Alphatax Ireland Release Notes
Summer 2010

tax computer systems

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
1 Hatch Place
Dublin 2

Tel: +353 (0) 1 661 9977
Fax: +353 (0) 1 661 0642

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

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

Accounts Analysis

The categoriser has been enhanced to include additional user-definable column headings. These new options represent unlinked columns that allow users to insert their own descriptions and to choose where to link values. User-definable column headings are available on a company-wide level, a non-trade level and for individual trades.

Group

Short term leases

A new s80A short term leases Input statement enables users to set a group limit for s80A capital allowances which is posted to the computations for each company with the group.

R&D tax credits under s766A

Following the signing of the Commencement Order on 24 September 2009 giving effect to TCA 1997 s766A, a new **R&D credit s766A** column is displayed on the s766A R&D expenditure on buildings Input statement in the Research and development section of the Group Contents tree.

Data entered here is posted back to the Research and development tax credit – buildings Input statement for each company within the Group.

Disclosure statement

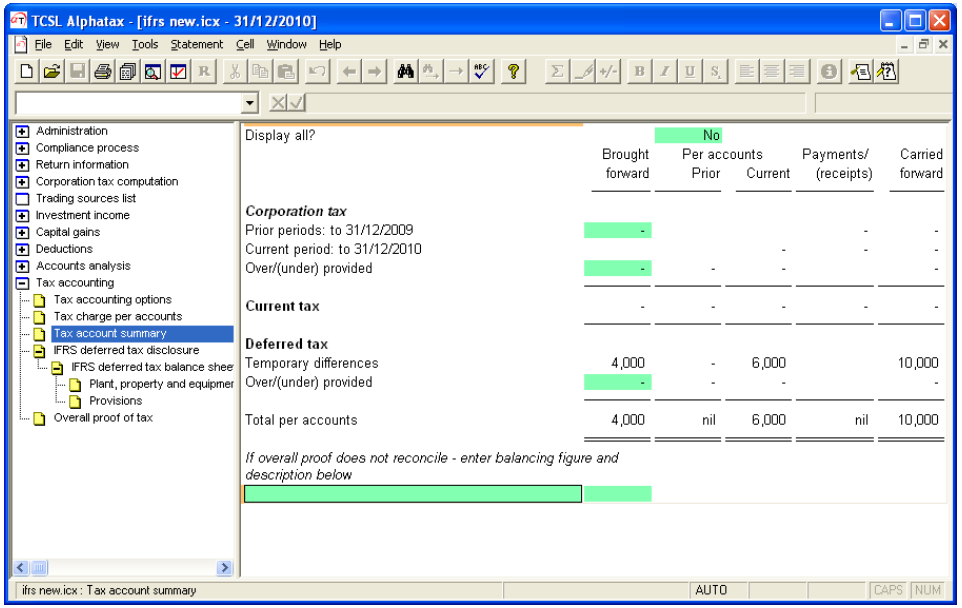
The IFRS deferred tax disclosure Input statement picks up closing balances from each row of the IFRS deferred tax balance sheet Input statement and automatically assigns them to appropriate rows in the IFRS deferred tax disclosure Input statement. An **Other** temporary difference row appears for the rows of the balance sheet which do not have a logical link to any other specific row. This will be the case when users create their own rows in the balance sheet. Users have the option in the disclosure statement to enter their own narratives for these items and to display the figures separately.

Other Tax accounting changes

The Tax accounting options Input statement has been moved from the Administration section to the top of the Tax accounting section of the Contents tree.

Tax account summary

A **Display all?** flag at the top of the Tax account summary Input statement enables users to hide or display a number of columns and rows as shown below. By default, the flag is set to **No** for new computations created in version 11.0.



Contents

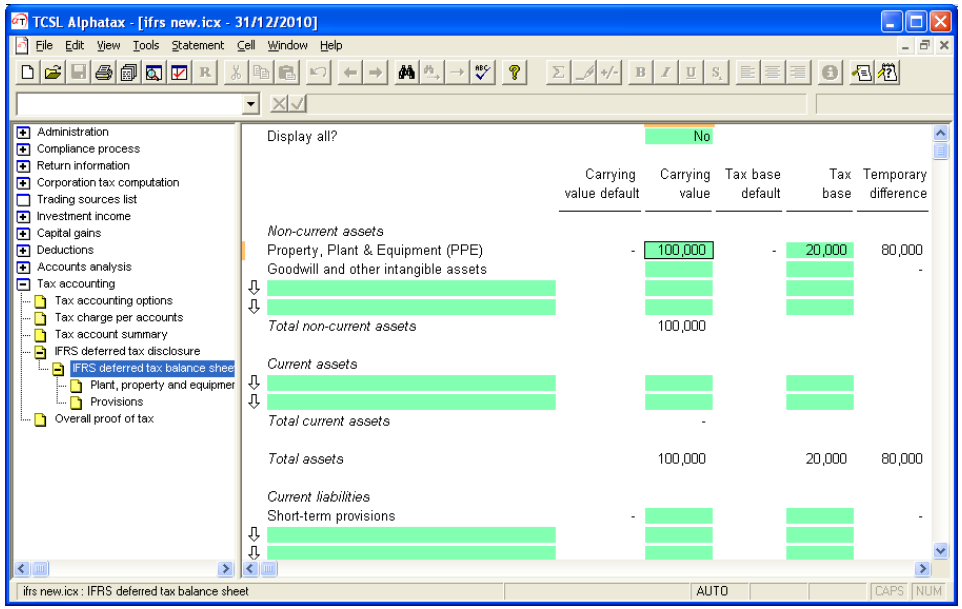
Introduction 5
Installation 5
Return forms and ROS schema updates for 2010 7
Finance Act 2010 7
Miscellaneous enhancements and fixes 10
E-Filing 11
Optional modules 12

Alphatax Release Notes

IFRS deferred tax balance sheet

A **Display all?** flag at the top of the IFRS deferred tax balance sheet Input statement enables users to display or hide rows, columns and sub-statements as required. By default, the flag is set to **No** for new computations created in version 11.0. This results in the user being initially presented with an intuitive layout which does not display the columns required to deal with more complex and less frequently encountered IFRS issues.

Values such as TWDV and NBV of fixed assets and provisions are automatically completed as the **Carrying Value Default** and **Tax Base Default** based on entries already made in Alphatax. These values can be overwritten if required. This ensures that when a user initially opens the balance sheet that they can see a temporary difference being calculated for the PPE if the file has assets eligible for capital allowances.



When using the supporting statements to break down the closing deferred tax balances of the balance sheet into deferred tax assets and liabilities, the deferred tax assets and liabilities feed separately into the IFRS deferred tax disclosure Input statement as IFRS requires the assets and liabilities to be split as much as possible. This ensures that the user is only required to consider the split of deferred tax assets and liabilities once in their tax provisioning process.

Optional modules

Tax accounting

Advanced IFRS reporting

In Autumn 2007 we introduced a new IFRS reporting function to support IFRS tax accounting under the IAS 12 deferred tax balance sheet liability method for providing deferred tax. In this release we have streamlined our approach and made it more user-friendly. The new methodology applies to periods of account ending on or after 1 July 2010. The main changes are described below.

- The display of the balance sheet and supporting statements has been simplified so that only the most commonly used cells display by default.
- The IFRS deferred tax disclosure Input statement picks up closing balances from each row of the IFRS deferred tax balance sheet Input statement and automatically assigns them to appropriate rows in the IFRS deferred tax disclosure Input statement
- The Tax charge per account picks up the values from the IFRS deferred tax disclosure statement and assigns them to the most logical row. Users can elect to manually assign the tax charge per accounts to the various rows in that statement. Overrides are available if the user requires them.

Introduction

Welcome to the Alphatax Ireland Summer 2010 edition. This release includes:

- CT1 2010 and ROS XML 2010.
- Finance Act 2010 changes
- Changes to IFRS tax accounting
- 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 BACKUPMn (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 BACKUPLn created in the Autumn 2009 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 Summer 2010, the version number is 21. You **must** apply the upgrade if the Status shows a version number earlier than 21.
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.

Password-protection (Professional)

A new optional password-protection function is now available for Professional users. Where the new **`EnableFileProtection`** flag is enabled in the [SYSTEM] section of the tcslbase.ini file, a **Set Password Protection** option will be displayed on the File menu to enable users to password protect Alphatax ICX files. Where a file is password-protected, it cannot be added to a Group or opened from within an Admin summary without first entering the password.

Further details on password protection and on the tcslbase.ini file can be found in our online Help.

Note. Users must take responsibility for retaining passwords. In the event that a user forgets a password, it will be necessary to send the file to Technical Support to remove the protection. Unscrambling the file will be a time-consuming exercise, therefore we regret that it will be necessary to apply a charge of €200 in such cases.

Other fixes and enhancements

The Trade related foreign income Report statement now more clearly sets out the P x I/R figures which are used in the calculation of the Irish measure of the trade related foreign income. This is a display issue only and no values have changed.

E-Filing

The information relevant to each ship in the tonnage tax calculation is now included in the e-filing submission data file.

Miscellaneous enhancements and fixes

Section 449 – Option for alternative calculation

Double taxation configuration options now allow users to take an alternative view of the s449 calculation. This new alternative uses the Case I profit after deductions under s448(3).Therefore the calculation of the Irish measure of foreign income does not allocate trade reliefs against the foreign turnover.

Leasing trades

Leases which are taxed under Case IV but calculated in accordance with the principles of taxing a trade can now be done in Alphatax by using our trade methodology. By specifying **Yes** in the new **Is this leasing activity taxed under Schedule D Case IV?** flag in the Trade summary Input statement, users can specify that Alphatax will treat the adjusted profits as being taxed under Case IV. Users can calculate the adjusted profits as if it were a trade.

Offshore gains

Offshore gains taxed at 23%, 26% and 28% are now dealt with in Alphatax by completing the Foreign income – offshore gains Input statement. It is important to complete the date the gain arose as this will determine the tax rate used to tax the gain. A diagnostic is displayed if a date has not been entered. The Accessory statement should also be completed with the following:

- Name of offshore product
- Address of offshore product
- Date material interest acquired
- Amount of capital invested
- Name of person through whom interest acquired
- Address of person through whom interest acquired

These items are required to complete the CT1 and XML and a diagnostic will be generated to warn users to complete them.

Return forms and ROS schema updates for 2010

CT1 2010 and ROS XML 2010 schema

Alphatax has been updated with the CT1 2010 and the new XML 2010 schema for e-filing.

Form 46G (Company)

The Form 46G (Company) has been updated for 2010.

Finance Act 2010

R&D threshold amount adjustment

A new **Adjustment to qualifying R&D expenditure in the "threshhold period" - enter description below** field on the Research and Development tax credit Input statement enables users to make an adjustment to the R&D expenditure in the threshold period. There is a ten year clawback period. If an adjustment is entered, a diagnostic is displayed warning users to check that all issues relating to the clawback have been considered and, if there is a clawback, that the amount of the clawback to be taxed at 25% has been entered in the Research and Development tax credit Input statement.

Unilateral credit relief on royalty income

Royalty income received after 1 January 2010 now qualifies for unilateral credit relief under Schedule 24 paragraph 9DB. A new **Relevant royalty income - Sch 24 par. 9DB TCA 97?** field is available on the Accessory statement for the Trade related foreign income Input statement to identify such income.

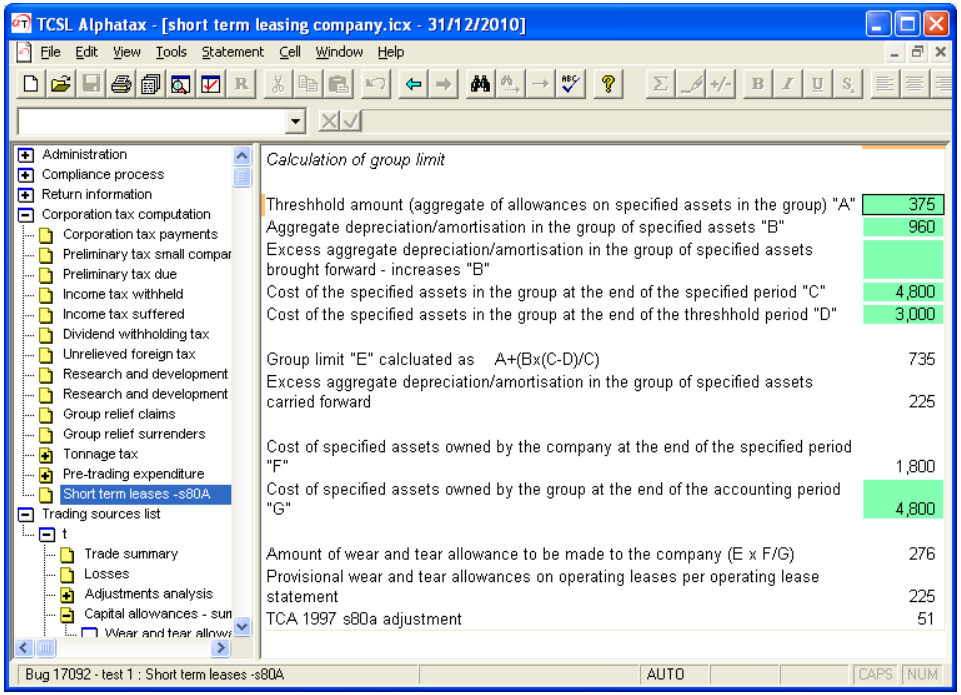
Unrelieved foreign tax on branch income carry forward

The Finance Act introduced a carry forward of unrelieved foreign tax on branch income under Sch. 24 para 9FA. This applies in Alphatax for accounting periods ending after 1 January 2010.

Short-term leases

Two new statements have been created to deal with the changes introduced in the Finance Act.

- **Capital allowances – s80A** (within the trade). Use this statement to enter the details of the leases on which allowances are being claimed.
- **Short-term leases – s80A** (within the Corporation tax payments section of the Contents tree). This statement interacts with the new Capital allowances – s80A Input statement to calculate the group limit for the capital allowances under s80A.



Where appropriate, details can also be completed via Group and then posted down to the group companies. For details, refer to page 15.

Other 2010 changes

Dividends paid out of trading profits from non-treaty countries can now be taxed under Case III at 12.5% via the **Dividends from trading profits to be taxed at 12.5%?** field on the Foreign income Input statement. The Accessory statement includes a **Net income out of trading profits taxable at 12.5% per TCA 1997 s21B** flag for users to identify how much of the income is from the 12.5% trading profits.

Note. These fields previously applied only to treaty country dividends.

Capital gains tax changes

New fields are available on the Capital disposals Input statement to allow 80% CGT on windfall gains, compulsory purchase orders and rezoning of residential development land.

Research & Development Credit - Buildings at 25%

On 24 September 2009, the Minister for Finance signed the Commencement Order giving effect to the changes to s766A TCA in accordance with s35 Finance (No.2) Act 2008. Those changes come into operation from 24 September 2009 in respect of such expenditure incurred after 24 September 2009 in an accounting period commencing on or after 1 January 2009. Credit is now given at 25% in the year of expenditure. Where there is a credit being surrendered or claimed the user must specify how much of the credit is at 25% and how much is at 20% via a new **s766A R&D Credit** column on the Group relief claims or Group relief surrenders Input statements where appropriate.

Alternatively this can be recorded via the Group function. For details, refer to page 15.