



# Alphatax Ireland Release Notes Spring 2011

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## Introduction

Welcome to the Alphatax Ireland Spring 2011 edition. This release includes:

- Enhancements to Research & Development credits including the automation of credit repayments.
- A new Penalties arising Input statement which calculates interest on any late payments of preliminary tax and any surcharges due on late filing.
- Improvements to Accounts Analysis and the Tax categoriser.
- Other miscellaneous changes and bug fixes.

## 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. Enterprise users must also upgrade the Enterprise database as described on the following page.

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

## Templates

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

To allow you to retrieve your own versions of these templates, if applicable, the old templates are stored in a new folder called BACKUPNn (where n is a number incremented for each new installation). Note that this part of the process may take some time. A wait box is displayed enabling users to track progress during the process.

Folders called BACKUPMn created in the Summer 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 22. You **must** apply the upgrade if the Status shows a version number earlier than 22.

4. Choose **Upgrade Now** for Alphatax Enterprise Manager to upgrade the database.

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

## Research & Development credits

Prior to this release the calculation of refundable tax credits was a manual process. In this release we have automated the process and Alphatax will automatically calculate payable tax credits for periods of account ending on or after 1 December 2010 and will also roll forward the remainder of the tax credit over three periods, calculating the payable tax credit in each period when required.

### Where the manual process has been in use

Where the manual process has been in use, Alphatax will raise the following diagnostic to advise users what is required to move from the previous manual process to the new automatic one. These adjustments will not be required in future periods.

**The R&D payable tax credits are now automatically calculated in Alphatax. Remove the manual inputs of the Excess R&D credits to be refunded and the allocation of R&D credit carry forward in the CT1 input cells in the Research and Development tax credit input statement.**

The following fields need to be amended.

Field	Value
Qualifying expenditure "relevant period" start date (must be on or after 01/01/2004)	01/01/2010
Qualifying expenditure "relevant period" end date	31/12/2010
Qualifying R&D expenditure in the "threshold period" from 01/01/2003 to 31/12/2003	
Adjustment to qualifying R&D expenditure in the "threshold period" - enter description below	
Incremental qualifying R&D expenditure	24,000,000
Current period R&D tax credit based on company expenditure	6,000,000
Non payable credit brought forward (pre 2009)	
Credit brought forward on expenditure incurred in period ending 31/12/2009	
Credit brought forward available for third instalment	
Current period tax credit	6,000,000
Excess R&D credit claimed from future period [enter FX rate of subsequent year]	
Available tax credit	6,000,000
Corporation tax for the period before R&D tax credit	nil
Credit utilised under Section 766 TCA 1997	nil
Prior period Corporation tax liability	nil
Excess R&D credit set back to prior period	
Excess R&D credit to be refunded under s766 (4B)(b)(i)(I)	1,980,000
Excess R&D credit to be refunded under s766 (4B)(b)(i)(II)	25,000
Excess R&D credit to be refunded under s766 (4B)(b)(ii)(I)	250,000
Excess R&D credit to be refunded under s766 (4B)(b)(ii)(II)	50,000
Excess R&D tax credit c/f	4,020,000
Clawback of R&D expenditure under s766(7C)(b) or s766(7C)(c)	
<b>Other cells to complete CT1 (enter Euro figures)</b>	
Allocation of R&D credit carried forward from prior period to three boxes in the CT1	
Line 9.17 -Carried forward from previous period excluding unused credit carried forward under s766(4B)(b)(i)(I) and s766(4B)(b)(ii)(I)	250,000
Line 9.18 -Unused credit carried forward under s766(4B)(b)(i)(I)	50,000
Line 9.19 -Unused credit carried forward under s766(4B)(b)(ii)(I)	

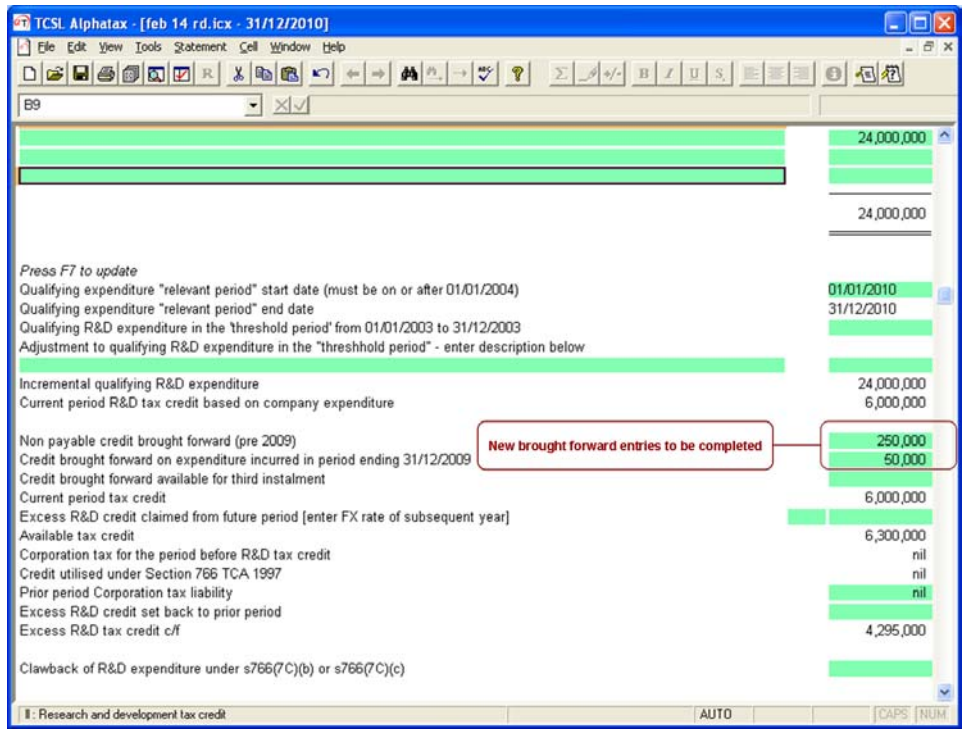
### R&D credit brought forward from prior periods

The following diagnostic will be raised in companies with periods of accounts ending on or after 1 December 2010 where a company has a Research & Development credit brought forward from prior periods.

**The sum of the non repayable, first instalment and second instalment R&D credits b/f does not sum up to the total R&D credit b/f. Use the input cells in the Research and Development tax credit input statement to analyse the brought forward balance**

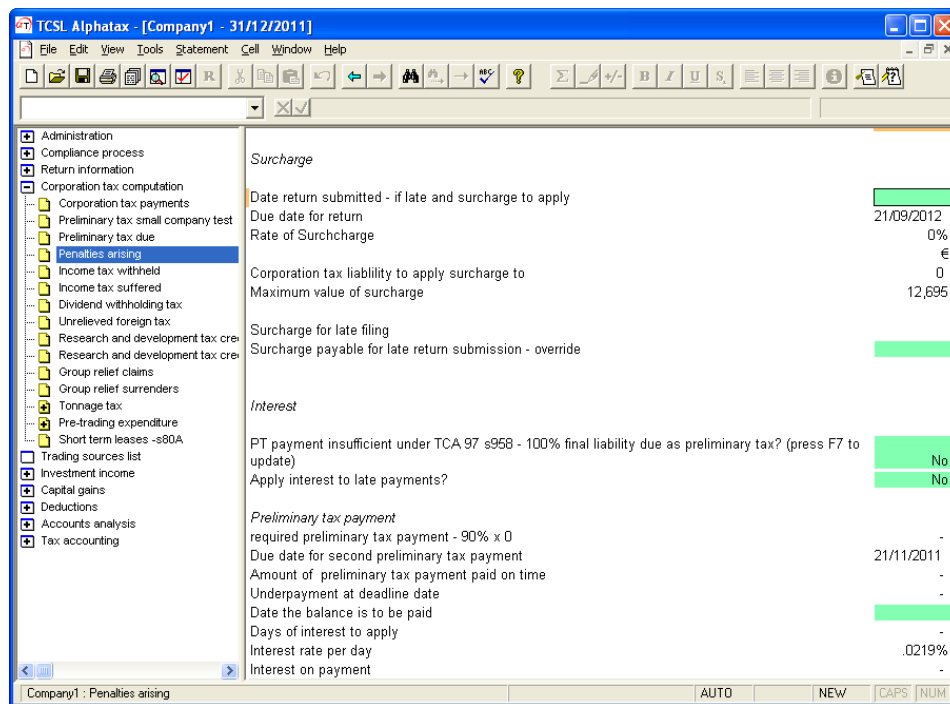
The user will be required to use the input cells in the relevant Research and Development statement to split the brought forward figure between the amount that qualifies for the payable tax credit regime i.e. from 2009 onwards and the amount which will never qualify for a payable tax credit.

In this case, the following fields need to be amended.



## Interest and surcharges

Following user feedback, there is a new Penalties arising schedule which calculates interest on any late payments of preliminary tax. Users can now enter the actual date of payment and the date the return was submitted and choose to have the interest and surcharges calculated. The computation will be amended to reflect this while the CT1/ROS return will not be amended as the CT1 has no cell to reflect the interest or surcharge.



## Branches

- The CT1 2010 has been amended to reflect the fact that when a trade utilises a loss from one of its branches, the loss is not being utilised under s396A. The profit figure to appear in the CT1 is the profit net of the loss, and no loss figure appears in the s396A box.
- The display of branches with long periods and losses has been improved.

## Intangible capital allowances and s80A leases

- The display of intangible capital allowances and s80A leases has been improved in the Trade summary and Consolidated trade summary.
- The disposal of assets which qualified for intangible capital allowances now feeds through to the Fixed asset statement.
- The tax reconciliation and overall proof of tax have been amended to take into account balancing charges/allowances arising on s80A leases.
- A diagnostic has been created to warn users when the adjustments manually entered for the various intangible capital allowances do not equal the sum to the trade total.

## Other changes

### Foreign currency changes

- Offshore gains are now correctly called case IV income in the Profits chargeable statement.
- The display of foreign income from trading profits for long periods has been improved.
- An option to use spot rates on foreign case III income is now included.

### Other fixes and enhancements

- A new **Period out of which distribution relates to** column in the Dividend withholding tax Input statement allows users to track what period a close company dividend was paid for.
- The roll forward of associated company shareholder information has been amended to prevent current period information being changed by prior period information.
- Problems with printing the **No of copies** specified in the Batch printing Setup dialog have been resolved where multiple companies were being selected from the CCM for batch printing.
- Where a computation is locked, Freeformat statements can no longer be moved to a different parent statement or reordered in the Contents tree.

## Optional modules

### Tax accounting

The Tax account summary Input statement now has repeatable rows allowing users to enter multiple miscellaneous issues for each section.

### IFRS – overall proof

Under IFRS the deferred tax provision is to be generated from the Balance sheet and therefore the calculation of deferred tax may differ to the values per the tax computation e.g. the tax base of PPE might not equal the tax written down value of assets. Alphatax now analyses the various columns and incorporates them into the proof of tax.

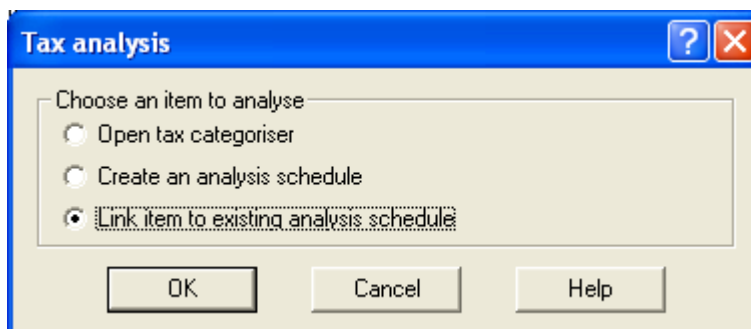
### Accounts Analysis

#### Analysing multiple values

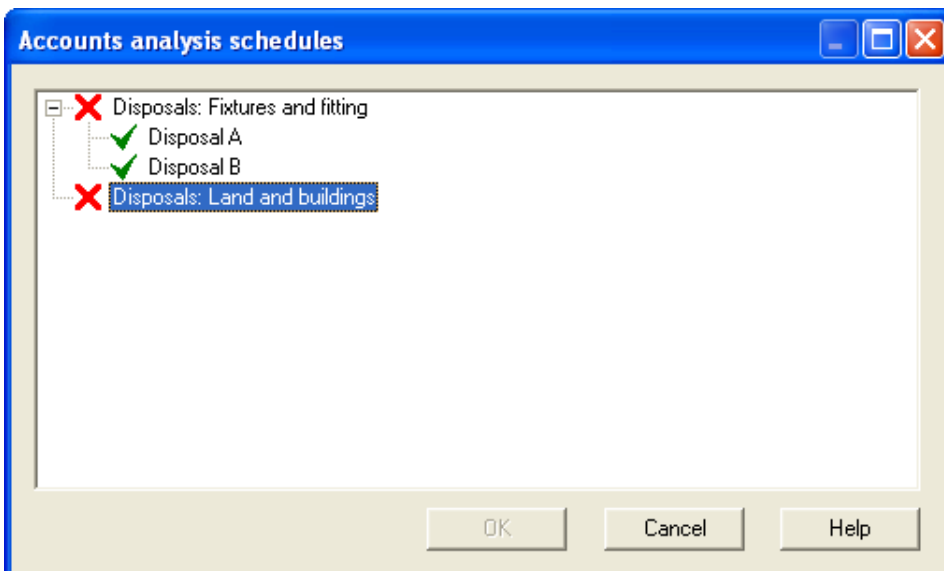
In response to user feedback we have enhanced Accounts Analysis to enable analysis of more than one value in the same analysis statement. Where analysis statements already exist, you will now be given an additional option of linking a value to an existing analysis statement, rather than creating a new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

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

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



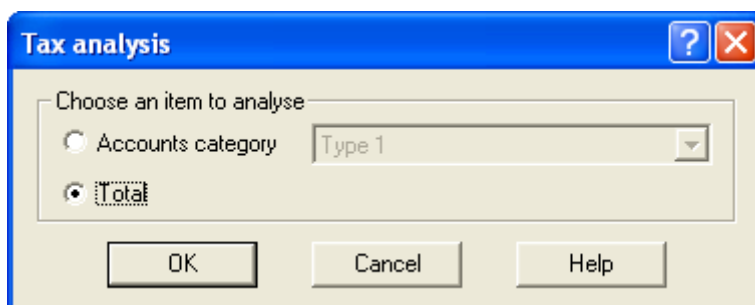
Where this is selected, a further dialog will be displayed allowing you to select which existing analysis statement you wish to add to. Note that some restrictions apply which mean it may not be possible to link into all existing statements. Available statements are highlighted with a green tick.



### Categorising fixed assets from total columns

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

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



## Group

- New **Does the group have close companies?** and **Does the group have close service companies?** flags are available on the Group Configuration options Input statement. These flags ensure the display of section 440 and section 441 surcharge calculations for each company as well as the calculation of the surcharge payable this period for each company.
- Where periods are added to a company after it has been added to a group, the period is now included in the group following a Refresh.
- A new Group document manager heading is now listed in the Group Contents tree for Enterprise users only, enabling users to add group documents and manage them via a new Group documents Input statement.
- Companies in the Group companies list can now be sorted alphabetically. The option can be selected via the right click **Sort companies** menu.
- The Group function has been amended to prevent divisional computations being added to a group.

## Division Consolidation

### Divisional adjustments

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

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

Division name	Value	Adjustment	Total	Reason for adjustment
DIVISION1	0.00	550,000.00	550,000.00	
	-	550,000.00	550,000.00	
Company level adjustment			-	
	nil	550,000.00	550,000.00	
Original cell value			50,000.00	
Difference to above			500,000.00	

### Entries assigned to all divisions

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

### Unassigned entries

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

You can now choose to:

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

