



Alphalife Release Notes Autumn 2010

Alphatax software may not be copied, photocopied, reproduced, translated, or reduced to any electronic medium or machine-readable form, in whole or in part, without the express written permission of:

Tax Computer Systems Limited
Centurion House
London Road
Staines TW18 4AX

Tel: +44 (0) 1784 410369
Fax: +44 (0) 1784 410335

Email: support@taxcomputersystems.com
Web: www.taxcomputersystems.com

Autumn 2010
Copyright © 1991–2010 Tax Computer Systems Limited
All rights reserved
Alphatax is a trademark of Tax Computer Systems Limited.

Contents

Introduction.....	5
E-Filing.....	5
Automatic population of relevant boxes on CT600.....	5
Additional analysis of XBRL items.....	6
Legislative changes.....	7
Finance Act changes.....	7
Tax law rewrite (second phase).....	10
Profits chargeable to corporation tax.....	11
Offset of shareholder fund management expenses.....	11
Composite insurers.....	12
Other enhancements and fixes.....	12
Group relief surrender of excess donations and management expenses.....	13
With-profit fund apportionment (ICTA 1988 s432E).....	14
Calculations for GRB and LAB.....	14
Mutual insurers and friendly societies.....	17
Section 432E reworked calculation for DTR purposes.....	17
Chargeable gains and losses.....	18
Section 210A TCGA 1992 calculations.....	18
Connected party capital losses.....	18

Miscellaneous enhancements and fixes	20
Navigator enhancements	20
Adjustments to brought forward balances	23
Life assurance business surplus calculation	23
Fund level statement titles	25
Other miscellaneous changes.....	25
Optional modules	26
Tax Accounting	26
Group.....	27

Introduction

Welcome to the Alphalife Autumn 2010 edition. The key features of this release are:

- Finance Act 2010 changes for new ICTA 1988 s432CA
- Enhancements to the Profits chargeable to corporation tax Report statement
- Enhancements to section 432E ICTA 1988 calculations

Note. For details on installation and other changes to the base Alphatax product, refer to the Alphatax UK Autumn 2010 Release Notes.

E-Filing

We have made major changes to the E-Filing process in this release, details of which are included in the Alphatax UK Autumn 2010 Release Notes. In addition the following life assurance specific features have been included.

Automatic population of relevant boxes on CT600

For life assurance companies the **Type of company** box on the front page of the CT600 is now automatically populated with the number **5** (indicating that the company is an Insurance company).

Box 2 of the CT600 (Banks, building societies, insurance companies and other financial concerns) is also automatically populated with an **X**.

Additional analysis of XBRL items

Where the computation is being filed under XBRL a new option is available in the Submission options statement to **Include analysis by category of business on CT600 return values report?** When selected this includes an analysis of the items making up the CT600 figures, analysed between BLAGAB, GRB, PHI and Shareholder fund.

	CT600 box		BLAGAB	GRB	PHI	Shareholder fund	Total
			£	£	£	£	£
Income							
Bank, building society or other interest, and profits and gains from non-trading loan relationships	6	B8/C6	649,585,498			10,919,000	660,504,498
Annuities, annual payments and discounts not arising from loan relationships and from which income tax has not been deducted	8	B8/C6	-			45,000	45,000
Overseas income	9	B8/C6	1,300,000			-	1,300,000
Income from UK land and buildings	11	C7	87,000			-	87,000
Chargeable gains							
Gross chargeable gains	16	C1	29,943,470			-	29,943,470
Allowable losses including losses brought forward	17	C1	54,000			-	54,000
Net chargeable gains	18		29,889,470			-	29,889,470

Legislative changes

Finance Act changes

Section 432CA ICTA 1988

Alphalife supports calculation of adjustments under ICTA 1988 s432CA. A new Section 432CA investment reserve movement Input statement is available for periods beginning on or after 9 December 2009.

The s432C percentages for the last period of account beginning before 9 December 2009 are automatically identified and tracked forward where this period exists in the Alphalife file. Where the period does not exist in the Alphalife file (i.e. because the first period begins after 9 December 2009) inputs are available to enter the relevant details.

In subsequent periods any increase/(decrease) in the Form 14 line 51 amount for the period should be entered. Where an increase is entered this is tracked forward to future periods, together with the relevant s432C percentages.

Where a decrease is entered this activates calculations of the affected amount. The affected amount is the lower of the relevant reduction (as entered) and the non-linked increase in value in the non-profit fund (accumulated from fund level inputs).

	Period start date	Period end date	Form 14 line 51 increase/(reduction)	Non-linked increase in value	Override non-linked increase
Last period of account beginning before 9 December 2009					
	01/01/2009	31/12/2009			
Appropriate periods of account beginning on or after 9 December 2009					
	01/01/2010	31/12/2010	5,000,000		
	01/01/2011	31/12/2011	4,000,000		
			9,000,000		
Current period	01/01/2012	31/12/2012	(12,000,000)	18,000,000	
Non-profit funds - analysis of non-linked increase in value					
Long term NP fund				18,000,000	
				18,000,000	

Where an adjustment is required the Section 432CA adjustments Report statement displays the matching of the Affected amount to appropriate periods of account (i.e. periods in which there have been increases in the investment reserve) and, where an unallocated amount remains, to the last period beginning before 9 December 2009.

	Period start date	Period end date	BLAGAB	GRB	PHI	Total	
			£	£	£	£	
D7 Section 432CA adjust							
Relevant reduction	F9					12,000,000	
Relevant brought into account amount	09					18,000,000	
Affected amount						12,000,000	
Matched to appropriate periods of account:							
F5 BLAGAB and property	F9	01/01/2011	31/12/2011	1,750,000	1,250,000	1,000,000	4,000,000
F7 Section 82 and 83 FA	F9	01/01/2010	31/12/2010	1,875,000	1,875,000	1,250,000	5,000,000
F9 Section 432CA invest				37.50%	37.50%	25.00%	
Unallocated amount: matched to last period of account beginning before 9 December 2009:							
F13 Statutory accounts - r	F9	01/01/2009	31/12/2009	1,350,000	1,050,000	600,000	3,000,000
				45.00%	35.00%	20.00%	
	09			4,975,000	4,175,000	2,850,000	12,000,000
Effective allocation %s				41.46%	34.79%	23.75%	

The resulting allocations are transferred to the fund level Section 432C allocation Report statement where they are combined with any amounts allocated under s432C and linked amounts to arrive at the total allocated investment return. Where there are multiple non-profit funds the total s432CA allocated amounts are apportioned between non-profit funds pro rata based on the non-linked increases in value arising in each fund. The allocation can be overridden via inputs in the Section 432CA investment reserve movement Input statement.

	BLAGAB	GRB	PHI	Total
Section 432C proportion				
06	47.37%	26.32%	26.32%	100.00%
Totals				
<i>Fund 40 line 12 income</i>				
Linked	-	-	-	-
Non-linked	-	-	-	-
<i>Form 40 lines 13 and 14 gains brought into account</i>				
Linked	-	12,000,000	-	12,000,000
07/08	4,975,000	4,175,000	2,850,000	12,000,000
01/08	2,842,106	1,578,947	1,578,947	6,000,000
<i>Form 40 line 15 income</i>				
Linked	-	-	-	-
Non-linked	-	-	-	-
05	7,817,106	17,753,947	4,428,947	30,000,000
Non-taxable				
<i>Form 40 line 12 investment income</i>				
Linked	06	-	-	-
Non-linked	06	-	-	-
<i>Form 40 lines 13 and 14 gains brought into account</i>				
Linked	06	-	-	-
Non-linked	06	-	-	-
<i>Form 40 line 15 income</i>				
Linked	06	-	-	-
Non-linked	06	-	-	-
05	nil	nil	nil	nil

Corporate tax rate changes

Finance (No.2) Act 2010 announced changes to the main rate of corporation tax to 27% from 1 April 2011. This change has been incorporated into Alphalife. For full details of this and future rate changes are included in the Alphatax UK Autumn 2010 Release Notes.

Tax law rewrite (second phase)

CTA 2010 and TIOPA 2010

Alphalife fully incorporates the second stage of the corporate tax law rewrite following the enactment of Corporation Tax Act 2010 [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 releases for CTA 2009. Full details of the changes are included in the Alphatax UK Autumn 2010 Release Notes.

Other amendments

- References to **Miscellaneous income – overseas** have now been changed to **Company distributions** in line with CTA 2009 for periods ending after 31 March 2009. This relates to the relevant inputs on the Long term insurance fund: analysis of income statement and Shareholder inputs – tax basis statement.
- References to Notional Case I (NCI) in the Summary of configurations and overrides statement have now been updated to Life assurance business (LAB).

Profits chargeable to corporation tax

A number of enhancements and fixes have been made to the Profits chargeable to corporation tax Report statement and to the calculation of loss reliefs and deductions from total profits. The following amendments have been made for periods ending on or after 31 December 2009.

Offset of shareholder fund management expenses

Relief for shareholder fund management expenses, previously restricted to shareholder fund income and gains, are now by default offset against total profits, excluding life assurance profits taxed on an I-E basis. Additional columns have been added for Life and Non-life to show the total profits available for relief.

An option to apply this treatment to periods ending prior to 31 December 2009 is available within the Claims – other Input statement.

An option to restrict relief to Shareholder fund income and gains is available within the Claims – other Input statement.

The screenshot shows a software window titled 'TCSL Alphalife - [composite insurer example.ctx - 31/12/2009]'. The window contains a financial statement with the following data:

		Life	Non-life	Total
		£	£	£
I-E taxable profits	c4	634,937,611		634,937,611
Shareholders' income	d6		10,964,000	10,964,000
PHI trading profit	c8		256,560	256,560
General insurance	j1		2,671,336	2,671,336
		634,937,611	13,891,896	648,829,507
Exclude policy holders profits	c2	(131,600,055)		(131,600,055)
Shareholder profits before reliefs		503,337,556	13,891,896	517,229,452
Shareholder fund management expenses	d6		(260,000)	(260,000)
Amount charged at shareholders' rate	b1	503,337,556	13,631,896	516,969,452
Amount charged at policy holders' rate	b1/c2			131,600,055
Total profits chargeable to corporation tax	b1/c9			648,569,507

The software interface includes a menu bar (File, Edit, View, Tools, Statement, Cell, Window, Help), a toolbar with various icons, and a left-hand pane with a tree view of the statement's components. The status bar at the bottom indicates 'Alphalife Composite Company Limited : Profits chargeable to corporation tax' and includes 'AUTO' and 'CAPS NUM' options.

Composite insurers

For composite insurers there is now one Profits chargeable to corporation tax Report statement which combines profits from the General insurance trade with long-term fund and shareholder fund profits. Calculations of relief for losses and other deductions against total profits are now correctly calculated based on total profits, including General insurance profits.

General insurance profits to be included in Profits chargeable to corporation tax should be entered in the Claims – other Input statement. This allows for an estimate to be entered before the General insurance computation has been finalised. The profits per the General insurance trade are displayed and a reconciliation check is provided between the amount entered for inclusion in Profits chargeable and the amount calculated in the general insurance trade.

Other enhancements and fixes

- The calculation of the maximum possible group relief claim has been corrected. This is now restricted to available profits, reduced on the basis that all possible claims for relieving current period trade losses are made (i.e. regardless of whether any claim was actually made). Previously this was based on available profits reduced by actual claims made.
- Trade losses brought back have been moved beneath group relief claimed and relief for qualifying charitable donations (charges on income) in terms of the order of offset. This reflects the strict legislative position and a diagnostic is displayed where the amount entered in respect of losses brought back exceeds the available profits.
- Relief for brought forward shareholder fund loan relationship deficits is now correctly restricted to shareholder fund income and gains only. Previously brought forward deficits were being offset against life assurance profits in addition to shareholder fund income and gains.
- Where a claim has been made to defer the offset of a non-trade deficit brought forward, an option has been included within the Claims – other statement to defer the brought forward amount for a further year. Previously only the option to defer a current period deficit was available. An input has also been made available on the Brought forward balances statement to allow amounts to be entered for Shareholder fund non trade deficit deferred brought forward.

Group relief surrender of excess donations and management expenses

Functionality has been introduced to enable the surrender of excess charitable donations (charges) and management expenses (shareholder fund). For periods ending on or after 31 December 2009 the surrender of excess donations, UK property business losses and management expenses is driven from a single input on the Group relief surrenders Input statement. This is in line with the standard Alphatax treatment for non-life companies. The maximum amounts to surrender and gross profits used to calculate the maximum are displayed.

The input can be used for periods ending prior to 31 December 2009 if required. If used then the input in the Claims – other Input statement for UK property business losses surrendered should not also be used.

Claimant company	Tax reference (xxx xxxxx xxxxx)	Accounting period (From To)	Surrender
ABC Ltd	123 11111 11111		47,699,845
Nonat Limited	789 15467 75461	01/01/2009 31/12/2009	100,000
<i>To be allocated</i>			
Total surrender of charges, UK property business losses and management expenses			90,000
Total surrender of other amounts (as input)			10,000
			100,000
<i>Maximum amounts available to surrender for charges, UK property business losses and management expenses (press F7 to recalc):</i>			
Charges on income			1,900,000
UK property business losses			43,085,845
Management expenses			-
Maximum surrender amount			44,985,845

With-profit fund apportionment (ICTA 1988 s432E)

Calculations for GRB and LAB

For periods ending on or after 31 December 2009 calculations of needs and floor and comparisons between the two are calculated for Gross roll-up business and Life assurance business. Previously calculations were undertaken separately for each category of business (BLAGAB, GRB and PHI) and comparisons of the needs and floor undertaken separately for each.

In rare situations the approach of calculating floor and needs separately for each category could give rise to a total allocation in excess of the Form 40 investment return. For example where needs exceeds floor for BLAGAB, floor exceeds needs for GRB but for LAB as a whole the floor and needs are the same.

The following changes have been made to fund level reports:

Section 432E needs calculation

A sub total column has been added for LAB.

Section 432E floor calculation

A new LAB column has been added. The calculation of mean liabilities reduced by mean linked assets and in turn the floor return is calculated for GRB and LAB.

Section 432E allocation

	BLAGAB (LAB - GRB)	GRB	LAB	PHI (Total - LAB)	Total
	£	£	£	£	£
Allocation of Form 40 amount	05 183,590,412	(183,590,412)	nil	nil	nil
Effective non-linked income allocation	05 0.00%	0.00%		0.00%	0.00%
		GRB	LAB		
		£	£		
Needs return		H6 (661,149,000)	(1,351,524,000)		
Section 432E(2A) amount		-	-		
Adjusted needs return		(661,149,000)	(1,351,524,000)		
Floor return under s432E(3)		H7 -	-		
Excess needs offset under s432F		below (183,590,412)	-		
		(183,590,412)	nil		

The comparison between needs and floor is undertaken for GRB and LAB in the bottom half of the report. BLAGAB income is calculated as the difference between LAB and GRB. PHI income is calculated as the difference between total investment return and LAB.

Excess needs

Excess needs are now calculated for LAB and are no longer calculated separately for BLAGAB or PHI. Any brought forward excess needs for BLAGAB or PHI in periods ending on or after 31 December 2009 are automatically eliminated. Inputs are available for LAB excess needs brought forward and adjustment to brought forward amount on the new Excess needs statement (previously excess needs inputs were on the Fund details input statement).

The above approach can be activated for periods ending prior to 31 December 2009 by entering LAB excess needs brought forward or entering an adjustment to the brought forward amount in the Excess needs input statement. Note that entering a zero counts as an input and will activate the new approach.

Mutual insurers and friendly societies

For mutual insurers and friendly societies the display of categories other than Gross roll-up business is not displayed in the s432E floor allocation or s432E allocation Report statements for periods ending on or after 31 December 2009. An option is available in the Life assurance options statement (under Configuration options) to include analysis of investment return for all categories of business if required.

Section 432E reworked calculation for DTR purposes

The revised approach for calculating and comparing needs and floor for GRB and LAB has also been applied to the calculation for DTR purposes under TIOPA 2010 s98(3) (formerly ICTA 1988 s804B(7)) for periods ending on or after 31 December 2009. In addition the following enhancements and fixes have been applied;

- Changes to the floor calculation in Finance Act 2009 in respect of Foreign business assets which were applied to the standard floor calculation in the Autumn 2009 release of Alphalife have now also been applied to the DTR version.
- Issues with comparing the needs and floor and calculating excess needs have been resolved.
- Inputs for transferring excess needs in and out in line with the current functionality available for the standard s432E calculation have been introduced.

Chargeable gains and losses

Section 210A TCGA 1992 calculations

- The following amendments have been applied for periods ending on or after 31 December 2009.
- An issue with the permitted amount brought forward not being uplifted where there are net BLAGAB losses in the period (in accordance with s210A(9) TCGA 1992) has been resolved.
- The following issues with the calculation of policyholders' share of BLAGAB losses have been resolved.
 - Policyholders' share is now correctly calculated in line with s210A(10) TCGA 1992 using BLAGAB profits as the denominator rather than total profits.
 - Policyholder profits are now adjusted to ignore the impact of carrying back unit trust deemed losses under s213 TCGA 1992 and non-trading loan relationship deficits in accordance with s210A(11) TCGA 1992.
- The calculation of the policyholders' share is now displayed on the Chargeable gains and losses report.

Connected party capital losses

- Functionality has been introduced to allow users to identify losses arising on disposals to a connected person which are only deductible from gains arising on disposals to the same connected person.
- Inputs are available in the Long term insurance fund:gains Input statement to record BLAGAB losses arising in the period and in the Shareholder inputs – tax basis Input statement to record non-BLAGAB losses arising in the period.
- Brought forward connected party losses can be entered in the Brought forward balances Input statement.
- Where gains arise on disposals to connected parties these should be entered as BLAGAB gains using the standard inputs on the Long term insurance fund: gains Input statement or as non-BLAGAB gains using the standard inputs on the Shareholder inputs – tax basis Input statement as appropriate. Inputs are available in the Claims – chargeable gains and losses Input statement to specify how much of the connected party losses are to be utilised against gains in the period. Total connected party losses available (brought forward plus current period) are displayed for BLAGAB and non-BLAGAB.

TCSL Alphalife - [connected party losses.ctx - 31/12/2010]

		Chargeable gains		Allowable losses		Connected
		Non-BLAGAB	BLAGAB	Non-BLAGAB	BLAGAB	Non-BLAGA
		£	£	£	£	£
Allowable losses brought forward	F7			-	-	2,000,000
Gains and losses arising on:						
Normal disposals	D2	3,750,000	10,000,000	-	-	2,500,000
Assimilated				-	-	
Section 212 disposals	C2					
Subtotal	B4	3,750,000	10,000,000	-	-	4,500,000
BLAGAB connected party losses offset			(6,000,000)			
Non-BLAGAB losses offset						
BLAGAB losses offset						
Gains left in charge/losses carried forward		3,750,000	4,000,000	nil	nil	4,500,000
		C6/F10	B6	F7	F7	F
Limit of offset of BLAGAB losses against non-BLAGAB gains						
		Total	Reducing fraction	Permitted offset		
BLAGAB gains of this period		10,000,000		£		
BLAGAB losses of this period		3,000,000				
Net BLAGAB gains of this period		7,000,000				

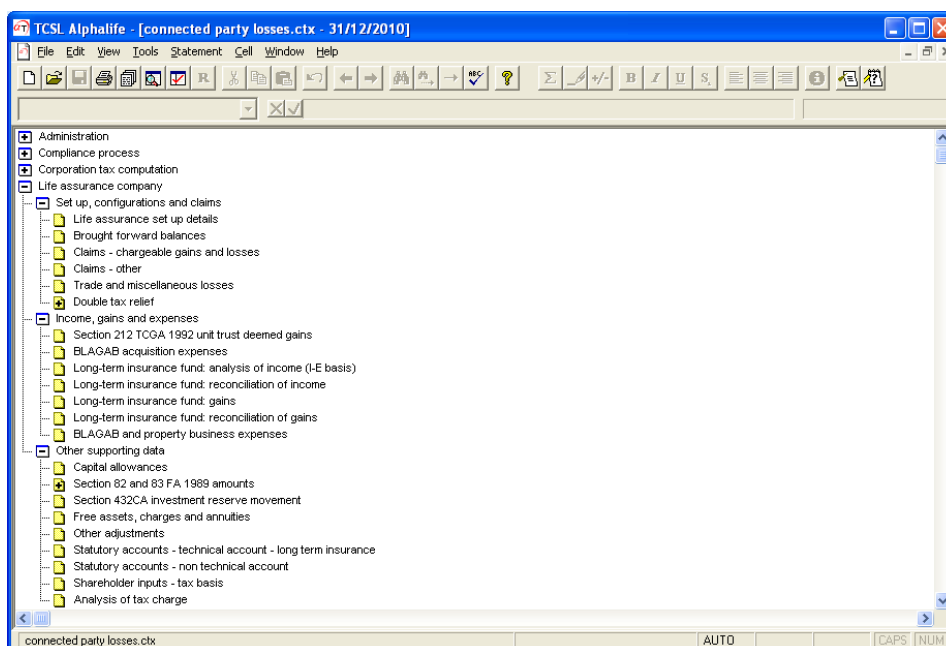
connected party losses.ctx : Chargeable gains and allowable losses

Miscellaneous enhancements and fixes

Navigator enhancements

The Life assurance company section of the contents tree has been subdivided into three sections to improve usability;

- Set up, configurations and claims
- Income, gains and expenses
- Other supporting data

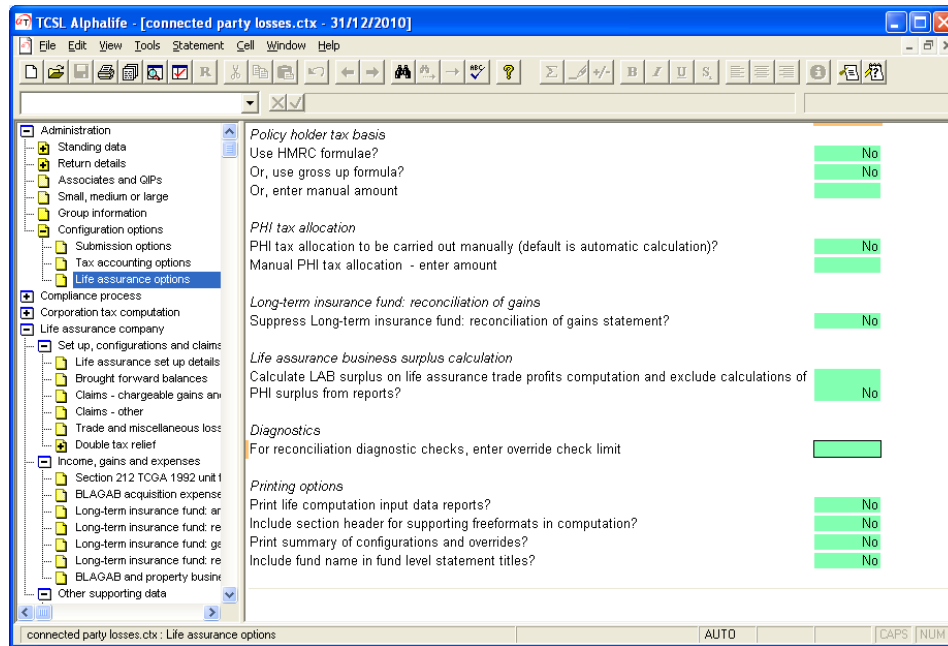


Claims statements

A new Claims – chargeable gains and losses Input statement has been added and claims previously contained on the Claims statement relating to chargeable gains and losses have been moved to this statement. The Claims Input statement has been renamed Claims – other.

Configuration options

A new Life assurance options Input statement has been added within the Configuration options section of the contents tree. A number of options previously included on the Life assurance set up details Input statement have been moved to this statement. The options which have been retained on the Life assurance set up details statement are those for which the settings are unlikely to change between periods (e.g. whether the company is mutual).



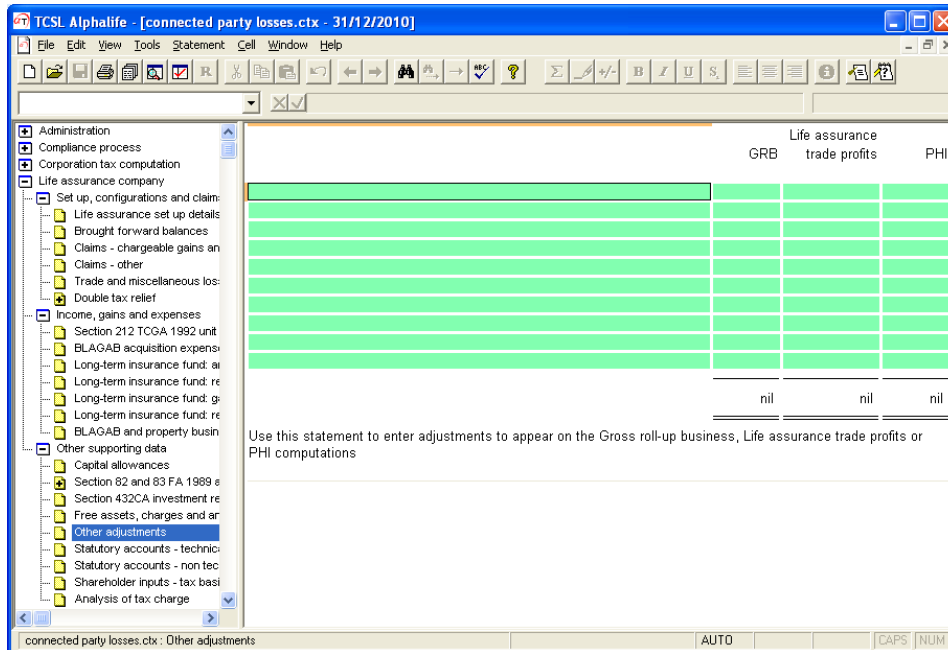
The period dates for the previous seven years (used for spreading calculations) have been moved from the Brought forward balances Input statement to the Life assurance set up details Input statement.

Renamed statements

- The Taxation Input statement has been renamed Analysis of tax charge.
- The Other data Input statement has been renamed Free assets, charges and annuities.

Other adjustments statement

A new Other adjustments Input statement has been added to allow adjustments to be made to the Life assurance trade profits, Gross roll-up business and PHI computations.



Adjustments entered in this statement appear on the appropriate computations with the corresponding narrative as entered. Positive entries appear as add backs and negative entries as deductions. Footnotes entered in this statement will also appear against the appropriate adjustments in the relevant computation.

Adjustments are reported on the Summary of configurations and overrides Report statement where this has been selected for printing from the **Printing options** section of the Life assurance options statement. Adjustments are also automatically included in the Overall proof of tax charge and Detailed reconciliation of current tax charge.

Adjustments to brought forward balances

- New inputs have been added to the Brought forward balances Input statement to allow adjustments to brought forward balances where it is not the first period in the Alphalife file.
- Adjustment cells have also been added to the Form 50 actuarial liabilities and Linked assets and linked fund money debts statements at fund level.
- Adjustments are reported on the Summary of configurations and overrides Report statement where selected and as reconciling items in the Overall proof of tax charge and Detailed reconciliation of current tax charge.

Life assurance business surplus calculation

A new **Calculate LAB surplus on life assurance trade profits computation and exclude calculations of PHI surplus from reports?** configuration option has been added to the Life assurance options Input statement. When this option is selected the surplus arising in the year attributable to life assurance business is calculated and displayed on the Life assurance business trade profits computation Report statement based on the Form 40 movement and movement in liabilities.

This is an alternative to the default calculation which is based on the total surplus arising in the period per Form 58 line 34 less the surplus relating to PHI, calculated on the PHI computation report. The additional calculations of PHI surplus are therefore removed from reports where the above option has been selected.

The screenshot shows a software window titled 'TCSL Alphalife - [alphalife example company ltd.ctx - 31/12/2008]'. The main area displays a tax computation table with the following data:

		Total	Exclude PHI	Life assurance business
		£	£	£
Net surplus arising in the year	B12/E2	575,372,000	1,717,545	573,654,455
Bonuses				
Total amount	E2	25,000,000	-	25,000,000
Exclude "other bonuses"	E2	-	-	-
Deductible amounts allocated to life assurance business policy holders				
				(25,000,000)
Add				
Assimilation from shareholder fund	J9			10,000
Disallowable expenses	E1/J9			43,600
				53,600
Less				
Capital allowances - management assets	D4	540,000	6,713	533,287
Capital allowances - investment assets	D4	38,500	-	38,500
				(571,787)
Adjusted net surplus for the period	E5			548,136,268
Add shareholders' tax				

The bottom status bar of the window reads: 'Alphalife Example Company Limited : Life assurance Case I computation' with 'AUTO' and 'CAPS NUM' options.

The net surplus arising in the year for life assurance business should be the same regardless of which option has been selected, however differences between the two methods can occur where analyses of income or expenditure have not been fully completed at fund level or where the Form 58 input statement is not fully reconciled.

Fund level statement titles

A new option to **Include fund name in fund level statement titles** has been added to the Life assurance options statement. When selected this appends the fund name, as it appears in the contents tree, to the title of each fund level statement in input and report mode, excluding Freeformat statements.

Other miscellaneous changes

- New inputs have been added to the Form 58 valuation result and surplus statement for Other bonuses – deductible. Amounts entered using these new inputs are added to closing liabilities and are deducted in the life assurance trade profits computation. Existing inputs for other bonuses continue to be treated as non deductible.
- An issue with opening liabilities not correctly including premium reductions from the previous period has been resolved.
- Issues with the apportionment of the Free asset amount for the purpose of Section 432A ICTA 1988 where there are negative liabilities for a category of business have been resolved.
- An issue with the calculation of the shareholders' share of non-taxable distributions in the Relevant profits report has been resolved. The calculation of 'A' is now correctly calculated as being life assurance trade profits before the offset of any brought forward losses.
- The Summary analysed Form 40 has been enhanced to include sub-totals for the overall increase/(decrease) in the period relating to GRB and LAB, cross referenced to the corresponding computations.
- A casting issue with the Summary assets analysis and free asset amount statement where there are foreign business assets has been resolved.
- Wording on the Long term insurance fund: reconciliation of gains statement has been updated to clarify that the adjusted total of the Unit trusts, REITS and OEICs section should agree to the sum of inputs for Gains/(losses) on section 212 TCGA 1992 disposals and Offshore gains taxed as income per the Long-term insurance fund: gains statement.
- Issues with the display of underlines in the PHI column of the Analysis of Form 40 income statement have been resolved.

Optional modules

Tax Accounting

First time use of tax accounting

Where the option **First year that Alphatax is used for tax accounting?** has been selected in the Tax accounting options statement, inputs are now available in the Deferred tax summary to **Override the opening provision rate for policyholder and shareholder tax rates**.

Inputs are also available in each of the deferred tax working statements to enter the opening required provision and, where accounts are IFRS compliant, to allocate between shareholder and policyholder.

Enhancement of tax proofs for composite insurers

The Overall proof of tax charge and Detailed reconciliation of current tax charge (where accounts are IFRS compliant and the option to display the report has been selected from the Tax accounting options statement) have been amended for composite insurers.

Items relating to the general insurance trade, previously listed on the overall proof of tax charge, are now detailed on a separate General insurance adjustments report. The total from this statement is included as a line on the Overall proof of tax, cross referenced to the supporting statement.

A similar report, General insurance reconciling items, has been added to analyse general insurance adjustments in relation to the Detailed reconciliation of current tax charge.

Group

Life assurance companies are now displayed on the Loss allocation Input statement. The total group relief surrendered per the Group relief statement can be allocated between types of losses in a similar manner to existing functionality for non-life Alphatax companies with diagnostics to indicate where there are under/(over) allocated amounts.

	Non Life company with losses	AlphaLife company with losses
	£	£
Accounting period from	01/01/2007	01/01/2007
Accounting period to	31/12/2007	31/12/2007
PHII trading losses		
Losses available		1,044,971
Current allocation		588,889
Override allocation		
Loan relationship deficits		
Losses available	-	1,011,111
Current allocation	-	1,011,111
Override allocation		
Excess losses		
Schedule A losses	-	914,978
Management expenses	10,000,000	-
Total excess losses available	10,000,000	914,978

The descriptions of max losses available in the Group relief statement have been improved for life assurance companies.

The descriptions of losses available brought forward and carried forward in the Profits report have been improved for life assurance companies.

