



Alphatax UK Release Notes Spring 2011

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Spring 2011
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Enterprise Manager (Enterprise only)

The Enterprise Manager has been enhanced to enable large organisations to control and manage Government Gateway User IDs and passwords centrally where the use of separate .pmg files would be impracticable. The E-Filing credentials options are enabled via the **ENABLE_EF_CREDENTIALS** setting in the G2 registry section of the tcsldb.ini file.

The Workflow section in the Enterprise Manager has also been updated to include the ability to review and refresh workflow streams.

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

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Terms used in this document

We have tried to keep the number of computer terms used in these Release Notes to a minimum but the use of some terms is inevitable in order to full describe the new e-filing / iXBRL regime applicable from 1 April 2011. In order to aid understanding a summary of terms is provided here.

In this document the term **e-file** means the process of transferring required data to the HMRC computers; the term **iXBRL** refers to the new data format demanded by HMRC for e-filed tax computations and statutory accounts.

We do not require our users to understand any more than this, but for the technically curious, the technical term **e-filing** in corporation tax refers to the submission to the Government Gateway of a single consolidated data file comprising the CT600 (XML format), the tax computation (iXBRL), the statutory accounts (iXBRL), plus other optional files (PDF). Alphatax contacts and ‘polls’ the Government Gateway until it receives a response for that submission. The Government Gateway returns a response file (XML format) which includes details of the success or failure of the submission.

The **Government Gateway** refers to the website used by most UK online government services. The Gateway performs security authentication and validation of the data formats used.

The term **iXBRL** refers to ‘inline XBRL’. iXBRL incorporates machine-readable XBRL tags within an XHTML formatted document meaning that the document can be viewed using an web browser, such as Microsoft Internet Explorer. Tagged numbers, dates, and text can be recognised and analysed by other computer systems.

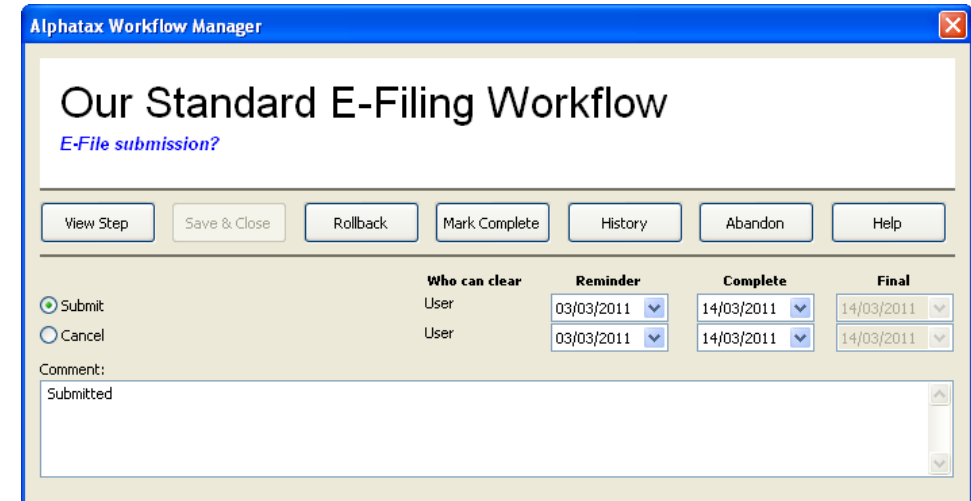
The term **XBRL** refers to ‘eXtensible Business Reporting Language’, and is a syntax for the electronic communication of business and financial data maintained by the XBRL International organisation.

The term **XHTML** refers to ‘eXtensible HyperText Markup Language’, the language in which web pages are written.

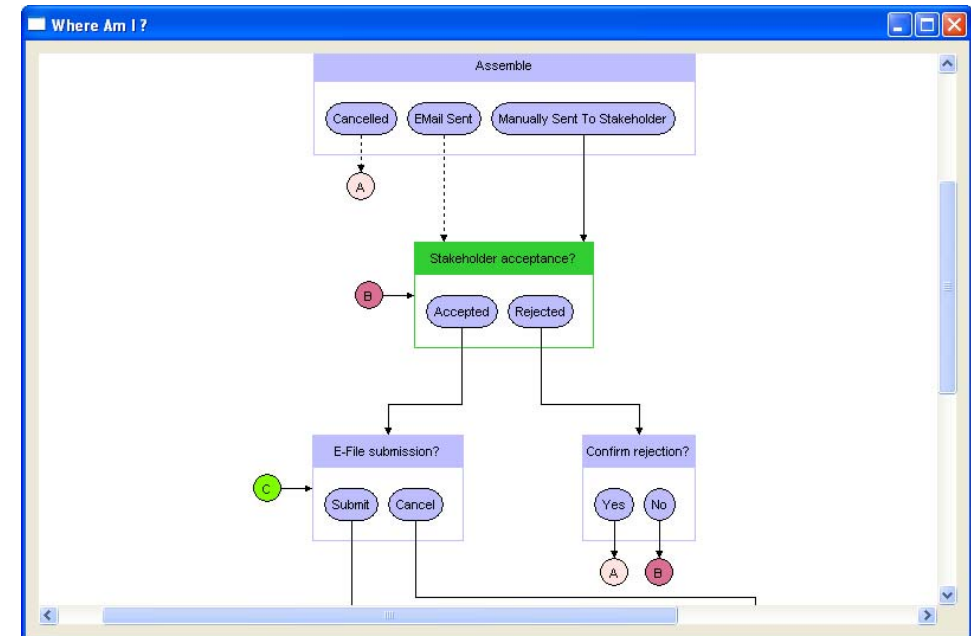
The term **XML** refers to ‘eXtensible Markup Language’ which is a set of rules for encoding documents in machine-readable form. Its definition is produced by the World Wide Web Consortium and is the fundamental building block of the XBRL and XHTML formats.

The term **Malformed** refers to a file than does not conform to the Government Gateway or HMRC format. The response file produced by the Government Gateway will normally give the reason of the failure.

The Workflow dialog has also been enhanced. The current task is shown in italics under the heading.



The **View Step** button enables users to see a flowchart of the steps in the workflow with the current step highlighted in green.



Workflow (Enterprise only)

Multiple roles

Workflow users can now have multiple roles where required.

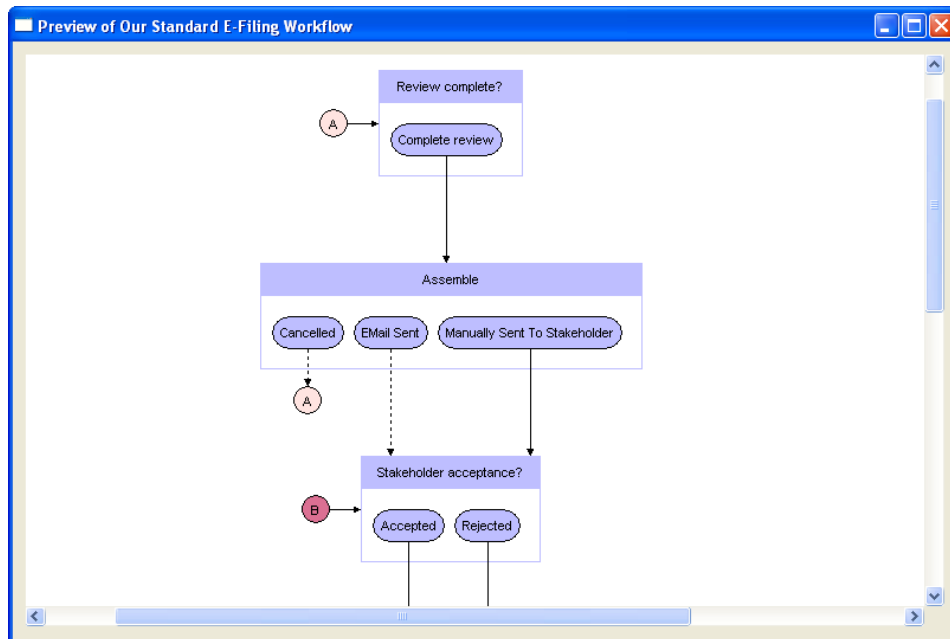
For example a company might typically have two teams of people dealing with the e-filing workflow: a “preparer” team and a “submitter” team. Where required, a user can now be set up as a member of both teams (with the appropriate roles).

When the Team selection dialog appears at the start of the workflow, user must assign the workflow to both teams.

User interface enhancements

Workflow’s user interface has been enhanced with this release.

Users can now view a flowchart of any workflow stream before selecting it by choosing the **Preview** button on the Select stream dialog.



Introduction

Welcome to the Alphatax UK Spring 2011 edition. This edition is a major release which includes:

- Implementation of pre-announced changes to be included in Finance Act 2011
- Enhancements to the E-Filing module including pre-submission validation of attached iXBRL accounts to ensure the success of e-filing submissions when using third party accounts tagging packages
- A rewrite of the E-Filing help incorporating frequently asked questions
- Enhancements to aid the preparation of Authorised Investment Fund computations
- Improvements to the calculation and disclosure of pension schemes adjustments
- Significant enhancements for foreign currency computations with respect to long periods of account and tax accounting
- Enhancements to Workflow

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 Spring 2011.

IMPORTANT NOTICE

This edition of Alphatax is the first to be released following the introduction of mandatory iXBRL e-filing by HMRC. Although Alphatax was the first major CT software provider to gain HMRC recognition back in November 2009 we appreciate that many of you may not have used this functionality to date. We encourage you to review the E-Filing help module which has been significantly expanded to help users who are accessing the E-Filing module for the first time.

IMPORTANT NOTICE

For relevant periods, which may need to be e-filed under iXBRL Alphatax will ask for confirmation of whether returns have been filed to date. Alphatax will automatically set the XBRL status of the computation to ensure that XBRL tagging is applied to all relevant returns. See Periods which may need to be e-filed under iXBRL on page 8.

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 BACKUPOn (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 BACKUPNn created in the Autumn 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 Spring 2011, the version number is 23. You **must** apply the upgrade if the Status shows a version number earlier than 23.

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.

Accounts Analysis

- We have enabled the use of negative P&L numbers in the Trade untaxed income, Non-trade finance lease creditors, Trade and non-trade share scheme deductions and SIP deductions.
- We have added the option to tax categorise revaluation credits on intangibles to the tax categoriser.

Data collection tools: Tax Pack and Alphapack

Our data collection tools have been updated as relevant to reflect changes in Alphatax.

Specialist companies – Ring fence

- The Group relief statements have been enhanced to better deal with claims and surrenders of ring fence profits and losses. These profits and losses are shown separately to non-ring fence profits and losses to allow the max claim calculation to consider the restriction on loss relief. This change applies for periods ending on or after 31 December 2010.

Miscellaneous enhancements

- Users can now record any **Unallowable loss** in the relevant row on the group relief Input statement. This will automatically update the total available loss and the Loss allocation statement.
- In order to allow users to better track losses not available for group relief claims or surrenders in the Group relief statements we have added a new row to the Group relief input statement to document any unallowable losses. Entries will reduce the total available loss remaining on the Group relief and Loss allocation statements.
- Inputs relating to the company joining and leaving the group have been removed from the Group information statement in the company file. The inputs have been removed to prevent refreshing issues where the company is included in two separate Alphatax Group files. The dates that the company joins or leaves the group should be included in Membership details statement in the relevant group file.

E-filing

Our first iXBRL-enabled edition of Alphatax was released over a year ago and has been well received by users. With the deadline for mandatory e-filing now upon us, we have taken the opportunity to further improve our e-filing processes based on user feedback.

We have made a number of enhancements for this release, including:

- For relevant periods which **may** need to be e-filed under iXBRL, Alphatax will ask for confirmation of whether returns have been filed to date. Alphatax will automatically set the XBRL status of the computation to ensure that XBRL tagging is applied to all relevant returns. See **Periods which may need to be e-filed under iXBRL** (see page 8).
- A new tool to validate iXBRL statutory accounts as part of the importation process in order to advise users where issues exist with third party tagged accounts. Alphatax is capable of importing valid iXBRL accounts produced in our own tagging product Alphatag, or by third party software products (see page 8).
- Significantly expanded guidance in input statements and a completely revised E-filing help module including an expanded Troubleshooting section based on a review of e-filing calls received by our Support team.

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 we encourage you to contact our Support team.

Periods which may need to be e-filed under iXBRL

To ensure that the XBRL status of computations is set correctly for periods ending between 31 March 2010 and 30 March 2011 inclusive, Alphatax will provide the following prompt for users to confirm whether the computation has already been filed.

The screenshot shows a dialog box with a blue title bar that reads "donations.ctx - 31/12/2010". Inside the dialog, the question "Have you already filed a return for this period?" is displayed. Below the question are three radio button options: "Yes (no change will be made)", "No (XBRL status will be amended)", and "Ask me later". The "Ask me later" option is selected, indicated by a green dot. At the bottom of the dialog, there are two buttons: "OK" and "Help".

Actions required

- If the return has already been filed for the period select **Yes (no change will be made)**. No changes will be made to the computation.
- Where the return has not been filed to date select **No (XBRL status will be amended)**. The **Filing under XBRL protocol? [Mandatory for returns filed after 31 March 2011]** flag will automatically be set to **Yes** on the Submissions Input statement. This will in turn enable XBRL tagging and any additional input statements required.
- If you do not know whether the return has been filed to date select **Ask me later**. Alphatax will open the file as normal but an additional diagnostic will be included in the file which will ask you to confirm the XBRL status of the computation.

Note. The prompt will not display where Alphatax is aware that the return has already been filed or if a CT600 is not required. Further details regarding the precise conditions applied are provided in the iXBRL section of the E-filing help.

Tax accounting

- Where the **Enable provisions streaming on Gross timing differences statement?** flag is set to **Yes** on the Group Configuration options Input statement, new disallowable trade and management expenses provisions fields are made available in the **Short term differences** section.

You can overwrite this with your own narrative on the Gross timing differences (closing amounts) statement.

Note. Where this is enabled in Group it will be posted back to the individual company computation.

- A new **Omit company item from consolidated tax account reports?** flag on the tax account (current taxes) Input statement prevents both periods of account being returned where a company has two periods of account within the group period.

*Note. The data for this statement is equivalent to the **Current taxes** section in the Alphatax Tax account summary Input statement.*

- Where companies with a long period of account were added to the Group module certain figures were double counted in the tax accounting section. This issue has been resolved.

	Admantium Ltd	Concrete Ltd
	£	£
Accounting period from	01/01/2010	01/01/2010
Accounting period to	31/12/2010	31/03/2010
Non-trade loan relationships		
Financing income	6,000,000	2,000,000
Current allocation	2,000,000	1,666,667
Override allocation	2,000,000	
Miscellaneous income		
Financing income	2,000,000	4,000,000
Current allocation	2,000,000	3,333,333
Override allocation	2,000,000	
Memo		
Total exemptions to allocate	4,000,000	5,000,000
Total allocated	4,000,000	5,000,000
Over/(under) allocated	-	-

Allocation between non-trade loan relationships and miscellaneous income can then be posted to the underlying files without the need to open the individual company files.

After posting:

- Non-trade loan relationships exemptions are deducted from non-trade loan relationship credits in the Non-trade loan relationship credits Input statement
- Miscellaneous income exemptions are deducted in the Sundry income Input statement

Non-Alphatax companies will be included where there is an allocated exempt amount for condition D. Inputs are available to split the total guarantee fees income between non-trade loan relationships and miscellaneous income.

Importing iXBRL accounts

For accounting periods ending after 1 April 2010 which are e-filed on or after 1 April 2011 HMRC expect iXBRL accounts to be included in the e-filing submission subject to a small number of exclusions detailed in Alphatax e-filing help.

Validating iXBRL accounts

We are aware of some issues experienced by users relating to the rejection of malformed iXBRL accounts prepared by third party packages on submission to HMRC.

Malformed files are files that do not conform to the Government Gateway or HMRC format. The response file produced by the Government Gateway will normally give the reason of the failure.

In order to attempt to prevent users experiencing issues with malformed iXBRL accounts, the Spring 2011 edition introduces the option to import and validate iXBRL accounts for inclusion in your e-filing submission. You can choose to import the accounts in one of two ways:

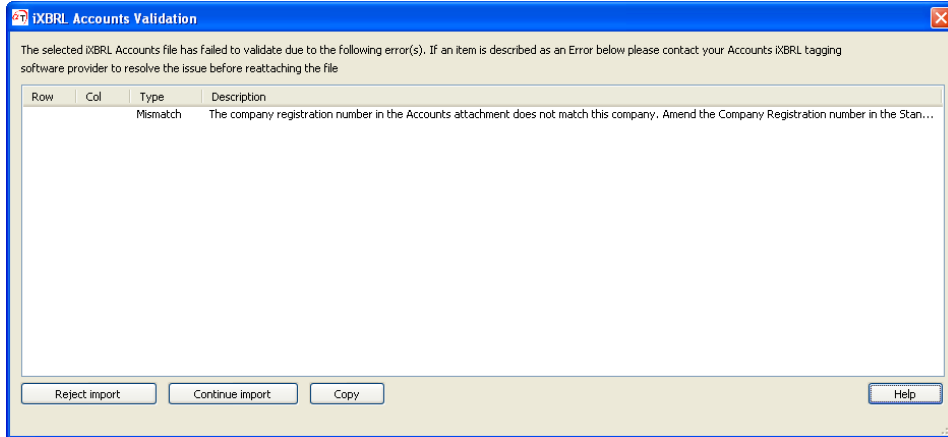
- At any stage prior to Assembling the e-filing package by selecting Tools, E-filing, Import iXBRL accounts. (We **recommend** importing the accounts at this stage as this will provide clarification of any issues with the attached iXBRL accounts at an early stage); or
- During the Assembly of your e-filing package prior to submission (Selection of attached accounts dialog).

Where the import process has been successful, an information box is displayed, confirming that the accounts have been imported. Click **OK**.

Note. We cannot guarantee that the accounts validation process will detect all possible issues arising in accounts prepared using third party accounts production software and that may result in failure of the e-filing submission.

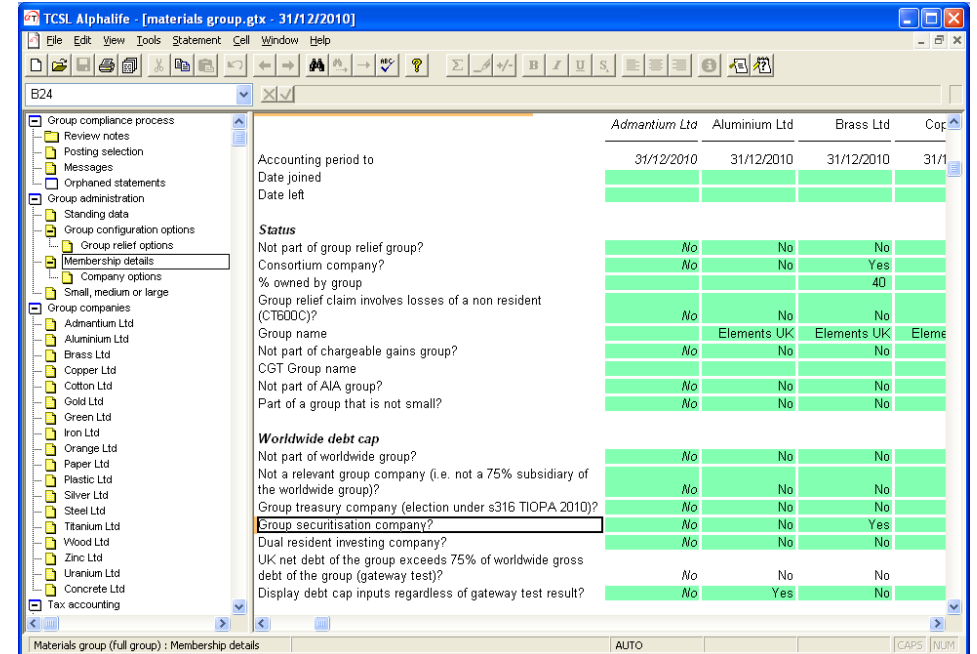
Errors in imported iXBRL accounts

Where any errors are detected an iXBRL Accounts Validation dialog will be displayed.



If there are any errors in the validation dialog we suggest that you do not continue to import the iXBRL accounts as they **will be rejected by HMRC**. You will need to take the following action:

- If there is a mismatch between the **company registration number** in the Accounts and computation (as is the case in the error message above) you can either:
 - Amend the Company registration number in the Return details statement to **exactly** match that tagged in the accounts (including leading zeros). In the statutory accounts file the value will be tagged as `<UKCompaniesHouseRegisteredNumber>`; or
 - Amend the Company registration number which is tagged in the accounts to match the Company registration number in the Return details statement.
- If there are any other issues then the iXBRL accounts file is **structurally malformed and will be rejected by HMRC**. TCSL is unable to resolve issues with iXBRL accounts produced by third parties. You will need to contact your Accounts tagging software provider to resolve the issue.
 - You can copy details of the error messages using the Copy option in order to forward them to your Accounts tagging software provider.



Guarantee fess – Condition D

This release includes guarantee fees - a new type of income which is received from another member of the worldwide group which is in consideration of the provision of a guarantee of a borrowing of that company.

A new Detailed exemptions allocation - Condition D statement enables the allocation of exempt amounts between non-trade loan relationships and miscellaneous income. Note that as this information is refreshed from the underlying company files, the overall total disallowances must be posted first and then refreshed.

Group

Group configuration enhancements

- We have introduced a new Company configuration options statement to aid group level review and control of configuration options used in individual company files. This new feature will make it easier for users to ensure that company level configuration controls affecting disclosure and content of computations are being consistently applied across the group.
- In response to a user request we have enhanced the Group relief input and report statements to include details of prior period profits. To enable this display option flag **Show prior period profit after group relief details on group relief input and report?** as Yes on the Group relief options statement.

Worldwide debt cap enhancements

Group securitisation and DRIC companies

A group company can now be flagged in the Membership details Input statement as a **Group securitisation company?** In this case, the company will not be considered to be a relevant group company or UK group company under TIOPA 2010 Part 7 and will not be included in the calculation of the test income and expense amounts but will be included in the Gateway test.

A group company can now be flagged in the Membership details Input statement as a **Dual resident investing company?** In this case disallowances can only be allocated to the company where the total disallowed amount exceeds the total finance expense amounts relating to other companies. Such companies are identified as DRIC companies in the Statement of allocated disallowances.

Imported iXBRL accounts

Imported files are automatically included in the e-filing Assembly without the need to reattach them.

If you do not import accounts prior to Assembling the e-filing package you can attach them in the Selection of Attached files dialog and the validation check will be carried out at this stage in the manner described above.



Once the accounts have been successfully imported you do not need to reattach the accounts if you subsequently decide to Cancel the assembly of the e-filing package.

Reason why accounts not attached

Where a tax return is due to be e-filed HMRC determine that certain defined text **must** be used to advise where no accounts are being attached. Any variation from HMRC defined text will lead to **e-filing failure**. In order to ensure users comply with this requirement Alphatax restricts entries in the **No accounts are enclosed** field via a drop-down list to match those used in HMRC validation rules.

Computations with exemptions from E-Filing

HMRC do not impose equivalent restrictions for companies that are exempt from mandatory e-filing, so users requested the ability to include their own text in this field in these circumstances. To accommodate this request we have enabled an unrestricted input where the company indicates it is not e-filing by marking either the **Suppress e-filing diagnostics?** or **Company exempt from online filing requirements?** flags where applicable as **Yes** on the Submission options statement.

HMRC specials and exclusions

Alphatax specific guidance included in the e-filing validation statement has been updated to take account of the latest HMRC Specials and Exclusions document (version 1.7, 25 January 2011). For further details on known issues with HMRCs e-filing validations see the following link:

http://www.hmrc.gov.uk/e bu/ct_techpack/ct-specials-exclusions-v1.7.pdf

E-Filing Help

We have re-written the e-filing help section to significantly expand the content available to users. As part of the rewrite we have taken the opportunity to enhance the e-filing help section with a range of frequently asked questions based on the resolution of calls received via our Support desk. The frequently asked questions provide a concise summary of commonly raised issues and suggested resolutions.

We would appreciate any feedback on these changes so we can ensure that the help system continues to meet your requirements in the most effective way.

Miscellaneous Tax Accounting changes

- A new statement option **Deferred tax not to be recognised in the period?** has been introduced on the Deferred tax provision statement to enable users to opt out from recognising assets and liabilities for the deferred tax purposes. The impact of setting this flag to **Yes** or **No** can be amended by entering a value in the Deferred tax liabilities and assets inputs against individual items.
- The Fixed assets input form included in the tax accounting section has been amended to only display appropriate lines populated from elsewhere in the computation. This enhancement significantly reduces the number of lines displayed on the input statement where the lines do not contain any associated values.
- A new flag **Provision for non-allowable purpose?** has been included on provisions accessory statements to allow general provisions to be treated as permanent differences for tax accounting purposes where it is known that it will not be allowable when utilised.
- We have enabled a drop down list to enable users to classify items in the Tax accounting Gross timing differences statement.
- Interest distributions are now separately disclosed on the FRS19 reconciliation and Overall proof of tax.
- Transfer pricing adjustments are now separately disclosed on the FRS19 reconciliation and Overall proof of tax.
- We have revised the rules applying to the diagnostic **Prior period deferred tax provision unreconciled amount'** which previously displayed in a small number of files where tax accounting was not licensed.
- The Gross timing differences report has been enhanced to show the movement between the opening and closing amounts.
- An issue with the default tax base being calculated for non trade provisions has been resolved for periods ending on or after 30 June 2011.

Optional modules

Tax Accounting

FRS19 reconciliation

For periods ending on or after 30 June 2011 you will now be asked to record the FRS 19 reconciliation which explains the current tax charge **recognised in the Accounts**. This can be done on a new **FRS 19 reconciliation of current tax charge input statement**.

The statement allows users to manually provide details of reconciling items in order to customise disclosures automatically generated by Alphatax. A prior year comparative is also provided in both Input and Report mode for information.

This new manual reconciliation sits alongside the existing automated reconciliation which will now explain the tax charge **derived** by Alphatax.

Loans to participators

Following user feedback and for periods ending on or after 30 June 2011, recoverable loans to participator tax is now recognised as a separate debtor within the **Other balance sheet amounts** section on the Tax account summary. It no longer forms part of the deferred tax provision.

Other E-Filing changes

Companies in liquidation

We have added an explanatory note to the Standing data statement to confirm the circumstances in which a company should use the company type flag **3. Company in liquidation?** [Applies to periods following the first year of liquidation only].

We are aware that there is ongoing controversy regarding the application of the type 3 company flag and the default application of the main CT rate to this type of company. Alphatax will apply the main CT rate to any company marked as being in liquidation in line with current HMRC guidance and e-filing validation rules. If and when HMRC amend these rules we will update Alphatax to follow the revised guidance.

If you do not believe that the main CT rate applies to the company then you should not complete the type 3 company flag.

Controlled foreign companies

The following options have been suppressed on the CFC statement as they conflict with the current rules used by HMRC during their e-filing validation process:

- Show details on computation, not CT600B?
- Suppress CT600B?

The entries remain available where the company indicates it is not e-filing by marking either the **Suppress e-filing diagnostics?** or **Company exempt from online filing requirements?** flags as **Yes** on the Submission options statement.

Miscellaneous e-filing changes

- HMRC have removed an e-filing validation relating to the completion of a Notice of Consent for group relief following our feedback. Validation 9520 [below] caused a number of erroneous e-filing failures in prior periods.

E-filing validation 9520: If [Notice of consent completed] is 'yes' then there must be exactly one iteration of [Company]

- In a very small number of cases Alphatax calculates the marginal relief available to companies in a subtly different manner to that used in the HMRC e-filing validations. We continue to review this calculation but in order to ensure that users are always able to e-file we have introduced a mechanism to allow you to adjust the marginal relief calculation if the return fails to e-file successfully. If your return fails to e-file a **Small companies relief** override will be made available in the Submission options input statement.
- We have expanded the range of group relief diagnostics to prevent the inadvertent mis-reporting of accounting periods exceeding 12 months on the CT600C.
- We have revised the action of the Group relief to be allocated inputs introduced in the Autumn 2010 release to fix an issue with the disclosure of these amounts in the e-filing submission.
- The option to populate part 3 of the CT600A to claim a repayment where a loan is released or repaid was introduced in the Autumn 2010 release. However, where a loan was fully released or repaid box 80 of the CT600 did not populate as expected which led to an e-filing validation error. This issue has been resolved.

Charities

Additional diagnostics have been introduced to support the completion of the Charities and CASCs statement. The diagnostics have been aligned to HMRC validations that will be performed on e-filed returns.

Film companies

We have revised the calculations behind the apportionment of film tax adjusted profits in a long period of account. Previously a limited number of adjustments were allocated to the first accounting period rather than being attributed between the both accounting periods. This issue has been resolved.

Oil companies

- We have revised the calculation of pool of field allowances in foreign currency denominated computations to act in sterling rather than company currency. In the original implementation the value of the pool was attributed as a company currency amount, which we now believe to be incorrect. This has not been reported as an issue by any users. If you believe that this may affect any of your computations you will need to review this computation as the pool balances may be affected in a currency computation.
- The Group module has been enhanced to better distinguish between Ring fence and Non Ring fence profits and losses for the purposes of Group relief claims and surrenders (See the Group section for more details).

Non-resident companies

Where a non-resident company computation includes a property business loss together with other general income, s120 ITA 2007 provides that the property business loss may be set off against the general income to the extent that it arises due to capital allowances. Alphatax handled this claim correctly in previous versions but did not report the amount of loss offset in box 2.49 of the SA700. This issue has been resolved.

	Short term	Long term
Total equity and liabilities	10,000,000	55,000,000,000
Excluded equity and liabilities		
Protected deposit liabilities		
Tier one capital equity and liabilities		
Relevant insurance liabilities		
Sovereign repo liabilities		
Property, plant and equipment revaluation reserves		
Relevant current or deferred tax liabilities		
Retirement benefit liabilities		
Financial services compensation scheme liabilities		
Segregated client money liabilities		
Currency liabilities		
Non-excluded equity and liabilities	10,000,000	55,000,000,000
Adjustments		
Legally enforceable netting adjustments		
Joint venture liabilities double charge adjustments		
Adjusted equity and liabilities	10,000,000	55,000,000,000
Reductions		
High quality liquid assets reductions		
Financial asset in respect of an advance reductions		

Future legislative changes

The following is a list of the main changes that were announced in Budget 2011 but which have not been legislated at the time of this release. These will be incorporated into Alphatax in the Autumn 2011 release or a future release if more appropriate.

- Main pool capital allowance rate reduction from 20% to 18% and for special rate pool assets from 10% to 8% together with associated transitional rules applying with effect from 1 April 2012
- Increase in the additional deduction available to SMEs for qualifying R&D expenditure from 75% to 100% applicable for expenditure incurred from 1 April 2011.
- Reduction in the rate at which SMEs can surrender losses for R&D tax credits from 14% to 12.5% applicable from 1 April 2011.
- Abolition of the R&D £10,000 minimum spend limit and the PAYE/NIC restriction on loss surrenders. A proposed application date has not yet been announced.

Distribution account

A new Distribution account statement has been introduced for AIF computations in periods ending on or after 31 December 2010. This statement is available in the Accounts analysis section of the Contents tree where the company is flagged as an Authorised unit trust or an open-ended investment company (Type 1) on the Standing data Input statement.

The purpose of this statement is to allow you to calculate the income available for distribution in the period. The interim and final distributions actually made can also be entered. Any unappropriated income is carried forward and available for distribution in the following period. The starting point for this statement is **Net revenue after taxation** which for Accounts Analysis users is automatically populated from the Revenue account.

Net revenue/(expense) after taxation	1,400,000
Transfers to/(from) capital:	
Associates and GIPs	500,000
Small, medium or large	(250,000)
Tax charged/(credited) to capital	50,000
Current year revenue available to distribute	1,700,000
Unappropriated income brought forward	1,200,000
Adjustment	450,000
Equalisations paid on cancellation	1,050,000
Equalisations received on creation	1,100,000
Other movements:	
	(635,000)
Revenue account	2,865,000
Interim distributions:	
	525,000

Presentational issues

- We have enhanced the report of carry forward values to separately disclose Overseas property losses from other Overseas trade losses.
- In previous versions of Alphatax the Losses report was not printed where trade losses were transferred in under s938 CTA 2010 but the loss was not set against current year trading profits. This presentation issue has been resolved.
- For periods of account ending on or after 31 December 2010 we have enhanced the optional overseas tax analysis report to disclose Franked Investment income and improved the disclosure of the report.
- We have resolved an issue whereby footnotes entered in the two inputs on the **Difference in tax value** row of the Fixed asset statement duplicated in Report mode.

Specialist companies**Authorised investment funds**

Improvements have been made in the way Alphatax handles Authorised investment funds.

Revenue account

For periods ending on or after 31 December 2010, we have renamed the Accounts analysis Profit and loss account to be a Revenue account. This statement now records the values to arrive at **Net revenue after taxation** only. Adjustments to arrive at distributable income and details of distributions themselves can now be entered on the new Distribution account statement (see below).

- Increase to the period over which expenditure on P&M can be given 'Short life asset' treatment from 4 to 8 years. Applicable for expenditure incurred from 1 April 2011.
- Increase in the supplementary charge payable in respect of 'ring fence profits' from 20% to 32% for accounting periods beginning on or after 24 March 2011. This may include a mechanism to reduce the charge back towards 20% depending on the oil price.
- Introduction of an election to exempt profits of foreign branches of UK resident companies from corporation tax. This will be applicable for accounting periods beginning on or after Royal Assent to the Finance Bill 2011.

Offsetting management expenses

CTA 2010 made a change to the order in which management expenses are offset against profits of the period. Previously no set order was provided and Alphatax provided a manual override in order to allow users to obtain the result they required. CTA 2010 states that management expenses should be offset before any other deductions [s1219 (1) and (1A) CTA 2009]. Alphatax calculates the offset based on the revised order for accounting periods ending on or after 1st April 2010. The manual override has consequently been removed for relevant accounting periods.

s1219(1) and (1A) CTA 2009 also impacted the amount of excess management expense available for group relief to be disclosed in Box 137 of the CT600. HMRC have agreed that the amount of excess management expense available for group relief reported in this box is the amount of any excess management expense remaining after the current period offsets in the company.

Periods for which legislative changes apply

A number of changes have been introduced for periods of account ending on or after 30 June 2011, or on or after 31 October 2011. This has been done in order to prevent retrospective changes to existing computations relating to earlier periods.

Other Legislative changes

- Finance (No.3) Act 2010 announced changes to the venture capital trust conditions. The commencement date of these provisions has not yet been announced. Until the commencement date is announced you may choose to apply the revised conditions by flagging **Apply conditions as per Finance (No.3) Act 2010?** as **Yes** on the Trust declaration Input statement.
- 100% FYAs on zero emissions goods vehicles have been implemented. For details, refer to Plant and Machinery under the Capital allowances heading on page 21.
- The extent to which Authorised Investment Funds (Unit trusts and OEICs) could receive a repayment for income tax suffered was previously restricted by SI 2006/964 s52(2). Alphatax included an Income tax potentially not recoverable under SI 2006/964 reg 52(2) field on the Taxed income Accessory statement in order to capture these restrictions.

SI2010/1642 repeals s52 with effect to distributions made on or after 1.45pm of 22 June 2010. After this time Authorised Investment Funds can now recover income tax over and above the CT liability, in the same manner as any other company. In view of the above we have removed **Income tax potentially not recoverable under SI 2006/964 reg 52(2)** field from the statement.

Returns

SA700 Non resident company return

We have included the recently released SA700 2011 (Tax Return for a non-resident Company liable to Income Tax). Please note that the form represents a major departure from previous forms in terms of presentation as the form is now designed to be machine readable. The content of the form remains materially consistent with previous versions.

Other form changes

In previous versions of Alphatax the repayment box on page 1 of form CT600 was not correctly populated where a repayment arose by way of a tax credit on the surrender of loss arising from ECA qualifying expenditure. This issue has been resolved.

- Sch 55 FA 2009 introduced changes to the CT late filing penalty regime. The legislation is due to be activated by Statutory Instrument but this had not occurred by the time of this release. If the Statutory Instrument comes into force prior to the next release you may choose to access the amended penalty provisions using the **Apply Sch 55 FA 2009 Late filing penalty regime?** flag in the Configuration options statement.
- In previous versions of Alphatax a diagnostic was provided where trade related statements were used for a Property business. We are aware that a small number of users found the related diagnostic unclear. In the Spring 2011 release where a Property business is created in a period ending on or after 31 December 2011, any trade related statements which do not apply to this type of business will be suppressed.
- In response to user requests we have enabled the ability to choose the Type of company for individual accounting periods in a long period of account in order to better reflect a change of company status within a long period. Flagging **Has the type of company changed in the period of account?** as **Yes** will enable the following inputs in the second accounting period:
 - 2. Close investment-holding company?
 - 3. Company in liquidation? [Applies to periods following the first year of liquidation only]
 - 8. Charity or owned by a charity?
- We have added new disallowable and non-taxable columns to the trade and non-trade loan relationship debits and loan relationship credits input statements respectively.
- We have added an input **Impairment loss** in the Intangible assets per accounts statement in order to facilitate clear disclosure of impairment losses and total amortisation.
- We have fixed an issue which affected the display of finance and operating lease brought forward inputs in the lessor accounting statements in the case where Accounts analysis was turned on but the transfer of brought forward values from previous periods was deferred.
- A bug in the calculation of trading profits where there is depreciation or profit/loss on disposal of fixed assets entered in the STRGL has now been fixed.

Miscellaneous changes

Retail prices index and tax tables

The RPI, interest rate and tax table file in this release includes changes up to March 2011. 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.taxcomputersystems.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.

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>).

Links to Lexis Nexis Butterworths

The Alphatax Help system includes automatic links to the HMRC web site and to Tolley's Tax Direct online tax reference service. Subscribers of that service are able to access the legislation directly from the statutory references included in the software at the click of a button.

Lexis Nexis Butterworths is in the process of migrating all subscribers to a new platform which will be called TolleyLibrary. We will not be updating our links to the new platform until the Autumn 2011 Edition. This means that for some users there may be a short period when the existing links to the legislation will no longer work.

If you have any queries about the new services, we suggest that you contact your Lexis Nexis Butterworths account manager for information.

Other miscellaneous changes

- We have enhanced the trade Expense adjustments statement to separately identify emoluments recognised in the P&L which have been paid within 9 months of the year end.
- We have added a series of diagnostics to warn users where loss relief is claimed in such a manner that qualifying donations are lost in the period (i.e. an inefficient loss claim is made).

Pension schemes

Following user feedback we have made improvements to the way Alphatax handles pensions and related tax adjustments. The changes will apply to periods ending on or after 30 June 2011. The changes involve improvements to the Pension scheme Input statements. In brief:

- The FRS 17 pension scheme adjustments Input statement will no longer be used for the purpose of calculating the tax adjustment and the deferred tax. Instead, it is an optional statement used for reconciliation of the amounts derived from the Pension scheme Input statements only.
- Pension scheme Input statements will be used for calculating the adjustment / deferred tax in all instances including instances where spreading does not apply.

Pension scheme Input statements

Pensions spreading relief

In periods ending before 30 June 2011, the unrelieved carried forward / brought forward amounts contained both the unpaid amounts and the paid amounts unrelieved due to relief spreading.

For periods ending on or after 30 June 2011, the unrelieved amounts resulting from the relief spreading are shown separately. Any unpaid amounts will be disclosed in a separate **Pensions debtor/ creditor** row.

In the first period ending after 30 June 2011, the unrelieved amounts brought forward are automatically allocated to either the **Pension spreading relief** section or the **Pension debtor/ creditor in period** section. The unpaid amounts can be adjusted if required.

Note. Disclosure of pension debtor/creditor is optional and depends on settings in the Input statement.

Defined benefit schemes

In periods ending on or after 30 June 2011, the scheme may be marked as a defined benefit scheme by flagging the **Is it a defined benefit scheme?** field as **Yes**.

Where a scheme is marked as a defined benefit scheme, the scheme's assets and liabilities are displayed separately from other deferred tax assets and liabilities under FRS17 and are clearly identified as relating to a defined benefit scheme.

In addition, where the scheme is set as a defined benefit scheme, the **Balance sheet summary** section in the statement must reconcile with the FRS17 pension scheme reconciliation statement when the latter is populated. If this is not the case, a diagnostic will be displayed.

First period ending after 30 June 2011

If the FRS17 pension scheme reconciliation statement was used in periods ending before 30 June 2011, it must be reconciled with the Pension scheme statement in periods ending on or after that date. Add the Pension scheme statement from the Pension scheme list and set it as a **Defined benefit scheme**.

In periods ending on or after 30 June 2011, tax adjustment and the deferred tax will be calculated based on the entries made in the Pension scheme statement rather than in the FRS17 pensions scheme reconciliation statement.

Timing differences relating to defined benefit schemes have been streamed out of the short term timing differences in Tax accounting sections under FRS17. Use the **Reallocation to defined benefit scheme timing differences** input cells in the Tax charge per accounts statement to reallocate the previous period's values per accounts.

FRS17 pension scheme reconciliation Input statement

Use the FRS17 pension scheme reconciliation Input statement to record items required for statutory accounting under FRS17 or IAS 19.

Pension schemes

For periods ending on or after 30 June 2011, a diagnostic will be displayed if amounts entered here do not reconcile with entries for the pensions scheme(s). Users should set up pension scheme statement[s] if they have not been established in previous periods.

Group relief

- In a foreign currency computation where management expenses were fully relieved against Controlled Foreign Company (CFC) profits, a net amount was shown as being available for group relief in the group module despite the expenses having been fully offset. This issue has been resolved.
- In previous versions of Alphatax where the company name of the other party to a group relief claim or surrender was not known and the **To be allocated** insertable rows were used to provide details the CT600 displayed the provisional figure but the Details of company surrendering relief section was not populated. In the Spring 2011 release the details of company surrendering relief section will be completed.
- We have introduced a new option to cater for users who wish to include a CT600C signatory that differs to the signatory for the main CT return. Where the **CT600C signature different from CT600 return?** option is flagged as **Yes** on the Group information statement new input cells will be made available to enable details of the CT600C signatory to be provided.

Worldwide debt cap (company file)

- New flags on the Group information Input statement enable additional control over the Worldwide debt cap calculation for particular company types:
 - **Group securitisation company?** Where this field is set to **Yes**, the company will not be considered to be a relevant group company or UK group company under TIOPA 2010 Part 7 and will not be included in the calculation of the test income and expense amounts but will be included in the Gateway test.
 - **Dual resident investing company?** Where this field is set to **Yes**, disallowances can only be allocated to the company where the total disallowed amount exceeds the total finance expense amounts relating other companies.
- A new income type is also included:
 - **Guarantee fees – Condition D.** A new type of income which is received from another member of the worldwide group which is in consideration of the provision of a guarantee of a borrowing of that company.

Capital disposals

- We have amended the Capital gains disposal Reliefs and postponed charges statement to display the **Substantial shareholdings exemption** flag in all instances, regardless of whether the disposal represents a direct disposal of shares. The display rules have been amended in order to take account of share related disposals such as the disposal of call options which themselves involve no direct disposal of shares.
- The capital gains tax disposal and share pool disposal statements have been enhanced to facilitate the entry of currency values for proceeds and acquisition/disposal costs. Setting the flag **Enter proceeds and cost in currency?** in the relevant disposals statement to **Yes** will display the relevant currency inputs. An input to enter the currency symbol is also available to define the symbol that will appear in the capital gains Report statement.
- Where the adjustment to gain/(loss) input was used in the share pool calculation, the Summary of capital disposals Report statement misreported the adjustment. This issue has been resolved in the Spring 2011 edition. We are not aware that any users have experienced this issue.
- In previous versions of Alphatax individual capital gains disposal reports did not display where nil proceeds were received and the asset was acquired prior to 31/3/1982 and was subject to a rebasing election. The display condition has been revised to display disposals meeting these conditions for periods ending on or after 31/12/2010 in order to ensure that no changes are made to submitted computations.

Capital allowances

Plant and machinery

The Plant and machinery main pool has been updated so that 100% first year allowances can be claimed for expenditure incurred between 1 April 2010 and 1 April 2015 for zero-emission goods vehicles (CAA 2001 s45DA). Include relevant expenditure in the **Expenditure on which FYAs at 100% are claimed (zero-emission goods vehicles)** input.

Annual investment allowance

- Following an update to HMRC e-filing validation checks we have enhanced the calculation of the Annual Investment Allowance (AIA) to enable a monthly apportionment of the limit in accounting periods of less than 12 months or straddling a limit change. The AIA limit can be apportioned on a monthly basis if the period consists of a whole number of months. Alphatax will give the monthly apportioned limit where it gives a higher allowance than the daily apportioned limit. A flag has been provided to revert back to the daily limit if required. The revised calculation is available for periods of account ending on or after 31 December 2010.
- We have enhanced the AIA calculation to accommodate expenditure which qualifies for Plant & machinery allowances but which fails to qualify for AIA under the provisions of ss213-217 CAA2001 as the transaction took place between connected parties. A new input **Connected party expenditure not qualifying for AIA** is enabled where expenditure is entered into the Expenditure qualifying for WDA at 20% pa input in the Plant and machinery main pool input statement.

Other capital allowances changes

- Following user feedback we have reviewed the display rules used in the Other capital allowances report to ensure that appropriate disclosure is used where Research and Development assets have been fully written down in previous periods.
- We have reworded the diagnostic that appears when the WDA disclaimed exceeds the maximum WDA available on the s938 CTA 2010 transfers statement to make it clearer where the erroneous entry has been made.
- In response to a user request we now continue to display the Expensive cars capital allowances input statement for accounting periods beginning on or after 1 April 2009 to accommodate situations where cars are transferred to the company under the provisions of s938 CTA 2010.

Overseas income

Foreign dividends

- The majority of foreign dividends received on or after 1 July 2009 are non taxable and classified as franked investment income. As with UK dividends they include a deemed 1/9 tax credit and by default, Alphatax requires you to enter overseas FII gross of this credit.
- Following user requests we have enabled an option to **Enter FII received net of deemed tax credit?** for periods ending on or after 31 December 2010. If selected the FII received column is replaced with a Net FII received column. Income can be entered as received and Alphatax will automatically calculate the appropriate deemed tax credit on the Franked investment income report. Note that this option is not available if FII is accounted for gross of the deemed tax credit in the P&L.
- For periods ending on or after 31 December 2010 it is possible to separately configure whether UK and overseas FII are accounted for gross of the deemed tax credit. Select **Deemed tax credit included in P&L?** (i.e. dividends accounted for gross of tax credit in the accounts) on the Overseas income statement to specify that overseas dividends are accounted for gross. The existing option on the Franked investment income input statement now controls the status of UK dividends only.

Presentational changes

- Following user requests, for periods ending on or after 31 December 2010, the Overseas income Report statement has been enhanced to disclose non-taxable dividend income separately from other taxable overseas income.
- Recoverable WHT is now disclosed on the Report statement.
- The **Non-dividend** flag has been renamed to **Misc income** and the **Misc income** flag has been renamed **Misc charges**.

Secondary trade adjustments

Following user requests we have enhanced the Secondary trade adjustments Input statement to enable automatic population in companies that are not using Accounts Analysis and where there is just a single secondary trade.

Where the above conditions apply a new flag **Make automatic secondary trade adjustments? (can be overridden below)** will be made available in the Secondary adjustments statement. If you mark this option as **Yes** any relevant secondary trade adjustments will be automatically made in the computation. As noted you can override the automatic allocation by making the appropriate entry in the Secondary trade adjustments statement.

Note that computations prepared using Accounts Analysis will automatically complete the relevant inputs in the Secondary Trade adjustments statement no additional adjustments are required.

The secondary trade adjustments input statement has been rewritten to only display income and expense items that are included in the company, reducing the number of data inputs substantially. If you wish to display all available adjustments mark the flag **Show all adjustments?** as **Yes**.

CT41G

The CT41G (New company details) input statement has been rewritten to more closely match the order used in the form. We also provide details of the CT41G boxes which are populated by each input.

Where information is included on the CT41G on the basis of entries in other Alphatax input statements these have been listed on the face of the CT41G information statement for ease of reference.

We have made of the following changes:

- Relevant rates of relief are now displayed more prominently.
- Legislative references have been suppressed by default. Where references are desired you may display these on the input form by flagging **Display legislative references on input form?** as Yes. Redesigning the input form in this manner has enabled us to include a more comprehensive selection of legislative references than in previous releases and to more clearly distinguish where legislative references apply to SMEs or large companies.
- Inputs relating to vaccine relief have been hidden by default due to the small number of claims made. If required you can access the vaccine relief inputs by flagging **Display vaccine research expenditure inputs?** as Yes
- The summary of additional deductions has been amended to display only those deductions that apply in the period.

The above changes relate to the disclosure of the input form only. No changes have been made to the existing report disclosure.

Other enhancements

In previous versions of Alphatax where R&D relief was being claimed under both the normal large company provisions and also under the additional SME relief provisions of Chapter 4 Part 13 CTA 2009, the latter amount of expenditure and additional relief was double counted in box 101 of the CT600. This issue has been resolved.

Eligible Unrelieved Foreign Tax (EUFT)

EUFT does not apply to foreign dividends received in periods beginning on or after 1 July 2009. However, in rare cases, special arrangements may exist with HMRC for EUFT brought forward. In these cases, set the **Do not eliminate EUFT on its abolition?**, **Display EUFT input statements after EUFT abolition?** and/or **Allow EUFT brought forward to be available for group relief surrender?** [per HMRC manual INT 164330] flags to **Yes** in the **Overseas income and DTR** section of the Configuration options Input statement.

The DTR allocation of loss reliefs now correctly takes into account whether the dividend is received on or after 1 July 2009 in order to maximise EUFT.

Foreign currency computations

Long periods of account

For periods of account ending on or after 30 June 2011, the Translation mode dialog has been enhanced to allow different average exchange rates to be used for both accounting periods in a long period of account.

Tax accounting

- Spot rate inputs have also been added to the Corporation tax payments Input statement in a currency computation such that the current tax effect of each instalment payment may be disclosed more accurately in the Tax accounting reports.
- Additionally, non-company currency tax accounting balances (i.e. trade or sterling denominated amounts) will now be translated at the closing balance sheet date spot rate for the period of account on the Tax account summary and Gross timing differences report. Exchange difference calculations have also been added to provide the correct prior year adjustment or current tax charge reconciliation as appropriate.

Company templates

We have updated the company templates to include additions qualifying for 100% FYAs on zero emissions cars.

We have consolidated the number of company templates to remove those which we do not believe are being used. Please contact Support if you do wish to continue to use any of the following templates.

- Large company
- Multi-trade company (3 trades)
- Multi-trade company (4 trades)
- Trading company with 2 foreign branches
- Trading company with divisions (3 trades)

Usability

- We have taken the opportunity to provide additional user guidance in a number of Alphatax input statements in order to aid completion of these statements. The comments have been designed to provide clear guidance on common user queries identified from a review of user calls made to our Support team.
- We have reviewed the disclosure of all Alphatax Input and Accessory statements to ensure that they are both clear and easy to complete. We have suppressed a number of calculated results where they do not apply in the computation to ensure all user inputs are displayed in a concise manner. To aid navigation within input statements we have made the section headings bold. The changes made to the disclosure of input statements do not affect the disclosure of any Alphatax reports.
- Where appropriate the Alphatax Input statements have been enhanced to display the reference of the CT600 box associated with the inputs. We hope that this enhancement will make it easier to identify the components of the CT600 return, especially when combined with the CT600 return values report which is enabled as part of enhanced disclosures made where a computation is enabled for iXBRL e-filing.
- The trade Accounts adjustments Input statement has been rewritten to ensure that only relevant options are displayed. As noted on the input statement UFT inputs are now be found on a new Foreign tax & UFT statement.

Enhanced expenditure reliefs

A number of users previously commented that the Enhanced expenditure reliefs statement, whilst comprehensive, was hard to follow for simpler companies. We have acted on this feedback and completely redesigned the statement in order to ensure it is both easier to follow and to determine the rates and reliefs available.

