Financial Year	Main rate	Small profits rate	Standard fraction
2011/12	27*	20	7/400
2012/13	26	20	3/200
2013/14	25	20	1/80
2014/15	24	20	1/100

*Enacted in Finance (No. 2) Act 2010.

If the rates are changed or are not legislated in line with the above then we will release a revision as part of our TABLE file downloadable update which will not require a separate release.

Annual investment allowance

We have increased the Annual investment allowance from £50,000 to £100,000 in both company and group files in line with FA 2010 s5. The change will apply for periods ending on or after 31 March 2010.

For periods straddling 31 March 2010 the total limit for the period will be time apportioned. However the legislation also applies an additional limit for expenditure incurred on or before 31 March 2010 equal to the limit had the increase not been made (FA 2010 s5(5)).

For example, for a period ending 31/12/2010, a limit of £87,672 applies to the total period. For expenditure incurred on or before 31/3/2010 an additional lower limit of £50,000 applies.

In order to check the allocation with both limits, additional columns have been provided in the statement to split the expenditure into pre 1/4/2010 and post 31/3/2010.

We have included the AIA limit into our downloadable TABLE file to enable any future limit changes to be effected via a separate download.

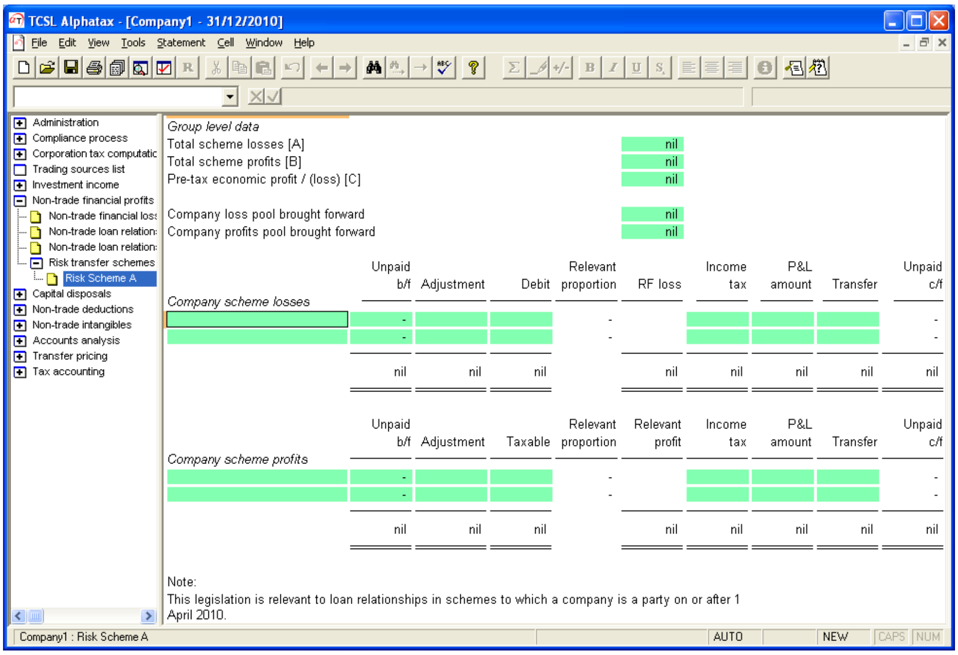
We have also taken the opportunity to incorporate the decrease in AIA from £100,000 to £25,000 applying from 1 April 2012 announced as part of the June 2010 Budget. The change is included on the basis that the transitional arrangements are expected to work in a similar manner to the above changes. If this is not the case then we will amend the rules in an appropriate release as this becomes clear.

Risk transfer schemes

FA 2010 Sch 16 introduced new anti avoidance rules that apply to risk transfer schemes. Risk transfer schemes are over-hedging or under-hedging structured transactions undertaken by companies which previously resulted in the Exchequer being exposed to greater losses than the corresponding economic loss of the transaction.

The new rules restrict losses to the Exchequer on the loan relationship or derivative contract part of a scheme to the real economic loss incurred by the Group as a whole. The rules apply to loan relationships in schemes to which a company is party on or after 1 April 2010.

To deal with this in Alphatax, a new insertable Risk transfer schemes Input statement has been introduced in the Non trade financial profits and losses section.



For each scheme, overall scheme profits and losses on a Group basis can be entered in order to work out the 'relevant proportions' as defined by the legislation, which are then used to calculate the amount of any individual loan relationship debits or credits that need to be ring fenced.

Debits and credits which are part of such schemes should be entered here rather than in the main credits and debits statements. The taxable/allowable/disallowable amounts then feed up to the main NTLR credits and debits statements.

Alphatax will also automatically calculate and track a company's "loss pool" and "profits pool" where relevant.

Sale of lessor companies – election for alternate treatment

FA 2010 Sch 18 makes amendments to CTA 2010 Part 9 Chapter 3 by introducing an option for a lessor company to elect for an alternative treatment when it is sold. The effect of this election is to place the trade or property business in which the leasing business is conducted (the 'relevant activity') within a ring fence instead of imposing a charge at the point of sale as per the existing legislation.

The main effect of the ring fence is that it prevents the company from reducing the profits of the relevant activity through a claim to loss relief except where those losses are losses of the relevant activity itself.

To deal with this, a new **P&M leasing business - election under s398A CTA 2010 has been made?** flag has been introduced in the **Trade attributes** section of the Accounts adjustments Input statement.

When set to **Yes**, the profits of this trade will be ring fenced for loss relief purposes and separately presented in the Profits chargeable report.

Oil companies – Pool of field allowances

Following the changes made by SI 2010/1899 to CTA 2010 s356, the total field allowance for an ultra high pressure/high temperature (HPHT) oil field is now dependant on the actual temperature between 166^{o} C and 176.67^{o} C. The allowance is proportionally increased from £500m to £800m for temperatures between these two boundaries. The total field allowance available for temperatures above 176.67^{o} C continues to be £800m. Below 166^{o} C no allowance is available. This change has effect in relation to new oil fields whose authorisation day is on or after 24 July 2010.

To deal with this in Alphatax, a new input cell to enter the actual temperature for HPHT fields has been introduced. This will display in periods of account ending after 23 July 2010 only. Where a value is entered, the total field allowance will be calculated on the new basis.

Film tax credits - multi-year claims

Budget Notice 12 for the June 2010 Budget contained proposed changes to the way in which film tax credits were to be applied for multi-year claims. Although these changes were not included in Finance Act (No. 2) 2010, we have included them in this edition of Alphatax with a note to this effect at the foot of the Film tax credits Input statement.

Previously in any accounting period after the first period, the loss surrenderable for tax credit was treated as the lesser of the available qualifying expenditure (cumulative qualifying expenditure to date, less any previously surrendered amount), and the loss incurred in that period. This had the unintended effect of restricting the amount of tax credit claimable where there was increased UK spend in the second or further years.

This calculation has been amended to reflect HMRC draft legislation. For accounting periods ending on or after 9 December 2009, the amount surrenderable for tax credits is now calculated as the lower of:

a. the available qualifying expenditure; and

b. the loss for the period, plus any unsurrendered loss brought forward.

Miscellaneous

- FA 2010 Sch 4 introduced new anti avoidance provisions with respect to capital allowance buying. We have added a new input **Losses not available under s212P CAA 2001** to the trade losses statement to allow users to indicate the amount of losses that are restricted under the new legislation.
- We have made a minor presentational change to the legislative reference included on the Leased cars statements. We have amended the exemption reference to CTA 2010 s56 from CTA 2010 s58 as the latter section was repealed by FA 2009.

Future legislative changes

The following changes were announced in the June 2010 Budget but have not been legislated at the time of this release. If and when they are legislated we will make the appropriate changes in a future release of Alphatax.

- Main pool capital allowance rate reduction from 20% to 18% and reductions in allowances for special rate pool assets from 10% to 8% together with associated transitional rules applying with effect from 1 April 2012.
- Furnished holiday lettings changes
- 100% FYA on zero emission goods vehicles [BN05]
- Worldwide debt cap: Relief for interest changes [BN07]
- Amendments to Venture Capital Trust qualifying conditions [BN11]
- Authorised investment funds anti avoidance [BN16]

Tax law rewrite (second phase)

CTA 2010 and TIOPA 2010

Alphatax fully incorporates the second stage of the corporate tax law rewrite following the enactment of Corporate Tax Act [CTA 2010] and the Taxation (International and Other Provisions) Act 2010 [TIOPA 2010]. We have made the changes in a manner consistent with those made in the Spring 2009 release for CTA 2009.

Legislative references

Report statements will display the new legislative references where the company's period of account ends on or after 1 April 2010. Legislative claims apply on an accounting period basis, therefore where a company file consists of two accounting periods that straddle the date of the change reports will display both the CTA/ TIOPA 2010 and pre-existing references.

In Input statements legislative references will be replaced by the appropriate CTA/ TIOPA 2010 terminology where both the period of account and all accounting periods contained within it end on or after 1 April 2010.

In order to aid users and to ensure that Input statements remain concise, Alphatax will only display a single reference in the Input statements at any given time. Where a company file contains two accounting periods and straddles the date of the change the pre-existing legislative reference (only) will be shown in the Input statements.

All appropriate references have been updated throughout Alphatax covering areas such as the Accounts Analysis tax categoriser, our claims and elections templates and Tax Pack. In addition our Help system has been updated to include links to the Lexis Nexis Butterworths online tax reference service for both CTA 2010 and TIOPA 2010.

Other amendments

- CTA 2010 has rewritten ICTA 1988 s338 as CTA 2010 s189. As part of the rewrite, references to 'charges on income' have been changed to 'Qualifying charitable donations'. Alphatax Input and Report statements have been amended in line with the amended disclosure.
- The Investment Trust qualifying conditions under ICTA 1988 s842 have been rewritten by CTA 2010 s1159. The order of the qualifying conditions has been amended and we have updated the Trust Declaration statements in line with this order. The revised order will apply in the same manner and to the same timescales as similar tax law rewrite amendments.
- CTA 2010 has amended the terminology used to describe some Corporation tax rates and reliefs. The main amendment to note is the change from ‘Small companies relief’ to ‘Small profits relief’. The relevant terminology has been applied throughout for the relevant periods.
- In making the changes for CTA 2009 in our Spring 2009 release, we omitted to amend the reference relating to amounts carried back against financial profits under FA 1996 s83(2) on the Non trade loan relationship losses statement. The reference should instead have referred to CTA 2009 s459. We have made the appropriate amendments in this release.

Capital allowances

CT600 disclosure

- On the introduction of the CT600 (2008) Version 2, a change was made to the disclosure of certain capital allowances and balancing charges. Trade amounts relating to the s109 pool, short life assets and ships which were previously reported within boxes 107 and 108 (previously described as for 'Machinery & plant - other assets' and now described as being specifically for 'Machinery and plant - main pool'), now need to be reported within boxes 113 and 114 (Other charges and allowances). On original implementation of the CT600 (2008) Version 2, this change was not implemented. Alphatax has now been fully updated, but to avoid changes to previous submissions, this change has been made for period ending on or after 31 December 2009 only. Note that the disclosure of capital allowance and balancing charge amounts in total, are not affected by this correction.
- Special rate car expenditure previously disclosed in box 120 has been amended to disclose in box 121 for periods ending on or after 31 December 2009.

Plant and machinery

- We have corrected a display rule issue on the Summary of pooled assets input statement that in some periods prevented the second period FYA 40% column displaying.

Expensive cars

- In line with a user request we have added a **Not claimed** column to the Expensive Car capital allowances Summary line. This amendment will enable users to separately disclose the full claim available and any amounts not claimed.
- We have improved our Expensive car statements to accept negative additions in light of user requests relating to future year bonuses reducing the car price in later periods.
- With the phasing out of expensive car capital allowances, the display rules for the trade and Non-trade Expensive cars statements have been amended so that the Input statements should always display for periods straddling 31 March 2009 and earlier. For periods after this date the statement should only displaywhere there are brought forward values or where that period is the first period in Alphatax.The statement will no longer display where the period starts after 31 March 2014.
- Following the phasing out of expensive car allowances, the Transfer in WDV column was inadvertently hidden. This column has now been reinstated.

Short life assets

- Optional cost tracking has been enhanced to automatically adjust the cost balance retained following disposal and transfer events in the pool. Calculated adjustments can be manually overwritten if a different result is required.
- We have resolved an issue where in some circumstances a balancing allowance was not being calculated correctly for short life assets where disposal proceeds of zero were entered. We are not aware that this issue has arisen in any user files.
- In a previous release we suppressed the display of a number of configuration options relating to capital allowances where there were no entries on these statements. The formal short life asset election was one such option. We note that it did not appear as expected where there was expenditure in the period qualifying for 40% or 50% FYAs and we have corrected this issue.
- We have added a cost adjustment column to the Short life assets summary line on the Short life assets input statement.

Industrial building, Hotel and Agricultural building allowances

- In certain circumstances where IBA residue b/f was nil and the **Allow negative costs, residues and allowances?** flag was switched to **Yes** an incorrect residue elimination was calculated under the provisions of FA 2008 s85(8). This calculation issue has been resolved.
- We have amended the WDA calculations for second-hand Hotels and ABAs. In certain circumstances in previous releases the WDA calculation was calculated based on the cost brought forward rather than the tax written down value brought forward. This issue has been corrected.
- The existing **Residue adjustments on transfer** field has been included on the face of the Industrial Buildings Allowance Report statement in order to facilitate a full reconciliation of movements to the carried forward tax written down value.
- In some circumstances, where a hotel or agricultural building was part disposed in previous releases the calculation of the residue eliminated was not correct. The calculation has been revised in order to achieve the correct result. We do not believe this issue has arisen in any user files. Note that the equivalent IBA calculations were correct in all periods.
- We identified a small number of user files that were incorrectly using the **Date of expenditure if building purchased as used** input in the Industrial Buildings capital allowances accessory statement. The text has been amended to **Date of expenditure by this company (if building purchased as used)** in order to make the required data clearer.

Annual investment allowance

In foreign currency computations rounding differences can sometimes arise between the allocation in sterling and the AIA included in the relevant pool in a different currency. We have reviewed the rounding of AIA allocations in foreign currency computations and have amended the tax rules to minimise the possibility of this issue arising.

Other capital allowances

- We have added an additional **Disclose addition expenditure in box 121 of CT600?** Field to the Other Assets capital allowances Accessory statements. This allows users to flag whether the expenditure should be included within box 121 (Qualifying expenditure - other plant & machinery) of the CT600 form.
- Where an **Other asset** item is flagged as claiming Flat conversion allowances, in previous releases the default rates were set as Inital allowance 100% and WDA rate 25% reducing balance. The WDA rate should in fact have been 25% on a straight line basis under the provisions of CAA 2001 s393K. We have amended the default position for periods ending on or after 31 december 2009 in order to prevent restrospective changes. The default rate may be amended in any period by making the apprproate entry in the **Cost %** input on the **WDA [% reducing bal on WDV; % straight line on cost; or Amount]** row of the Accessory statement.
- When claiming R&D allowances using the Other asset Capital Allowance statements, the allowance can now be restricted to a specified amount following the provisions of CAA 2001 s441.

Capital disposals

Capital disposals summary

We have designed a new Capital disposals summary report to display an overview of all the capital disposals in the computation. Users can choose to display this summary report with or without the the detailed individual capital disposal reports. The new report is available where the **Produce Summary of capital disposals report?** flag is set to **Yes** on the Capital losses input statement. The new report shows the proceeds, indexed costs, other adjustments and the gain or loss of each disposal.

Share pool disposal calculations

- We have added a diagnostic to warn users where a share pool disposal event occurs after the latest available RPI figure held by Alphatax, in line with the approach taken in non share pool CGT disposals.
- A new input **Adjustment to gain/(loss)** has been added to the share pools accessory statement to enable manual adjustments to the calculated gain or loss. The adjustment will be returned on the disposal report and the gain or loss will be adjusted as appropriate.
- A new field **Capital loss disallowed [enter yes or amount]** had been added to the share pools accessory statement to enable a capital loss to be identified as disallowable.
- The Reorganisations section of the share pool calculation has updated to include two new inputs in the Accessory statement:
    - **Reduction in the number of shares**. The numbers entered here work in the same way as a bonus issue and reduce the number of shares in the pools subject to the given fraction. Diagnostics are displayed where the reduction inputs are incomplete, are entered for the first row of a holding or are entered along with bonus or rights issue data.
    - **Sale of rights**. When an amount is entered as at the **Market value of shares held at date of distribution** field, a partial disposal is forced using the amount entered as proceeds.

Rolled over and held over gains

- A new **Display original cost and rollover amounts in main disposals statement?** option has been added to the Capital losses Input statement to enable users to display any amounts rolled over into costs within the main Capital disposal report rather than on a separate Report statement.
- We have added a Postponed **gain now rolled over [enter yes or amount]** field to the Capital Gains Reliefs and Postponed charges input statement to allow users to more easily rollover a gain previously held over under the provisions of TCGA 1992 s154(4).

Other

- Footnotes entered against the March 1982 value in the Capital disposal statements will now display in Report mode.
- The cost abatement calculation applying to a capital disposal of a wasting asset under TCGA 1992 s46 has been amended to consider the number of days of the useful life rather than the number of months as used in previous releases.

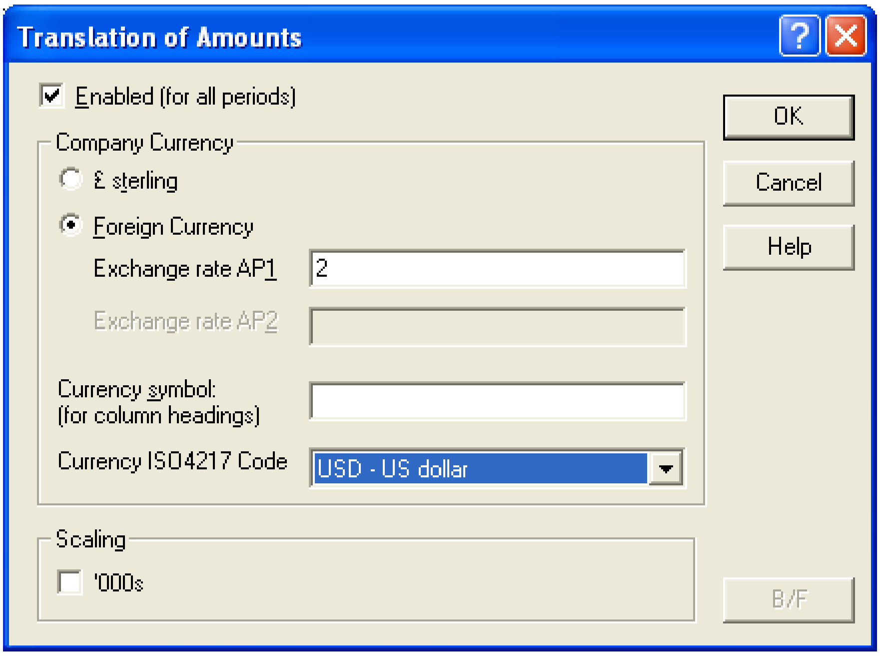
Losses

- A new set of inputs have been added to the trade Losses statement to enable losses transferred in under s938 CTA 2010 to be tracked across periods. CTA 2010 s938 losses can only be used against future profits of the transferred trade. Loss offsets may be restricted using the **Disable relief for loss transferred in under s938 CTA 2010? [may enter amount]** field in the Trade Losses input statement.
- In previous versions where a computation was in a foreign currency, an election under FA 2009 Sch18 para 13 was made, and if there were sterling based losses brought forward it was not possible to adjust those losses using the relevant brought forward adjustments cell. We have amended the relevant calculations to ensure this is now possible.
- As per legislation, any unused losses arising in a branch are carried forward in the main trade rather than the branch. In previous releases, Alphatax allowed losses brought forward and adjustments to these losses to be entered in a branch in the first period. Inputs have been removed for branches subject to checks to ensure that no existing entries have been made.

Foreign currency computations

The Alphatax Translation mode dialog has been enhanced to aid the completion of round thousand currency computations.

Foreign exchange rates should be entered using the natural sterling equivalent exchange rate and the '000 radio button should be selected as required. Alphatax will infer the additional scaling factor of '000 in all related calculations.



Specialist company types

Film companies

- We have enhanced the film tax loss calculations to deal with the situation where losses arose in a period prior to the use of Alphatax and the streamed portions of the loss need to be identified for calculation purposes. In such cases details of the streamed losses can be entered in the **Film losses arising in previous periods** section of the Film company tax Input statement. Note that these inputs are only available in the first period of a computation where the trade is identified as relating to film tax and losses brought forward have been entered on the Trade Losses Input statement.
- The film tax calculations have been enhanced to enable Non film production losses to be carried back under the provisions of CTA 2009 s1210(5).
- In previous versions a single film tax trade did not generate a trade header and a new section for cross referencing purposes. To bring these companies into line with presentational standards used in other computations this has been amended.

Lloyds Corporate members

In recognition of specific DTR rules applying to companies such as Lloyds Corporate members we have added a **DTR adjustment (maximum amount claimed will be restricted to company's MCT)** option to the Configuration options Input statement which allows users to adjust the calculated DTR claim.

Non resident landlords

The Non Resident Landlord Input statements have been enhanced to better deal with currency computations.

Miscellaneous changes

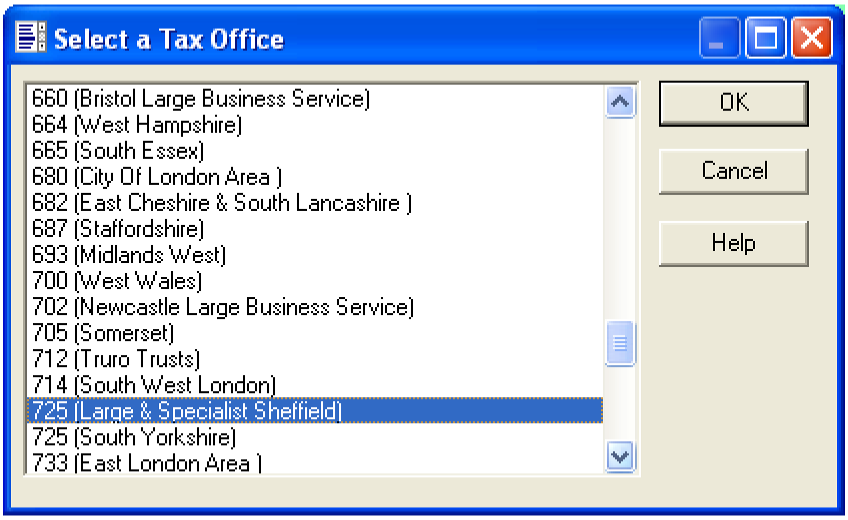
Retail prices index

The RPI, interest rate and tax table file in this release includes changes up to August 2010 (RPI 224.5). The release also includes an updated tax district addresses file.

You can download the RPI, interest and tax table file on a monthly basis directly from our website (**http://www.taxcomptersystems.com/ rpi-and-tax-tables.html)** to ensure you always have the most up to date figures. The file to be downloaded is TCSLCT.TBL and it should be copied to the main Alphatax program folder.

Tax district updates

We have added a new dialog to aid identification of tax districts when you enter a **Tax reference** in the Standing data Input statement. A drop-down list is displayed showing the identity of the tax office with the currently entered prefix highlighted.



In order to ease navigation of the tax district list Alphatax will hide inactive tax districts by default. We have included a new **Include old district numbers in selection dialog?** selection flag on the Standing data statement in order to enable selection of inactive tax district tax references.

We are aware that HMRC have consolidated a number of their tax offices in the course of the last year. In response to this we have updated our tax district file to allow duplicate tax district prefixes.

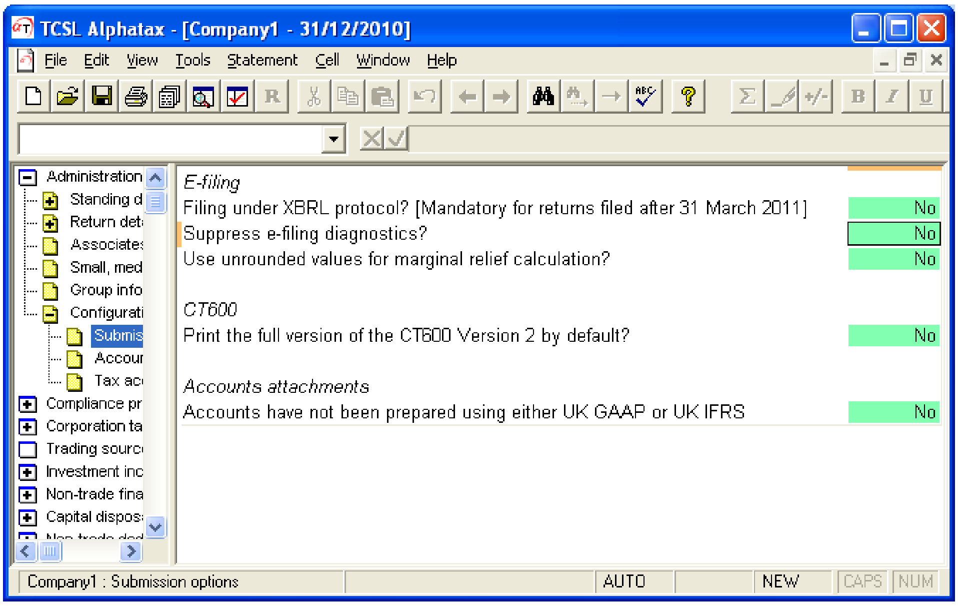
As changes to tax districts occur between releases, please note that you can download the latest tax district addresses file (TCSLCT.DST) from our website (**http://www.taxcomputersystems.com/ rpi-and-tax-tables.html)**.

Navigation changes

We have made a number of changes to the Contents tree in order to ease navigation between key statements.

Administration section

Within the Administration section, the E-Filing section on the Configuration options Input statement has been moved to a new Submission options Input statement that sits below the Configuration options sub-heading.



We have reordered some of the contents of the Administration section of the Contents tree to improve the display of the statements. In addition we have taken the opportunity to reorganize the display of inputs available in long periods which significantly simplifies the task of identifying the appropriate options.

Compliance process section

We have reordered the Compliance Process section of the Contents tree to better distinguish the common stages of computation preparation and aid user navigation of the computation.We have introduced the following sub-sections:

- Process control
- Data collection and documentation
- Review and issues (including a new Orphaned statements section – see below)
- Submission [Note that this section will only appear where an E-Filing event has occurred]

Presentational changes

- The Secondary trade adjustments Input statement has been rewritten to incorporate a number of new inputs and an improved layout.
- We have taken the opportunity to refresh the design of the Non trade financial losses Input statement to make the relevant sections easier to distinguish.
- The Interest distributions Input statement under the ACT and distributions heading in the Corporation tax computation section of the Contents tree is now only displayed when the **Is the company an authorised unit trust or an open-ended investment company?** field is set to **Yes** on the Standing data Input statement or where entries already exist in the statement.

Overseas income

- Following user feedback, fields in the Underlying related overseas dividend Freeformat template have been renamed to improve clarity with regard to the mixer cap calculation. In particular the **Relevant date for mixer cap calculation** is now the **'Relevant date' for mixer cap calculation** and the **Accounting period for date dividend was paid** field has been renamed **Accounting period of UK company in which relevant date falls**. Help has also been updated to include examples for the mixer cap calculation.
- We have updated the Related overseas dividends and Underlying related overseas dividend templates to include the corporate tax rate changes announced in FA (No.2) 2010 and the June 2010 budget.
- We have amended the disclosure of the DTR report where foreign tax has been suffered but there are no profits in the period, meaning that credit relief is not given against any other sources of income.

- We have amended the disclosure of the foreign tax suffered section of the Trade adjustments report to correct a display issue which could arise in long period files. We are not aware that this issue has arisen in any user files.
- We have resolved issues with the allocation of non-trade Loan relationship deficits brought forward when both the **Suppress b/f deficit amount set against loan relationship income, e.g. to maximise carry back capacity** and the **Suppress b/f deficit relief against non-trade profits [may enter claim amount]** field are used on the Non-trade financial looses Input statement.
- Negative overseas intangibles entered in the Overseas income statement are now included in the Non-trade loss on intangible fixed assets statement as Overseas non-trade intangible debits.

Worldwide debt cap (company file)

- We have incorporated a new flag **Not a member of worldwide group** in the company Group information statement. Setting this flag to **Yes** excludes the company from all Debt cap calculations and requirements.
- The **Not a relevant group company** field has been renamed **Not a relevant group company (i.e. not a 75% subsidiary of the worldwide group)?** and the way the setting works has been amended so that where this field is set to **Yes**, the company is treated as a UK group company but not a relevant company. The company is excluded from the Gateway test in the Group module.

Improvements to other statements

- **Accounts reconciliation**: Following user feedback we have enabled an Optional accounts reconciliation at the base of Alphatax input statements where Accounts Analysis is not being used.
- **Claims and elections**: We have added a new row to our standard claims and elections statement to capture details of the Annual investment allowance (AIA) claim under the provisions of CAA 2001 s51A(7).
- **Group relief**: In recognition that Group relief claims may not be final at the time the computation is submitted we have enhanced the Group relief claims and surrender statements in both the Group and Company computation to include **To be allocated** sections that will allow provisional claims to be captured and disclosed accordingly.

- **Leased cars**: We have added a new optional column **CO2 emissions** to the Leased Cars statements in both trade and investment companies. Where this column is used Alphatax will use the entry to determine whether or not the company is subject to the exemption under the provisions of CTA 2010 s56(1), subject to existing entries in the **Exempt** column. The **CO2 emissions** column will only be displayed in Report mode where the **Show CO2 emissions on report?** flag is set to **Yes** in the Leased cars section of the Configuration options Input statement.

  The statement has also been improved to allow the entry of negative rebates representing additional payments due at the end of the lease term.
- **Loans to participators**: Alphatax now accepts details of loans made during the period and released or repaid more than 9 months after the end of the return period via fields on the Accessory statement of the Loans to participators statement.
- **Non-trade provisions**: Following user feedback we have enhanced the disclosure of our non-trade provisions reports to fully reconcile the movements of unallowed Management expenses. In addition we have added a new **Suppress disclosure of tax balances in report mode?** field to the lead Provision statement to enable users to suppress the additional disclosure if they so wish.
- **Share schemes**: Following user feedback we have expanded the inputs available on the Share Scheme deduction statements to allow users to insert their own summary lines and provide detailed analysis elsewhere.

Other miscellaneous changes

- **Capitalised revenue expenditure**: We have added a new Freeformat statement to enable users to enter details of capitalised revenue expenditure and to allow details of expenditure to be carried forward.
- **Chargeable gains**: Where there was a single disposal with no associated disposal report, the chargeable gains title section did not display. This issue has now been fixed.
- **Community investment relief**: In certain circumstances community investment relief was not being restricted to the remaining tax liability. This issue has been resolved. We are not aware of this issue having arisen in any user files.
- **Cross-referencing**: In response to user requests we have reviewed the cross referencing on a number of key statements and revised the disclosure to provide more clarity.
- **CT payments**: The CT payments for prior period inputs (only available in a first Alphatax period) have been amended to accept pence in both Alphatax and Tax Pack.

- **ECA tax credits**: We have expanded the scope of the available reductions to the unrelieved trading loss available for ECA tax credit surrender to include the write off of government investments [CTA 2010 s92].
- **Group relief diagnostics**: A problem has been resolved regarding the display of diagnostics for long periods of account where a tax reference was missing on the Group relief claims or Group relief surrenders Input statements.
- **Impairment losses**: Are now separately identified on the trade Accounts adjustments report rather than being accumulated with the depreciation adjustment.
- **Income tax**: In the case of Authorised Investment Funds, users can now record both recoverable and potentially irrecoverable income tax in the Untaxed income Accessory statement. The tax logic has been amended to allow deduction in the case of a company where an overall tax liability in line with SI 2006/964 Part 4 s52(2).
- **Intangibles**: A new **NBV before part disposal override** field is now available on the Acccessory statements for Trade and Non-trade intangibles capitalised amounts to ensure that amortisation is correctly apportioned across the parts of the asset sold and retained. This field is only displayed where a part disposal leaves NBV carried forward.

  We have improved the display logic relating to the adjustment column on the Intangibles capitalised amounts statement. In previous versions certain entries could cause this column not to display. This point has now been resolved.

  An issue whereby the difference in tax value on the connected party disposal of an intangible fixed asset was incorrectly being returned as a profit or (loss) on disposal has now been corrected.

  We have added a link for Non-trade intangibles amortisation from the Depreciation Freeformat statement to the Non-Trade intangibles capitalised amounts statement.
- **Land remediation**: An incorrect result was previously generated in circumstances where Land Remediation relief was claimed in a trade which was subject to a currency translation rate different to that of the company. This issue has been resolved. We are not aware that this issue has arisen in any user files.
- **Long funding operating leases**: In some circumstances the profit on termination of Long Funding Operating leases did not correctly feed into the calculation of Adjusted profits. We have amended the relevant logic. We are not aware of any user files that have encountered this issue.
- **NTLR deficits b/f:** An issue whereby the NTLR deficit b/f was not calculated properly when set against taxable UK dividends and either overseas income or capital gains has been resolved.

- **Orphaned statements**. Where dependent Freeformat statements are “orphaned”, for example where a capital disposal is not rolled over into a new period, they are now listed in an Orphaned statements subsection under **Review and issues** in the Compliance process section.
- **Pension schemes**: An option to display prior year pension contributions which do not affect the current year tax adjustment has been introduced in the Accessory statement.

  We have resolved an issue whereby a brought forward balance inserted in the Pension Scheme spreading calculations did not appear correctly in Report mode.
- **PID income**: We have made some changes to the treatment of PID income in Alphatax to bring it more closely into line with other Taxed and Untaxed income streams. PID income may now be adjusted in the secondary trade adjustments statement in line with other associated income streams.
- **Post cessation receipts**: Alphatax has been enhanced to allow the offset of trade loss against post cessation receipts under ICAT 1988 s105 to be restricted. The losses offset may be restricted via use of **the Override losses utilised in the period** input on the Sundry income input statement.
- **Round thousands**: Alphatax now handles round thousands in foreign currencies for Leased cars, Expensive leased cars and Expensive cars. However, you should note that you cannot tax categorise these items where currency round thousands are used.
- **Trust declaration**: An issue whereby a trust with zero income was not able to produce the Trust declaration report has now been corrected.
- **Untaxed income**: A display issue leading to the doubling of P&L entries in the Untaxed Income report has been addressed.
- **Batch printing:** Problems with printing the **No of copies** specified in Batch printing Setup dialog have been resolved where multiple companies were being selected from the CCM for batch printing.**Freeformat statements**:
- **Freeformats**. Where a computation is locked Freeformat statements can no longer be moved to a different parent statement or reordered in the Contents tree.

Optional modules

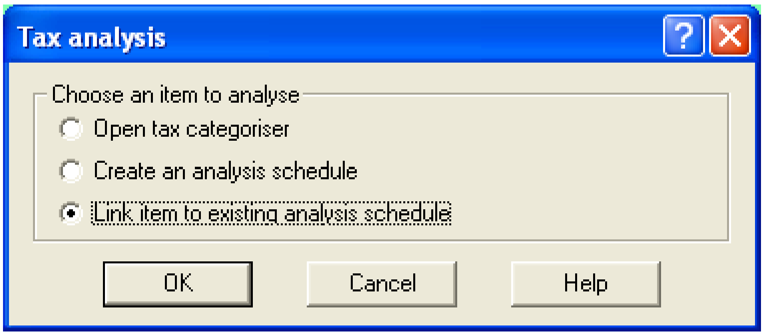
Accounts Analysis

Analysing multiple values

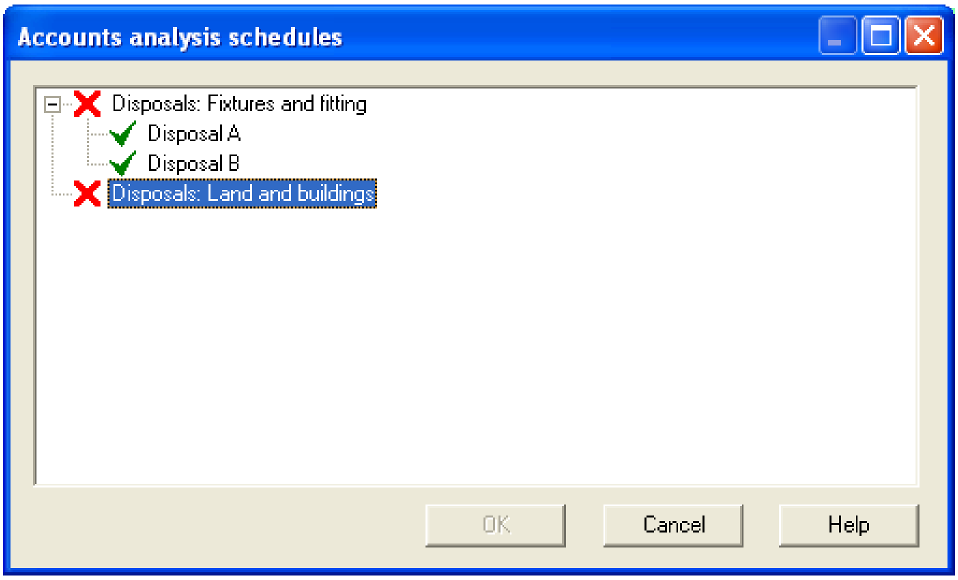
In response to user feedback we have enhanced Accounts Analysis to enable analysis of more than one value in the same analysis statement. Where analysis statements already exist, you will now be given an additional option of linking a value to an existing analysis statement, rather than creating a new one.

This may be useful, for example, if you wish to create a single analysis of Entertaining costs which are included within both Administrative expenses and Distribution cost accounts.

On clicking the categorise/analyse arrow icon, the dialogue has been revised to include a new **Link item to existing analysis schedule** option.



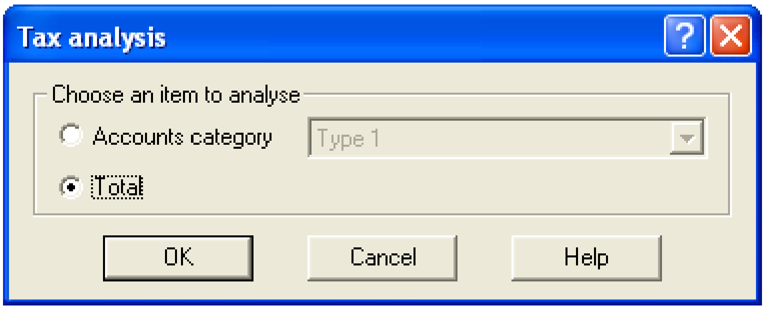
Where this is selected, a further dialog will be displayed allowing you to select which existing analysis statement you wish to add to. Note that some restrictions apply which mean it may not be possible to link into all existing statements. Available statements are highlighted with a green tick.



Categorising fixed assets from total columns

In response to user feedback we have enabled tax analysis and categorisation from the total column in all the balance sheet parent statements (such as the Tangible fixed assets reconciliation statement). This means, for example, it is now possible to analyse all your fixed asset additions in one statement, rather than separately for each Accounts category.

On clicking the categorise/analyse arrow icon, the dialog has been revised to include a **Total** option.



Accounts analysis presentational changes

- Where multi-column Profit and Loss functionality is being used we have enabled a new **Suppress blank columns in multi-column P&L?** configuration option to suppress the display of blank columns in Report mode.
- Following a user request, unused categorisation columns will no longer display in Report mode. This means there is no need to delete categories not used in a particular year to tidy up the presentation of your computation.
- We have amended the report display rules of the Tangible fixed assets per accounts and Intangible fixed assets per accounts Report statements to suppress the Total column where only one item column is used.
- We have reviewed our Accounts Analysis statements to correct an issue that occurred in some reports whereby columns would not be printed in report mode where the contents summed to zero.
- We have added an additional **Interest payable** line after the operating profit for consistency with the Companies Act P&L format requirements.
- We have enhanced the disclosure of the Profit and Loss account in Authorised Unit Trust and OEIC computations. Both Accounts Analysis statements and Freeformat templates have been updated to include additional lines relating to Equalisations and Unappropriated Income.

Tax Categoriser enhancements

We have made a number of changes to the Tax Categoriser in order to both increase the number of available options and to aid user navigation.

Specific company types

- We have extensively modified the AA categoriser options for investment companies.
- Following user feedback we now more closely link the Trust Declaration calculation to information in the rest of the tax computation. Investment companies now include the option to tax categorise to the Trust Declaration statement. We have also taken the opportunity to add clear legislative referencing to the relevant inputs to aid user completion of the statement.

Capital allowances

- We have simplified the accounts categorisation of short life asset transfers and included the ability to allow users to categorise fixed asset additions to existing Short Life Assets to cater for cases in which expenditure was attributed across more than one period.

Capital item adjustments

- We have added an option to the Tax categoriser to enable an amount in the profit and loss account to be directly identified as a cost of a capital disposal.
- We have extended the categorisation options for capital items expensed, including an additional AA categorisation option for F/L SP3/91 additions from the P&L.
- We have added the ability to tax categorise directly to “pre-trading expenditure – capital expenditure” from the Profit and Loss account.
- A balance sheet amount tax categorised as land remediation expenditure will now be automatically linked to both the Enhanced expenditure reliefs statement and the Capitalised revenue expenditure statement so that the full trade adjustment is automatically calculated.
- We have added an option to the Tax categoriser to enable amortisation to be categorised to a total per accounts figure in the intangibles capitalised amounts statement.
- Tax categorisation for the amortisation of taxable grants is now available for multi trade companies.

Other Accounts Analysis changes

- The Accounts Analysis Disposals statement has been enhanced to allow users to enter negative disposal proceeds against individual assets.
- An issue with the categorisation of non trade expensive leased cars, which resulted in double counting of the amount charged through the P&L has been resolved.
- We have modified the display of the Other user definable columns in the Accounts Analysis categoriser to improve the title headers displayed in input and report statements.
- An issue with the application of the Accounts Analysis **Hide rows with narrative but no value** configuration option where amounts are brought in from Tax Pack and subsequently adjusted to zero has now been corrected.
- We have taken the opportunity to standardise links to the Tax categoriser for amounts included in the profits of a secondary trade for all non-trade categories.
- Following user feedback, the **Deferred expenditure** statement in the Accounts analysis section of Alphatax has been amended to read **Expenditure eligible in later periods** for periods of account ending on or after 31 December 2010.
- An issue with the ordering of large numbers of footnotes in multi-column Profit and loss account Report statements has been resolved.

Tax Accounting

Advanced IFRS reporting

In Autumn 2007 we introduced a new IFRS reporting function to support IFRS tax accounting under the IAS 12 deferred tax balance sheet liability method for providing deferred tax. In this release we have streamlined our approach to make it more user-friendly and automated the completion of the statements where possible. The new methodology applies to periods of account ending on or after 31 December 2010. The main changes are described below.

IFRS deferred tax balance sheet

The display of the IFRS balance sheet and supporting statements have been simplified so that only the most commonly used cells display by default. A **Display full balance sheet and analysis statements?** flag at the top of the IFRS deferred tax balance sheet Input statement enables users to display all rows, columns and sub-statements if required.

We now automatically populate the **Carrying Value** and **Tax Base** of the following items on the balance sheet, based on entries already made in the computation:

- Property, plant and equipment
- Goodwill and other intangibles
- Short term provisions

These values can of course be overwritten if required.

There is no longer a requirement to fully complete the balance sheet or reconcile the top half (net assets) to the bottom half (total equity). As much or as little of the balance sheet can be completed as required.

The flow of data has been changed so that there is no longer a requirement to complete any analysis statements (except for rollover relief and share based payments). All information can now be directly entered on the balance sheet if you so wish without any need to break down further.

It is now necessary to actually **Book** the calculated tax provision to confirm what has actually been provided in the accounts. The difference between the booked and calculated amounts will be tracked into the next period in order to calculate any prior year adjustments required.

IFRS deferred tax disclosure statement

Alphatax now automatically completes the IFRS deferred tax disclosure statement based on entries on the IFRS balance sheet. Alphatax will show its default disclosures in the Derived column. If required, it is possible to adjust this disclosure via entries in the Re-allocate column.

When supporting statements are being used to break down closing deferred tax balances, assets and liabilities are separately fed up to the IFRS deferred tax disclosure statement as per IFRS requirements to keep deferred tax assets separate from liabilities.

Other Tax accounting changes

Deferred tax provision

New inputs are available to allow the deferred tax provision to be analysed between **Amounts recoverable within one year** and **Amounts recoverable after more than one year**. Under UK GAAP, these inputs are on the Tax charge per accounts statement. Under IFRS, they are available in the IFRS deferred tax disclosure statement.

Discount calculations (UK GAAP)

For periods of accounting ending on or after 31 December 2009, new inputs are available to enable the automatic calculation of the schedule of accelerated capital allowances over the entire discount period. Enter the Net book value and Tax written down value of an asset at the Balance sheet date, together with the relevant depreciation and WDA rates for the asset and Alphatax will calculate the appropriate allowances over the discount period.

Furthermore, the NBV and TWDV are tracked into future periods, meaning the schedule of accelerated capital allowances will also be calculated automatically in future periods without further input. The user will only need to enter the relevant discount rates for the year.

Share schemes and deferred tax under UK GAAP

For periods ending on or after 31 December 2009, the share and SIP scheme deductions statements have been enhanced to track the amounts charged through the P&L from the date of grant over the vesting period. P&L amounts entered will be automatically disallowed in the computation. As per UK GAAP FRS 19 and 20, Alphatax will recognise the deferred tax timing difference between the share scheme costs charged to the Accounts (over the vesting period) and the tax deduction available (on exercise).

IAS 1 revisions

On 6 September 2007, the IASB (International Accounting Standards Board) issued a revised IAS 1, “Presentation of Financial Statements” (IAS 1 (revised)). IAS 1 (revised) replaces the existing IAS 1 for periods of account beginning on or after 1 January 2009.

IAS 1 (revised) makes a number of changes in terminology, particularly in reference to the primary statements. For example, the Income statement is now referred to as the Statement of comprehensive income and may now include amounts previously disclosed in the Statement of recognised income and expenses.

A new configuration option is available in Alphatax to **Apply IAS 1 (revised)?** This will make changes to the terminology used in a number of Alphatax Input and Report statements (mainly relevant for Accounts analysis users). Specifically for Accounts analysis users, the standard Profit and loss account (now Statement of comprehensive income) will also include a new section to disclose and analyse Other comprehensive income.

Tax account

- The display of the tax account has been simplified so that only the most commonly used cells display by default. A **Display full tax account?** flag at the top of the Tax account summary Input statement enables users to display all rows and columns.
- The single user definable rows on the Tax account summary Input statement have now been converted to repeatable rows to allow improved optional disclosure.
- To ensure consistency with other rows in the Tax account summary we have amended the sign convention of the income tax liability line (i.e. a positive entry is now recognised as a payment). In order to ensure that there are no adverse effects on prior period files this change has been released for periods of account ending on or after 31 December 2009.
- There was a presentational issue with the **Restated b/f** column in Report mode on the Tax account summary statement. The brought forward adjustment fields can now be used in the same way as a first period when the **First time use** flag is set to **Yes**. Note that the calculations already correctly factored in any brought forward adjustments to the brought forward value, depending on whether the **First time use** flag was being used or not.

First time use of Tax Accounting module

- We have resolved an issue that occurred when the **First year that Alphatax is used for tax accounting?** flag was used. In this instance the brought forward adjustment fields in the Tax account summary did not function as intended.

- We have corrected an issue whereby it was not possible to enter a negative gross timing difference amount in a second or later period in a file where tax accounting was used for the first time.

Miscellaneous enhancements and fixes

- The sign convention of the Gross timing differences Report statement has now been reviewed and amended to improve the clarity of the report disclosure. The report will now return deferred tax assets as negative amounts and deferred tax liabilities as positive amounts.
- When the tax rate changes in a period, the opening and closing DT balances need to be adjusted to the average rate in the period for Proof purposes. In previous versions of Alphatax the proof line was described as 'Adjust closing deferred tax to closing rate of xx.xx%'. We have amended the description of this line to read 'Adjust closing deferred tax to average rate of xx.xx%' which we believe to be a more appropriate description.
- We have amended the tax proof to correctly deal with Overseas FII received subject to tax credits.
- We have made a minor amendment to the tax rules applying to the s36 adjustment included in the tax proof when an Industrial building is disposed in a period following the application of FA 2006 s36.
- Adjustments to the cost brought forward for the Expensive cars capital allowances statement were previously omitted from the FRS 19 reconciliation for tax accounting purposes. The appropriate adjustments are now incorporated in figures used by the Tax Accounting module.
- For periods ending on or after 31 December 2009, a diagnostic has been added to highlight an unreconciled amount in the Prior period Deferred tax provision disclosure. The point only arises in the first Alphatax period, where manual entry may be required to reconcile to prior year disclosures.
- Share based payments (IFRS): Following a user request we have added an additional **% expected to vest (if not 100%)** to the Share based payments Input statement to record the percentage of options that users expect to vest at the year end. An entry in this field will calculate the appropriate deferred tax position on the share options based on the unexercised options expected to vest only. If an entry is not made Alphatax will assume that 100% of the share options will vest, ensuring no issues with existing calculations.
- When the **Provisions now finalised and ready to print?** flag is set to **Yes** on the Tax accounting options Input statement, the inputs in the Tax Accounting sections of the Contents tree are locked and become read-only.

Tax Administration

Enterprise only

Where companies fail to be purged, set offline or recovered, the error dialog box now shows the companies in a list box which can be scrolled. A **Print** button enables users to print the list.

Report Designer

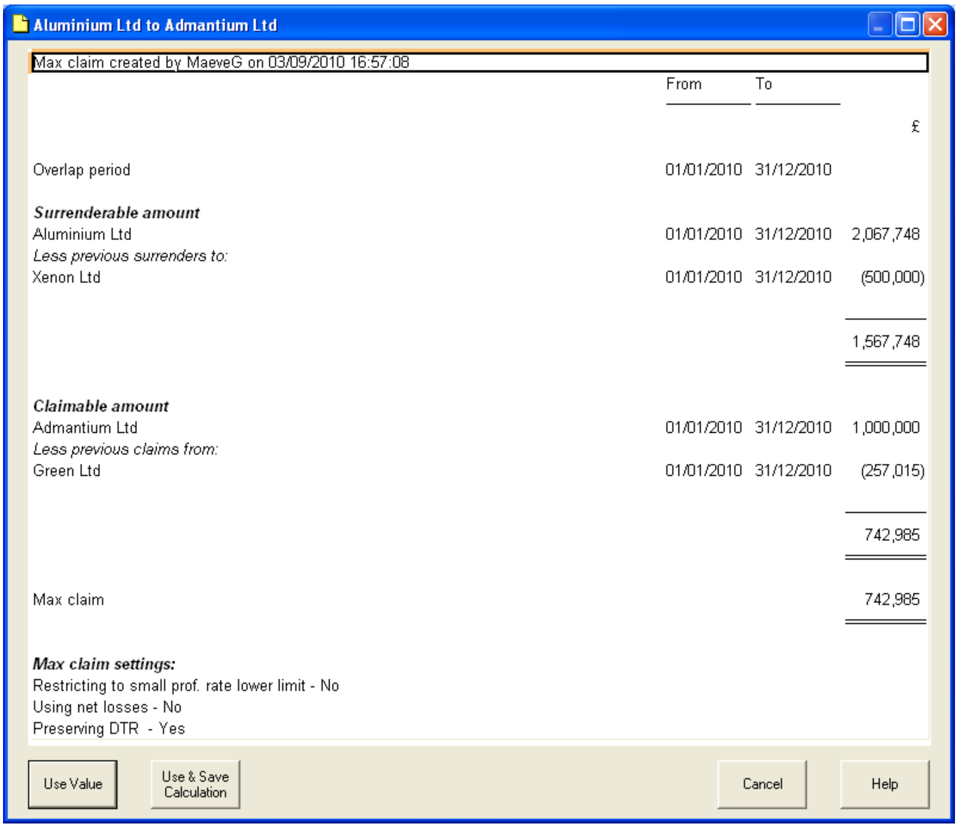
Reporting restrictions that previously applied to certain data dictionary names have been removed enabling users to create reports returning carried forward values.

Group

Group relief max claim calculation

This release includes a new function which provides full disclosure of the calculation used to calculate the maximum available group relief claim between two group companies. Details of the calculation can be saved and included as reports in the Group module.

The new Max claim dialog can be revealed by selecting **Max claim** from the right mouse click menu when in the Group relief input statement. The calculation dialog contains full details of how the maximum claim is is calculated for the selected cell.



The calculation of the maximum available group relief claim takes into account factors such as non-coterminous periods and acquisition or disposal dates as well as available double tax relief in claimant companies.

Please note that where DTR is taken into account, if the group relief claim reduces taxable profits to the extent that small companies relief or marginal relief applies, the Max claim calculation may need to be repeated after **Post** and **Refresh** into the company documents in order to achieve a final optimum group relief claim amount until a stable result is obtained.

Buttons at the foot of the window enables users to:

- **Use Value.** The calculated max claim is used in the cell and the dialog disappears. No additional report of the maximum claim is created.
- **Use & Save Calculation**. The calculated max claim is used in the cell and details are saved for future reference in a Max claim calculation statement. Where a report is created this will include details of the time and date the claim was saved.

  Each Max claim calculation statement is identified with a icon.
- **Cancel**. The claim is not applied and the dialog disappears.

In order to aid full disclosure of the calculation a summary of the group relief claim settings in place at the time of the maximum claim calculation is displayed at the base of the dialog or Report statement.

- Small profits rate (default is No) – not currently supported for consortium companies or where small companies relief has been disabled for a company in Alphatax.
- Other taxable profits (default is No)
- Preserving DTR (default is Yes)

If you wish to amend these settings go to the Group relief and max claim calculation options section on the Group relief options Input statement.

The maximum available group relief claim between two companies is based on the available profits and losses as included in the group file at the time of calculating the Max claim. It is also dependent on any previous claims as input in the group relief matrix. Where results in the company files change it may be necessary to recalculate the max claims. The max claim statements will then be overwritten with the latest versions.

An option is available within the Group relief and max claim options section of the Group relief options statement to **Suppress max claim calculations** in Report mode which suppresses the calculations from printing whilst retaining the statements in Input mode.

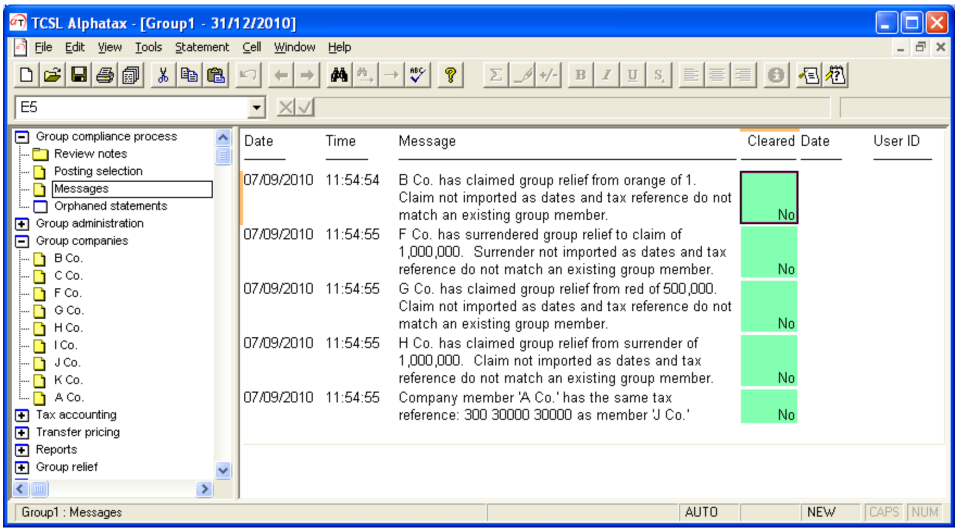
Warning messages

A new Messages statement is displayed in the Compliance process section of the Group Contents tree where **`EnableMessageForm`** is set to 1 in the [GROUP] section of the tcslbase.ini file. For details on the tcslbase.ini file, refer to the online Help.

The statement lists any warning messages that require clearing by the user. Examples might include:

- Company member A has the same tax reference: 300 30000 30000 as member B
- Co A has claimed group relief from Co B of 1,000,000. Claim not imported as dates and tax reference does not match an existing group member.

Users can clear messages as appropriate. The Date and time and User ID are recorded when a message is Cleared. Where a group file is closed and there are any uncleared messages, a dialog reminding users there are uncleared messages present will be displayed the next time the file is opened.



Posting enhancements

A new Posting selection Input statement in the Group compliance process section of the Contents tree enables users to suppress posting of any or all of the following statements from the group to the company file. Note that the group statements will continue to update from the company file to ensure the latest position is always shown.

- Tax payments
- Group relief
- Payments for group relief
- Transfers of chargeable assets
- Transfer pricing adjustments
- Worldwide debt cap

Any changes to entries in this statement are displayed in the Group Audit statement.

In addition, if the Payments for group relief statement is empty, Alphatax will not post the payments to the underlying companies. If there are values on the Payments for group relief statement, Alphatax will post values (including 0) calculated in group to the underlying companies. However, the original values will be recorded in the Audit statement for the underlying companies.

Group reports

Capital allowances

- The Capital allowances summary Report in the Group module displays the capital allowance categories grouped in the manner in which the items are disclosed in the CT600. Following user requests, we have added a new configuration option **Show full breakdown of capital allowance categories?** Where this flag is set to **Yes** the rows will be disclosed under individual allowance categories instead.
- We have made a minor revision to ensure that the maximum available WDA arising in the Special Rate pool is correctly displayed.

Fixed assets summary

A new Fixed assets summary Report statement has been added to the Group module which will return the NBV brought forward and carried forward in each group company together with details of any additions, disposals and depreciation in the year.

Other changes to Group reports

- A new configuration option has been added to the Group module to include the accounting Turnover on the Profits Report statement.
- We have enhanced the Profits report to report details of brought forward and carried forward amounts relating to pre-trading capital expenditure, supplementary charge losses and ring fence trade losses.

Group Tax accounting

- In response to user requests we have introduced a new consolidated Tax account summary to the Group module which will return the tax account summary position for each group member together with an accumulated group position. A new group configuration option **Show Tax account summary detail statements?** controls access to these new statements.
- In addition to the above we have added new Gross timing difference brought forward and carried forward statements to the Group module mirroring the entries in the company computations. The reports return show the full breakdown of the gross timing differences arising in each group company.
- The existing Gross timing difference disclosures on the Deferred tax provision statements have been simplified to avoid repetition of information between group reports.
- The presentation of the Tax charges (derived) and Tax charges (per accounts) statements have been amended to ensure consistency with company level statements following amendments to the company level statements in this release.
- In previous releases where any entries were made for a non Alphatax company on the Deferred tax provision (derived) input statement, an unreconciled amount was incorrectly produced on the report which caused the total to sum to zero. This issue has been resolved.
- A new **Apply IAS 1 (revised) terminology?** field is also available on the Group Configuration options Input statement from 1 January 2009, if you wish the revised terminology to apply in Group.

Worldwide debt cap

Where the new **Not part of a worldwide group?** field on the Membership details Input statement is set to **Yes**, the company is excluded from all debt cap calculations.

The **Not a relevant group company** field has been renamed **Not a relevant group company (i.e. not a 75% subsidiary of the worldwide group)?** and the way the setting works has been amended so that where this field is set to **Yes**, the company is treated as a UK group company but not a relevant company. The company is excluded from the Gateway test but is included in the Financing income and expense statement.

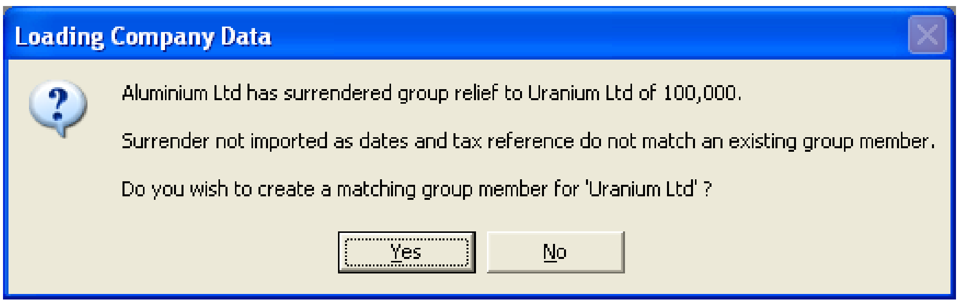
Where this option is selected the company is excluded from the calculation of the tested expense amount. Such companies continue to be included in the calculation of the tested income amount where they have net financing incomes for the period.

Claims and surrenders outside of a subgroup

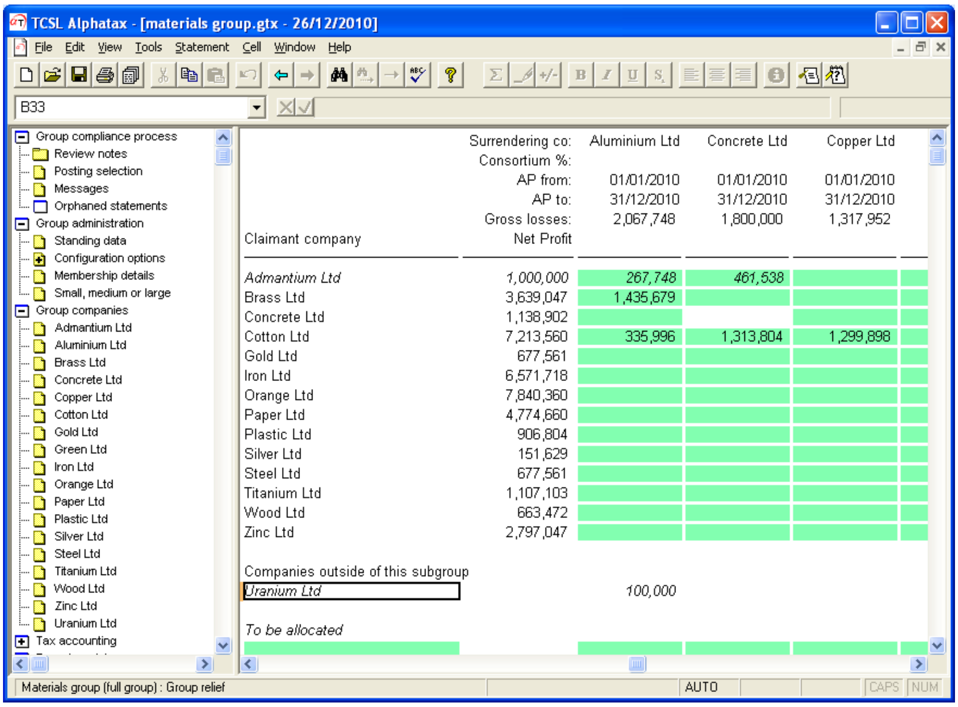
New functionality has been introduced to display details of group relief claims or surrenders in the Group relief Input statement entered in an underlying company file that relate to companies which have not been added to the Alphatax group file. This function can be used where the Alphatax Group function is being used to work on a subgroup and there are claims from or surrenders to companies in another subgroup.

The function is enabled where **`EnableSubGroups`** is set to 1 in the [GROUP] section of the tcslbase.ini file. For details on the tcslbase.ini file, refer to the online Help.

Where the function has been enabled, on loading data into the group file messages will be displayed to indicate where claims or surrenders entered in underlying company files do not match details of existing group members. An option is provided to add details for the corresponding group member.



When this option is selected, the details of the claim or surrender are included in the Group relief statement under the subheading ‘Companies outside of this subgroup’.



Other Group enhancements

- The capacity of the Group module has been increased so that a single group file can contain over 3,000 companies.
- Where periods are added to a company after it has been added to a group, the period is now included in the group following a Refresh.
- A new Group document manager heading is now listed in the Group Contents tree for Enterprise users only, enabling users to add group documents and manage them via a new Group documents Input statement.
- We have included a new column **Group relief outside of group period** in the group Tax summary report to disclose any losses unused because they are outside of the group period, for instance when non-coterminous periods apply.
- The Group function has been enhanced in line with Alphatax to allow EUFT brought forward amounts to be surrendered as group relief. A new **Allow EUFT brought forward to be available for group relief surrender? [per HMRC manual INT 164330** flag is available on the Group relief options statement to allow this.

- Following user requests, a new configuration option **Remove italics from report mode for non Alphatax companies?** has been added to the Group module to switch off the use of italics for non-Alphatax companies in report mode.
- We have amended the non-Alphatax company group inputs to more easily enable users to identify the number of brought forward Associated companies related to that company.
- A presentational issue whereby CTA 2010 s938 losses transferred in and out were reported in a single line together with Losses eliminated in the Group module has now been corrected. The lines are now described separately.
- Companies in the Group companies list can now be sorted alphabetically. The option can be selected via the right click **Sort companies** menu.
- Companies in the s171A and s179A TCGA 1992 Input statement can be sorted based on a number of relevant criteria by using the **Statement Order** menu option.
- The Group function has been amended to prevent divisional computations being added to a group.

Tax Pack

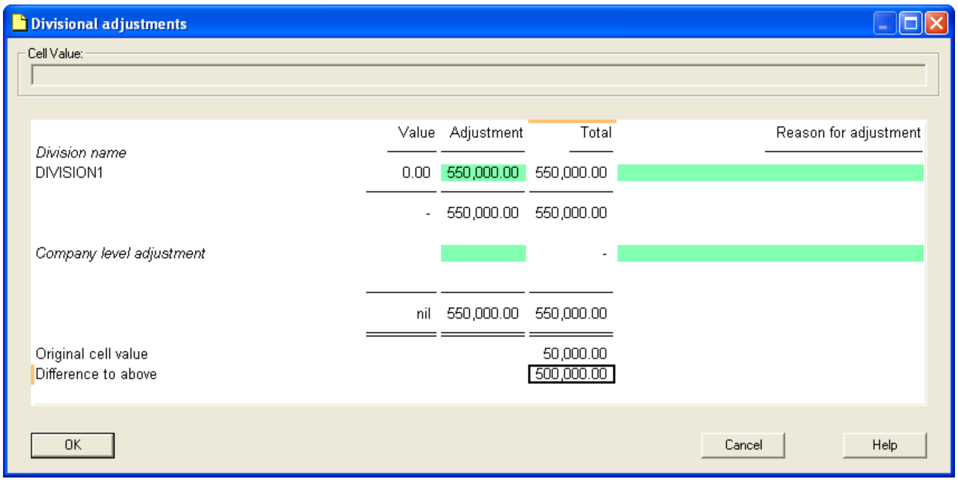
- Tax Pack is now compatible with both 32 bit and 64 bit Office 2010.
- Where an Alphatax computation is configured to **Apply IAS 1 (revised)?** and is exported to an Excel Tax Pack, the Tax Pack schedules will reflect the revised IAS 1 terminology. For details on IAS 1, please refer to page 43.
- The **P&L** column is now being displayed in the Share scheme deduction schedules for period ending before 1 January 2010.
- Charges on income schedules have been renamed ‘Qualifying charitable donations’ as per CTA 2010 s189.

Division Consolidation

Divisional adjustments

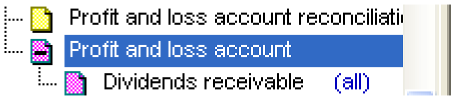
A number of enhancements have been made to the Divisional adjustments dialog:

- Use the **Cell Value** edit box at the top of the dialog to enter data in the **Adjustment** and **Reason for adjustment** fields
- You can now enter adjustments in pounds and pence.
- To help keep track of adjusted values, the original cell value and the difference in value is now shown at the foot of the dialog when you make an adjustment.
- A **Cancel** button is now available to undo changes



Entries assigned to all divisions or Alphapacks

Statements assigned to all divisions or Alphapacks now show the abbreviation (all) rather than (div).

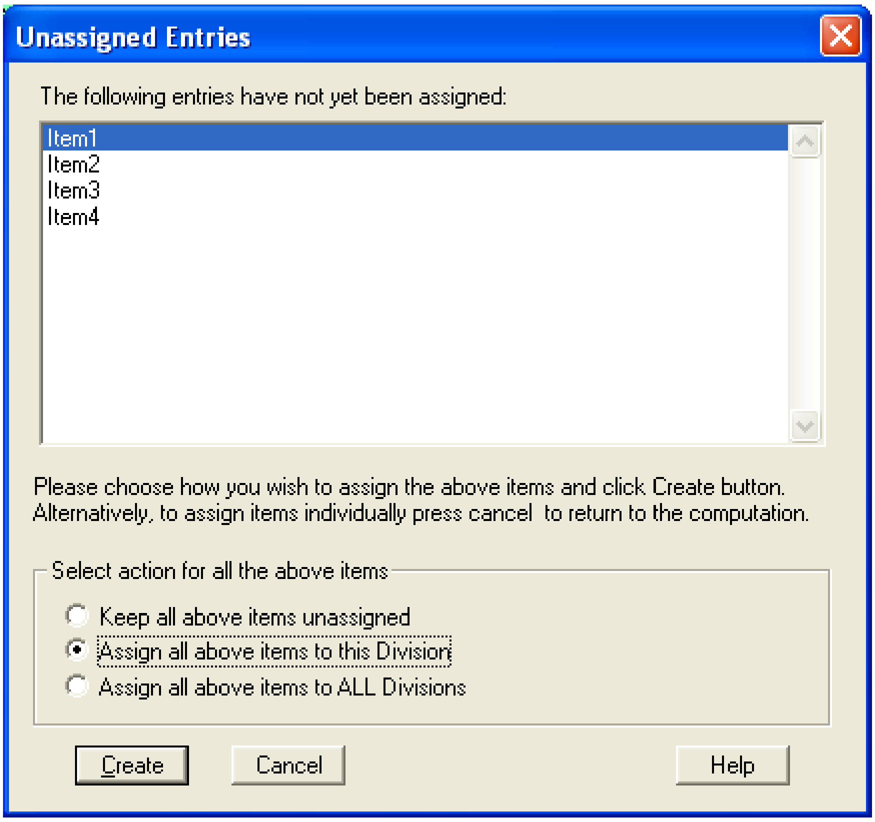


Unassigned entries

If you are creating a divisional computation (or Alphapack) and there are entries that have not yet been assigned to a division/Alphapack, the Unassigned entries dialog is displayed as a warning.

You can now choose to:

- Keep all items unassigned. You can then choose Create to continue without assigning these entries or **Cancel** if you want to return to the main computation and assign the entries before creating the divisional computation/Alphapack.; or
- Assign all unassigned items to this division or Alphapack; or
- Assign all unassigned items to all divisions or Alphapacks.



Alphapack (Enterprise only)

When deleting, setting offline, importing or recovering Alphatax computations, any related Alphapacks will also be deleted, set offline, imported or recovered as appropriate.

A new **Message=<FullPathandFileName>** setting in the **[Alphapack**] section of the tcslbase.ini file enables users to specify the text to be included in Alphapack Email notifications to accounts users. For full details on the tcslbase.ini file, refer to the online Help for Alphatax.

A new **Guidance Notes=<FullPathandFileName>** setting in the **[Alphapack**] section of the tcslbase.ini file enables tax users to attach guidance notes to be attached to Alphapack Email notifications to accounts users. For full details on the tcslbase.ini file, refer to the online Help for Alphatax.

Where orphaned statements exist in the Alphatax computation, they will be exported to the Alphapack. For details on orphaned statements, see page 36.

The way in which Alphapack handles unassigned entries has been updated as for Division Consolidation – see page 56.

Similarly, statements assigned to all Alphapacks now show the word (all) rather than (div) in the Contents tree – see page 55.

Workflow (Enterprise only)

We have introduced Workflow process control to the E-Filing, Tax Pack and Alphapack functions. Workflow processes may be defined via customised templates which may be set up to your requirements by our Professional Services team.

Note. Workflow does not replace existing compliance processes or the CCM but supplements both by enabling full control and tracking of activities within your compliance process.

These notes are only intended to be an outline of Workflow. If you would like more details, please contact your Account Manager.

Concepts

Workflow is based around the following concepts:

- Activity. The Alphatax process a workflow is attached to. Currently this can be Alphapack, Tax Pack or E-Filing.
- Stream. Each activity can have a number of streams, enabling organisations to have different workflows for different types of companies if they wish.
- Steps. Streams are made up of individual steps. Users move between steps by completing tasks or branches in each step. A workflow is completed when a user completes the final step.

A Workflow template defines a stream as a collection of steps. Steps can be placed around the Alphatax elements of an activity. For example, an E-Filing Workflow template can include steps:

- Before using the **Assemble** command (e.g. final review before assembling);
- Between the Assembly and Submission (e.g. recording stakeholder's approval); and
- After submission (e.g. advising stakeholder of successful submission).

User teams

Organisations can choose to create user teams (via Enterprise Manager) enabling control of who can sign off particular tasks or branches in a workflow. If no teams are created then anyone who has access to a company can sign off any and all tasks or branches in that company's workflows.

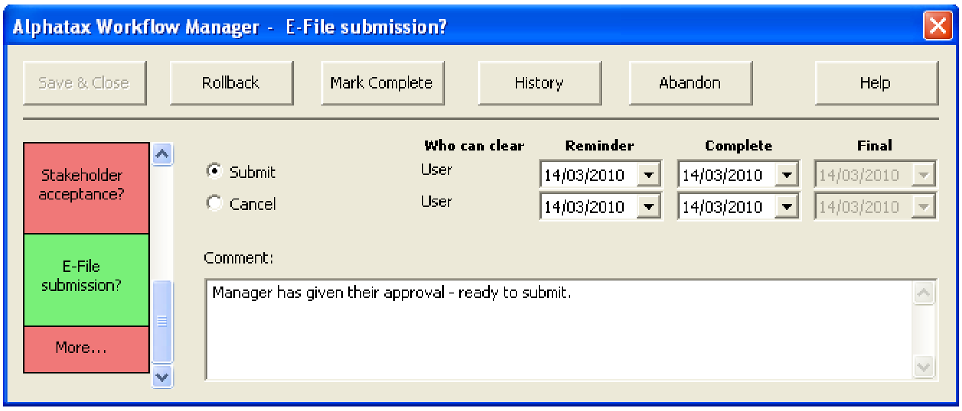
Completing a Workflow stream for a computation

If Workflow has been enabled and at least one Workflow stream created for one of the activities then Workflow will start automatically when that activity is initiated.

If more than one stream has been set up for the activity you have started, the user will first be asked to select the stream they want to use.

If user teams have been created on the database, users will be asked to select the team or teams who can sign off tasks in the workflow.

Users will then be taken through the workflow steps, for example:



In this case the step (**E-File submission?**) contains two tasks (**Submit; Cancel**). A comment has been added so the **Mark Complete** button can be pressed. In this case pressing the button will start the E-Filing Submission Wizard.

Monitoring workflows

Within a workflow you can see and print the full history of steps signed off or rolled back, identifying the date/time, step, task, user ID and associated comment.

There are also two summary screens which can be accessed from the CCM window:

- Workflow Audit. This lists all cleared steps for all companies; and
- Workflow To Do. This lists all tasks yet to be cleared.

These two statements follow the CCM so they only list companies and periods currently selected on the CCM. The Workflow To Do only lists tasks where the reminder date falls on or before the number of days the CCM looks ahead.