TAX SYSTEMS

Alphatax UK Release Notes

Enterprise: Version 19.0

Contents

1. Introduction

About version 19.0

Welcome to the version 19.0 edition of Alphatax UK.

This release includes the following features:

- Changes in response to Finance Act 2019
- Support for structures and buildings capital allowances
- Further enhancements from Finance (No.2) Act 2017
- Updates for the latest versions of forms CT600, SA700 and SA800
- Improved REITs functionality and support for HMRC's Financial Statement Tool
- Enhancements for special company types including creative industries and banks
- Changes to support an Alphatax single database on SQL server
- Some minor changes to resolve customer issues

Technical support

We provide a technical support help desk for users requiring assistance. The help desk can be contacted by telephone between the hours of 9.00 am and 5.30 pm, Monday to Friday excluding public holidays.

If you require help or further information, please contact the support team on:		
UK:	Tel: +44(0) 1784 777 666	Email: support@taxsystems.com
Ireland:	Tel: +353 (0) 1661 9976	Email: support@taxsystems.ie

*Please note: We recommend that you use the **E-mail Support** option from the **Help** menu in Alphatax to send copies of the computation directly to Support.*

2. Important notices

Structures and buildings allowance

The structures and buildings calculations in this edition of Alphatax are based on **draft** secondary legislation. We will be reviewing the final version of this legislation upon publication and will advise of any changes that may be required in the following release. Please see Section 5, Structures and buildings allowances on page 15 for further details

Single Database

As previously advised, in the 19.0 release, we are offering the ability to run Alphatax using a single database on SQL Server. Currently Alphatax uses two databases named ALPHATAXCORPORATIONTAX and ALPHATAXUSERAUTHENTICATION by default. When running Enterprise Manager database to upgrade an existing database, you will be given the option to migrate the information in the User Authentication database into the Corporation Tax database This option will also be available when creating a new database.

When upgrading to a single database then you will need to amend any SQL reports that reference the User database to reflect the fact that the user data will be stored in the Alphatax database. If you use any other external reporting tools, such as spreadsheets, that refer to the User database then these will also need to be amended to reflect the change.

Note that if you are upgrading from a classic database, the Authentication database will not be deleted and any data in it will no longer be updated. If you have any processes which read information from or write information to the authentication database, they will have to be changed to access the corresponding objects in the corporation tax database.

Why have we done this?

- To make the management and administration of Alphatax Enterprise simpler for customers.
- To reduce ongoing customer maintenance.
- This is the first step towards hosting the Alphatax database in the cloud.

HMRC plan to withdraw support for early versions of TLS

HMRC have issued a notification that they intend to withdraw support for earlier versions of a web security protocol named TLS (Transport Layer Security) in order to ensure the ongoing security of their services. They have confirmed that they plan to withdraw support for old versions, namely TLS 1.0 and TLS 1.1 from **October 2019** on some of their services. They have not yet confirmed the date that they intend to make this change for XML e-filing services affecting corporation tax filings, but they have stated that they will announce a date for this 'in the near future'.

The move to TLS 1.2 is being made across the software industry to ensure that services meet the latest security standards. Alphatax has supported TLS 1.2 for a number of releases but the there are some scenarios that will require user action to ensure that the host system is set up to enable Alphatax to use this. We suggest that you contact your IT department to confirm the position – see Appendix 1 for an aide memoire.

What does this change mean for me?

For Alphatax users that are using versions of Windows **later than Windows 7**, no action is required as Windows will allow Alphatax to use TLS 1.2 where required.

For users running Alphatax on **Windows 7** a system administrator will need to enable TLS 1.2 via the Registry settings in Windows in order to allow Alphatax to use TLS 1.2. We suggest that you contact a systems administrator to advise them that a change will be required (see this link for technical details of the changes required).

If you are using **Windows 7** and this change is not made, then Alphatax will not be able to e-file returns when HMRC update their corporation tax filing engine to use TLS 1.2 at a future date.

The date for the change to the corporation tax filing engine is yet to be announced but we advise that you plan to update your system now to prevent issues further down the line.

Chromium Embedded Framework Update (CEF)

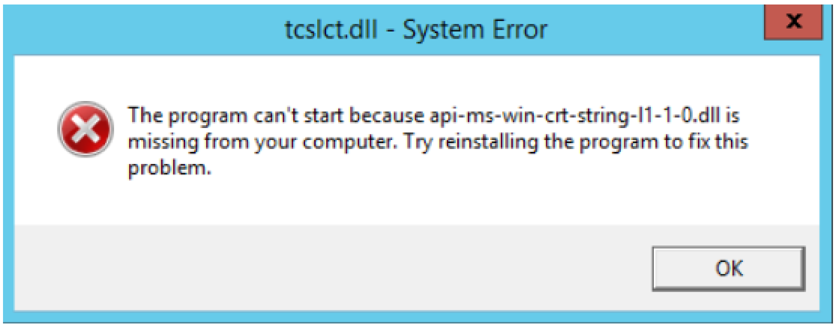
In Alphatax 18.1 we introduced a new Product News feature to ensure that we can keep users up to date with new features in Alphatax and critical HMRC updates.

The Product News feature makes use of CEF, which is a framework provided by Google to allow software developers to embed a Chromium web browser in their application.

CEF is regularly updated by Google to address security vulnerabilities and ensure the framework remains robust. We have updated the CEF version used by Alphatax in this release and will continue to do so in future releases in accordance with best security practice.

This version of Alphatax makes use of the latest version of CEF available at the completion of development (74.1.14+g50c3c5c+chromium-74.0.3729.131, which was released on 7 May 2019).

Please note that this version of CEF makes use of a component which is not included by default in some older Windows operating systems. If these operating systems have not been updated with a Microsoft hotfix then an error dialog will be displayed.



The hotfix was issued by Microsoft in 2015, so we believe that most systems will have been updated to include this. If you do experience this issue however, then please point your administrator to the following link for details of how to download and install the Microsoft hotfix. See Appendix 1 for an aide memoire.

Operating systems that are affected by default unless the hotfix has been applied are as follows:

Windows Server 2012 R2
Windows 8.1
Windows RT 8.1
Windows Server 2012
Windows 8
Windows RT
Windows Server 2008 R2 Service Pack 1 (SP1)
Windows 7 SP1

Windows Server 2008 Service Pack 2 (SP2)
Windows Vista SP2

Please contact Tax Systems Support if you require additional details.

3. Installation

Installation key

Your 16-digit Alphatax installation key is provided in the email that you received announcing the release. The Alphatax installation key is required to both download and install Alphatax.

Should you have any queries, please contact the support team on 01784 777666 or at support@taxsystems.com.

Downloading and installing Alphatax

Please download the copy of Alphatax from the releases download site **https://releases.taxcomputersystems.com**, which will require you to enter your email address and your 16-digit Alphatax installation key. This process will generate an automated email with a unique URL which will be sent to your email address.

The URL will allow you to download the Alphatax installer along with other applications which you are registered to use and also installation guides and release notes.

Click on **'Alphatax v19.0.exe'** to initiate the installation process for which the Alphatax installation key will again be required. Press the **Enter** key at the prompts. The installation process will override the old version of Alphatax. For detailed information on the installation process refer to the *Alphatax UK Installation Guide*. This can be retrieved from the user documentation section of the download screen.

Enterprise users, using the Oracle or MSSQL databases, should also run the database update script from within the Enterprise Manager utility. The database version is now 39. The Enterprise Manager is automatically extracted from within the Alphatax Installer package.

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 BACKUPXn (where n is a number incremented for each new installation).

Please note: This part of the process may take some time. A progress bar displays the names of templates as they are being copied.

Folders called BACKUPXn created in the version 18.1 release are removed with this release.

E-filing schema files

Please note that we have changed the location of XML and XLST files used by Alphatax during the e-filing process. In previous versions the files were stored in the root Alphatax directory. In this version we have moved the files to the /EFile folder. This will have no effect on the operation of Alphatax.

Alphatax platform support

Operating Systems

Alphatax is supported on Windows 7 and later operating systems for the desktop. Alphatax is also supported on Windows Server 2008 and later on servers.

Windows Server

Microsoft is preparing to end support for Windows Server and SQL Server 2008/2008 R2 on 14 January 2020. Please see https://www.microsoft.com/en-gb/cloud-platform/windows-server-2008 for further details from Microsoft.

Please be advised that we intend to withdraw support for the above from the 2020 release of Alphatax and update the minimal requirements for Alphatax to Windows Server 2012 or later.

4. Finance Act 2019

Capital allowances

Annual investment allowance

Finance Act 2019 has temporarily increased the amount of the **annual investment allowance** from £200,000 to £1,000,000 in respect of expenditure incurred from 1 January 2019 through to 1 January 2021.

Provided under s51A CAA 2001, the annual investment allowance provides a 100% allowance on qualifying capital expenditure.

Alphatax has been updated to reflect this temporary increase.

For periods straddling one of these changes in the allowance, transitional rules apply under Sch 13 FA 2019. These rules are the same as those that have applied for previous changes – the latest of which was on 1 January 2016 – and provide that the maximum allowance for the period is the sum of the amounts that would be applicable were the pre-change and post-change parts treated as separate accounting periods.

Miscellaneous changes

- The rate of writing-down allowances in respect of **special rate pool** qualifying expenditure under s104D CAA 2001 has been reduced from 8% to 6% with effect for accounting periods beginning on or after 1 April 2019 (6 April 2019 under income tax rules). A hybrid rate applies for accounting periods straddling this rate change.
- 100% first year allowances for qualifying expenditure on **energy-saving plant and machinery** under s45A CAA 2001 are abolished with effect in relation to expenditure incurred on or after 1 April 2020. As a consequence, first-year tax credits on such expenditure will cease to be available and Sch A1 CAA 2001 is accordingly also abolished.

  The availability of 100% first year allowances for qualifying expenditure on **electric vehicle charging points** under s45EA CAA 2001 however has been extended from 2019 through to 2023.

  The display rules of the relevant inputs on the *Plant and machinery main pool* statements in Alphatax have been updated accordingly.

Carried forward loss restriction

Schedule 10 of Finance Act 2019 includes a range of technical amendments to the carried forward loss restriction rules that were introduced by Finance (No.2) Act 2017 from 1 April 2017. The following are of particular relevance in Alphatax:

Relevant profits

Under the original loss restriction rules, relevant profits for the purposes of the s269ZD CTA 2010 restriction were defined by reference to relevant trading profits and relevant non-trading profits. The mechanics of the legislation were such that in some situations, the deduction of the potential £5 million deductions allowance across these two separate trading and non-trading streams could have a distorting effect on the result of the restriction. We included a full technical analysis of this point in our Alphatax V18.0 Release Notes and, following consultation with HMRC, introduced changes in that edition that were designed to apply the spirit, rather than the letter, of the legislation in this area.

Finance Act 2019 has now resolved the ambiguity by introducing a new s269ZFA which introduces a definition of "relevant profits" that is based upon the overall qualifying profits and deductions allowance of the company as a whole, removing the reliance on the *trading* and *non-trading* split that is used for the purposes of the s269ZB and s269ZD restrictions respectively.

We have reflected this change in Alphatax. In the majority of situations there will be no effect on the calculations applied, however the presentation of the **Total profits** column on the *Carried forward loss restriction* report statement is amended slightly in order to reflect the new structure of the calculation of relevant profits. In certain situations, the relevant maximum for the purposes of the s269ZD restriction may change and loss relief in the computation will automatically be increased or restricted as appropriate.

Note that in line with the legislation, this change in Alphatax has been made with **no application date**.

Group relief carried forward claims

Within the group relief for carried forward loss provisions of Part 5A CTA 2010, s188DB limits the amount of any claim to the lower of:

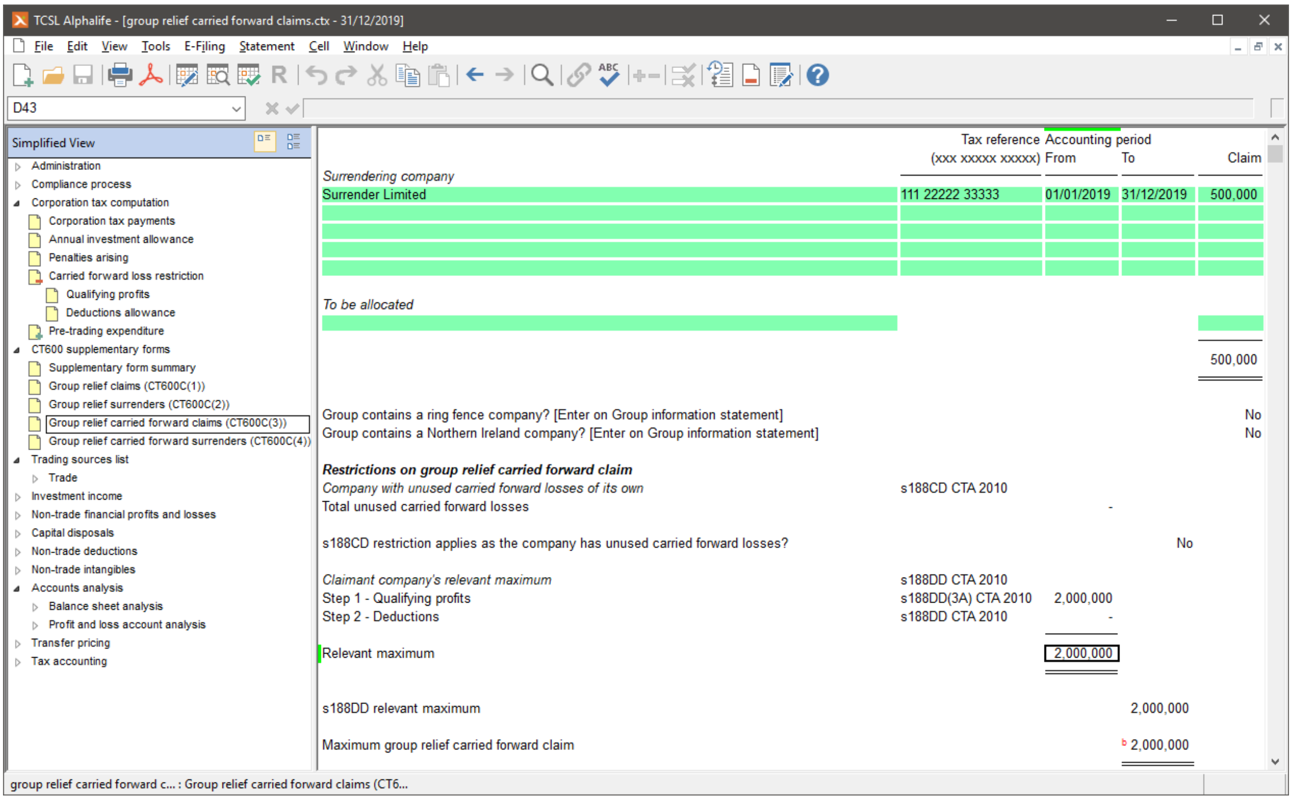
- the unused part of the surrenderable amounts, and
- the claimant company's relevant maximum.

The relevant maximum for these purposes is defined by s188DD, which provides a 3 step calculation based upon the relevant maximum of the company under the loss restriction provisions (s269ZD(4)).

The legislation includes a modification to the basic rule however and under the original wording this applied where the claimant company's "relevant profits" were less than the amount of the deductions allowance. The effect of the wording in this area was that having a deductions allowance could prohibit a company from claiming group relief for carried forward losses, even where that company had profits remaining and no losses of its own. We included a full technical analysis of this point in our Alphatax V18.1 Release Notes.

Finance Act 2019 has now resolved this issue by amending s188DD(3) to refer to "qualifying profits" of the claimant company. Qualifying profits are defined within a new (3A) as being modified total profits in accordance with step 1 of s269ZF(3), less any amounts deductible under step 2. This legislative change has effect retrospectively.

We have reflected this change to the legislation in this edition of Alphatax. The *Group relief carried forward claims* input statement will now refer to qualifying profits, rather than relevant profits, in calculating the s188DD relevant maximum. The effect of this will generally be that the relevant maximum is increased, and therefore the amount of group relief for carried forward losses that may be claimed is increased.



Note that there will not necessarily be any indication of the effect of this change where an existing computation is opened in the new version of Alphatax. Any group relief for carried forward loss relief previously claimed will remain unchanged, and only if this has become excessive will a diagnostic be displayed. In the more usual scenario, the effect of the change is that extra capacity to claim group relief for carried forward losses will be generated, and users will need to review relevant computations to determine whether this applies. The **Claim available** amount returned on the *Group relief carried forward* statement in the Group module may be used as an indication of this.

Please note: A similar result applies on the Group relief carried forward surrenders *statement whereby the restriction under s188BE CTA 2010 applies where relevant deductions are less than the maximum permitted under s269ZD(2), which in turn is based on the relevant maximum after the deductions allowance has been added back.*

This area has not been amended by Finance Act 2019 and Alphatax continues to apply this restriction as it is worded in the legislation, with the result presented in the ***Restriction where the company could use losses itself*** *section on the* Group relief carried forward surrenders *input statement.*

Where the effect of the deductions allowance causes a company to be unable to surrender losses as a result of this restriction, the group should look to reallocate the deductions allowance to another group company.

Accounting for leases

Finance Act 2019 introduced amendments to a number of areas of tax legislation in respect of leases to take account of the adoption of *IFRS 16 – Leases*, which applies for periods beginning on or after 1 January 2019. IFRS 16 "introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months".

The legislative changes made by FA 2019 are broadly designed to keep the tax treatment of a lease the same regardless of the accounting standard used.

There are two particular points worth mentioning in the context of Alphatax:

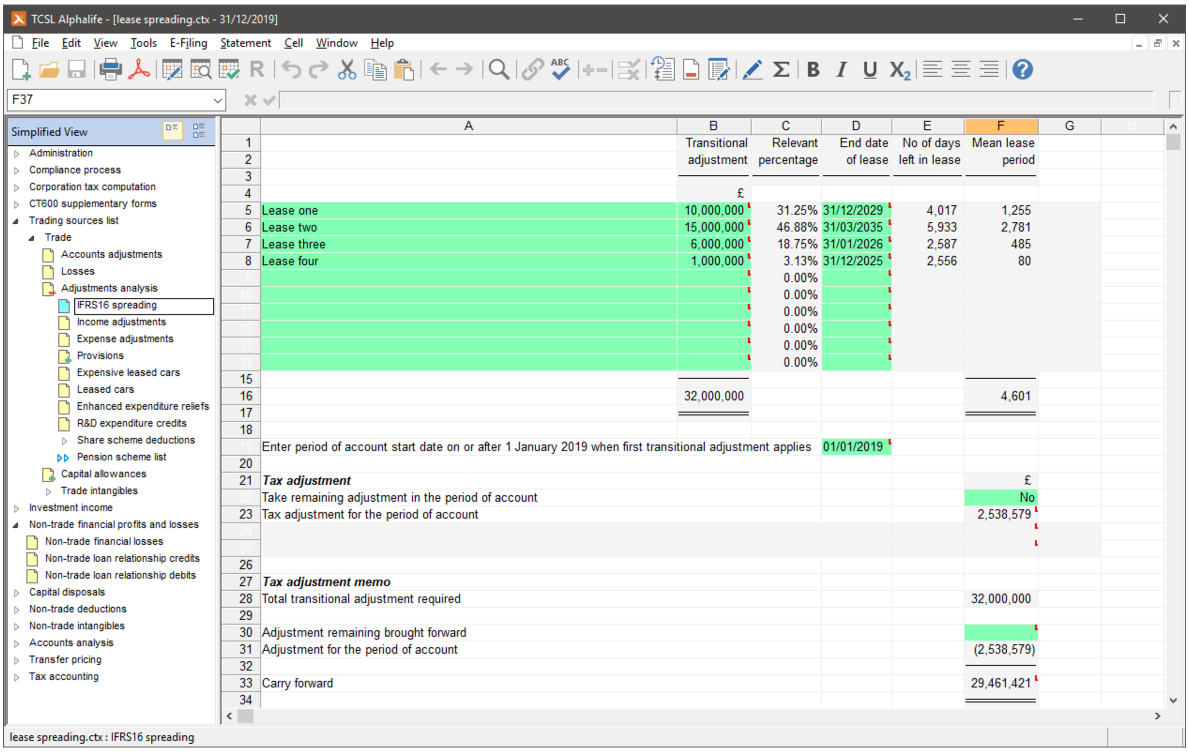
- The definition of a "short lease" has increased from 5 years to 7 years for leases starting on or after 1 January 2019. Alphatax includes a *Lessee long funding operating leases* statement, and as part of this statement we test that the dates entered indicate that the lease qualifies as long. The display rule for the associated diagnostic has been amended as appropriate.

  Note that previously a lease of between 5 and 7 years could still have qualified as a short lease subject to meeting the conditions of s70I CAA 2001 s(3) to (8). This rule is no longer relevant and so these conditions have been repealed by FA 2019.

- Upon adoption of any new accounting standard certain balances may be restated, which can thereby give rise to an allowable tax adjustment. In the case of adopting IFRS 16, Sch 14 para 13 FA 2019 includes specific provisions that set out how relief for such transitional amounts is provided. The most common situation where this is relevant will be where an asset is recognised for the first time, and in this case the legislation sets out a 5 step calculation of the period over which the adjustment is to be spread, based on the mean life of the leases in the portfolio.

  In this edition, we have introduced a new *Adjustment spreading (IFRS 16)* free-format statement which accepts the transitional adjustment in respect of one or more leases, and will calculate the time period over which spreading is to be applied and the tax adjustment allowable in each period. Users can then link this result into the relevant statement in Alphatax in order to create the required tax adjustment.

  This free-format template can be found by right clicking in the contents tree and selecting **Insert: Statement**, and then in the *P&L analysis* tab selecting "Adjustment spreading (IFRS16)".



Non-residents charge to tax

Finance Act 2019 has introduced two significant changes to the taxation of non-resident companies in respect of income arising in the UK:

- From 6 April 2019 – Disposals of interests in UK land or related shares are brought into the charge to corporation tax (with the existing ATED and NRCGT related gains rules being abolished)
- From 6 April 2020 – Income from a UK property business is brought into the charge to corporation tax rather than income tax

Note that disposals of assets by a non-resident company that have a relevant connection to a UK permanent establishment were previously, and continue to be, chargeable to corporation tax.

Disposals of UK land

TCGA 1992 Part 1 has been entirely re-written, and within the rewritten part a new s2B brings gains on direct or indirect disposals of interests in UK land made by non-resident companies into the charge to corporation tax. Direct disposals are disposals of UK property or land itself, subject to limited exemptions. Indirect disposals are disposals of shares in a company that derives at least 75% of its value from UK land, provided that the person making the disposal has an investment of at least 25% in that company.

Market value rebasing applies in order to ensure that only gains arising from the commencement date are chargeable. The date from which rebasing applies will be either 1 April 2019 or 1 April 2015 depending on whether or not the asset was previously chargeable within the NRCGT rules.

For this edition of Alphatax we have included a new **Disposal of an interest in UK land by a non-resident?** flag to the *Capital disposals* input statement.

Any gains arising are chargeable to corporation tax at the prevailing rate, being 19% (17% from 1 April 2020). Losses may be carried forward to be offset against future chargeable gains.

The person making the disposal is required to provide a return to HMRC. Guidance published on the Government website confirms that non-resident companies will be required to register for corporation tax online services and submit a form CT600. Where there is only one disposal, the company tax return will be submitted for an accounting period of one day. The due date for payment of corporation tax will depend on the level of taxable profits and length of the accounting period; tax may be due as early as on the date of disposal, however HMRC have announced a concession whereby the tax in these circumstances will be due 3 months and 14 days after then end of the accounting period.

Property income

With effect from 6 April 2020, CTA 2009 s5 – having been amended by FA 2019 – will bring income from a UK property business carried on by a non-resident into the charge to corporation tax. Such income was previously taxed under income tax rules, and a specific tax return form SA700 was used to return details of this income.

We plan to introduce changes in a future release that allow existing SA700 computations in Alphatax to be transitioned into the CT600 regime, including dealing with the appropriate provisions for the treatment of brought forward losses.

Restrictions on goodwill and certain other assets

Schedule 9 of Finance Act 2019 introduces restrictions and amendments to the debits that are allowable for goodwill and certain other assets (‘relevant assets’).

There are three different treatments depending on which section of the legislation that applies for the relevant asset:

- For relevant assets that fall under s879C, s879I or s879K CTA 2009:
    - Debits under Chapter 3 or Chapter 15 cannot be claimed, and
    - Chapter 4 debits are treated as a non-trade debit for Chapter 6 purposes.
- Where a relevant asset is acquired or created on or after 1 April 2019 it is treated as having made a fixed-rate election under s730 CTA 2009 but can write-down the asset at 6.5%
- For relevant assets that fall under s879M or s879N CTA 2009 a partial restriction applies to debits calculated

Alphatax has been updated to include new flags on the *Trade intangibles capitalised amounts* input statement to allow any of the above treatments to be applied.

These flags are available for periods ending on or after 1 April 2019.

5. Structures and buildings allowances

*Important note: The structures and buildings calculations in this edition of Alphatax are based on **draft** secondary legislation. We will be reviewing the final version of this legislation upon publication and will advise of any changes that may be required in the following release.*

Legislative background

Following an announcement in Budget 2018, FA 2019 s30 makes provision that permits Government to introduce a new form of capital allowance for expenditure on structures and buildings via secondary legislation.

The draft statutory instrument for this allowance has been published and is presently undergoing a period of consolation. We expect to see the final version of this legislation, which will introduce a new Part 2A into CAA 2001, to be laid before Parliament before the summer recess.

Allowance overview

The new provisions will provide a 2% writing down allowance for qualifying expenditure on non-residential structures and buildings incurred on or after 29 October 2018. Allowances are available from the point the structure or building is first brought into qualifying use – defined as non-residential use for a qualifying activity. Allowances are available to the person who has the relevant interest in the structure or building which will normally, initially be the person who incurs the expenditure, although special rules apply for the purchase of structures or buildings from developers.

The allowance is provided on a straight-line basis, and there is no system of balancing charges or allowances; rather a purchaser of a qualifying structure or building simply takes over the allowances based on the original expenditure from the date of purchase. Therefore the written down value of a structure or building is strictly defined at any point over its 50 year tax life.

The writing down allowance feeds into the existing structure of capital allowances in the tax computation, as a deduction from trading profits in the case of a structure or building used for the purposes of a trade, or as management expenses in the case of an investment business.

Alphatax statement

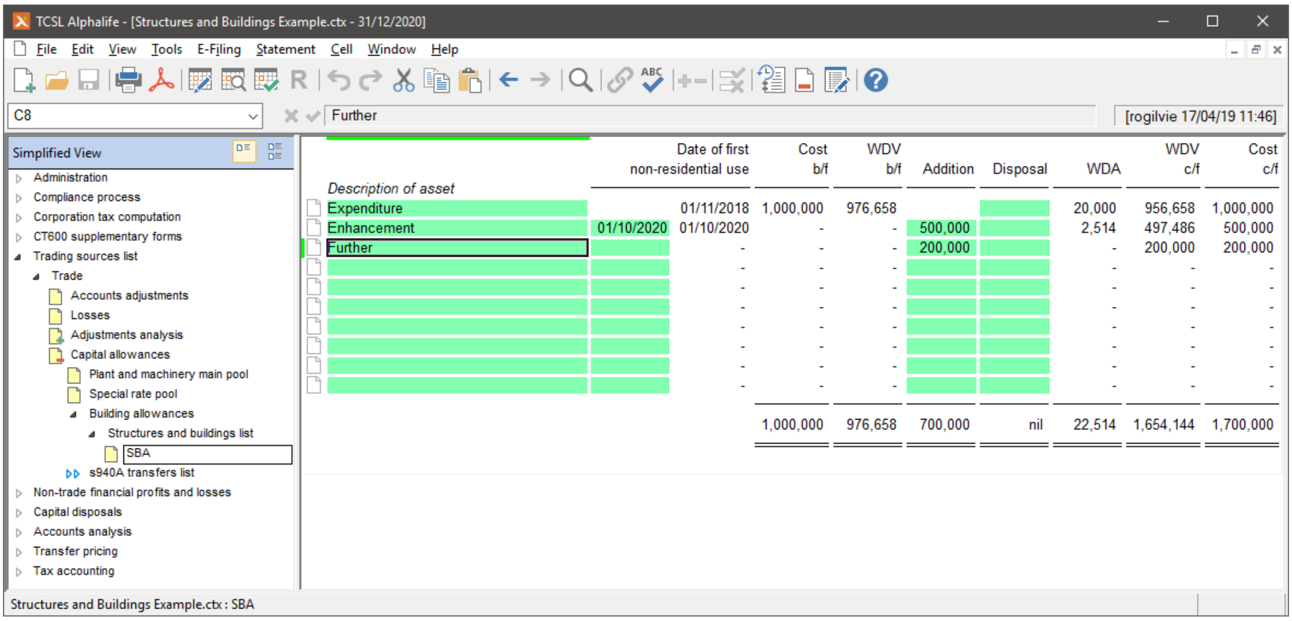
For periods ending on or after 29 October 2018, a new *Structures and buildings list* heading will appear in the *Capital allowances* section in both the *Trading sources list* and *Non-trade deductions* sections of the contents tree. This heading can be used to create an insertable structures and buildings statement in the tax computation, with the statement itself also featuring insertable rows for expenditure, providing flexibility over how different items of expenditure may be presented.

Generally the structures and buildings statement in Alphatax looks similar to existing capital allowance statements in the same vein – such as *Short life assets* or *Other assets* – but with more restricted access to inputs, reflecting the more rigid structure of the allowance in the legislation.

The statement features and **Addition** column allowing the amount of any structures and buildings allowance expenditure per the accounts to be entered. For second hand buildings, or where the tax value of the expenditure differs to the accounting value for any other reason, a **Qualifying expenditure** input is provided in the accessory statement. Where these two amounts differ, capital allowances will be available on the qualifying expenditure, and a difference in tax value will be reflected on the *Fixed assets* statement.

A **Date of first non-residential use** input is provided to define the point from which writing down allowances are first available. This will not necessarily be in the same period as the expenditure was incurred, and items of expenditure created in Alphatax will roll forward between periods with allowances only being available from the point at which the date of first non-residential use is entered.

Writing down allowances and the balance of cost and tax written down values carried forward will be automatically calculated based on the expenditure entered and the relevant dates:



The carried forward balances will automatically roll forward to appear as brought forward amounts in the following period allowing allowances to continue to be claimed in future periods.

A **Disposal** column is provided should a structure or building be sold, and where this is the case an entry for the **Date of disposal** will also be required. Allowances are available for the seller up to the point of disposal, and the tax value of the disposal is defined as the tax written down value of the asset at that point (no balancing allowances or charges arise for structures and buildings capital allowances). A difference in tax value is calculated to reconciled the difference between the tax value of the disposal and any proceeds received per the accounts.

The accessory statement for the structures and buildings allowances statement provides further information including:

- Memo inputs for the **Date of earliest written contract** and the **Date of qualifying expenditure**
- **Non-qualifying use** input that allows the writing down allowance claimed to be reduced where a structure or building is used partly for non-qualifying use
- ***WDA claimed memo*** which presents the amount of writing down allowances claimed to date, which may be relevant for the purposes of any capital disposals calculation upon disposal

6. Returns and e-filing

Company tax return CT600 (2019)

This edition of Alphatax includes the recently released form *CT600 (2019) Version 3 – Company Tax Return* and associated e-filing schema. This return is used for company accounting periods starting on or after 1 April 2015, and acts as a direct replacement for the existing 2018 version.

Details of the key changes on this year's form are summarised below.

Please note: The TCSLMark is calculated based on the contents of the computation and the XML generated as part of the e-filing assembly process. If returns for companies that were assembled in earlier Alphatax versions (using the 2018 form) are reassembled in Alphatax 19.0 then the TCSLMark will differ from the original due to a change in the generated XML.

QIPs for very large companies

A new box 631 has been introduced on page 7 of the form CT600 to mark where a company **should have made (whether it has or not) instalment payments as a very large company under the Corporation Tax (Instalment Payments) Regulations**:

Indicators and information

620 Franked investment income/Exempt ABGH distributions £ . 0 0

625 Number of 51% group companies

Put an 'X' in the relevant boxes, if in the period, the company:

630 should have made (whether it has or not) instalment payments as a large company under the Corporation Tax (Instalment Payments) Regulations

631 should have made (whether it has or not) instalment payments as a very large company under the Corporation Tax (Instalment Payments) Regulations

635 is within a group payments arrangement for the period

640 has written down or sold intangible assets

645 has made cross-border royalty payments

The title of the existing box 630 has accordingly been amended to confirm that it now relates to instalment payments under the large company provisions only.

The addition of the new box reflects the amendments made to the quarterly instalment payment provisions by SI 1072/2017. With effect for accounting periods beginning on or after 1 April 2019, very large companies will be required to pay their instalments four months earlier that the normal payment dates for large companies. A very large company is defined as one with taxable profits greater than £20m per annum.

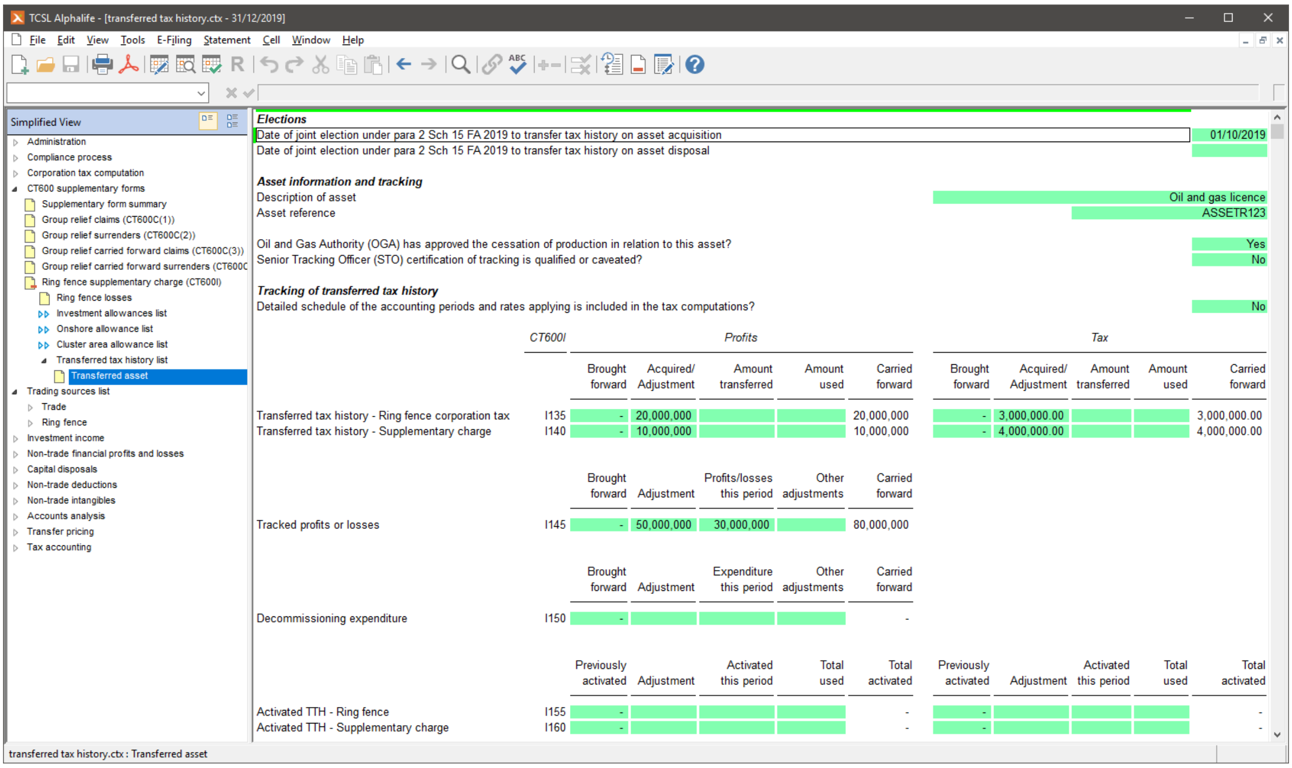
CT600I - Transferred tax history

A new version of the form *CT600I – Supplementary charge in respect of ring fence trades* has been introduced with effect for accounting periods beginning on or after 1 April 2016. The existing pages 1 and 2 on this form are unchanged, but the 2016 edition features a new page 3 for transferred tax histories.

This new page reflects changes introduced in Finance Act 2019 that allow a joint election to be made to transfer any previous tax history upon the sale of an oil and gas licence.

The page includes boxes to indicate whether such an election is, or has been, made in respect of an acquisition or a disposal. For acquisitions, a series of further fields then capture details of the asset transferred and of the tax history transferred with that asset. This page should be completed for each asset transferred, making this page the first within the CT600 to repeat.

In Alphatax, we have included a new *Transferred tax history list* heading within the *Ring fence supplementary charge (CT600I) - CT600 supplementary forms* section of the contents tree. This heading will allow an insertable statement to be created that is designed to capture the details required for the CT600I for any number of transferred assets:



Non-resident company tax return SA700 (2019)

This edition of Alphatax includes the recently released form *SA700 (2019) – Tax return for a non-resident company liable to Income Tax*.

There are no changes to the boxes on this year's edition of the form. We have however introduced a minor improvement to the way the tax reference, name and address of the company is printed on the front page of the form.

We have also addressed an issue where Alphatax was previously cutting off the final digit on the form SA700 when the value in a box exceeded £100m, i.e. 9 digits. Alphatax will now print all 9 digits regardless of the form presenting boxes for up to 8 digits only.

Partnership tax return SA800 (2019)

This edition of Alphatax includes the recently released form *SA800 (2019) – Partnership Tax Return* and all supplementary pages. The associated e-filing schema is also included.

Disguised remuneration

The only change to this year's edition of the form relates to disguised remuneration schemes.

These are a form of tax avoidance arrangement that involve making loans to individuals employed or engaged by businesses, usually with no interest charged and no intention of the loans being repaid, and designed to avoid income tax or National Insurance contributions liabilities. Finance (No. 2) Act 2017 introduced new rules into ITTOIA 2005 that will charge to tax, to the extent that they haven't been already, the users of such schemes on any balances of such loans outstanding at 5 April 2019.

The Partnership Tax Return 2019 includes a new tick box 3.94 on the *Partnership business and investment income* page (and also on the extra trading pages) to indicate that the net profit or allowable loss for the trade carried on by the partnership includes any disguised remuneration income:

Partnership business and investment income for the year ended 5 April 2019

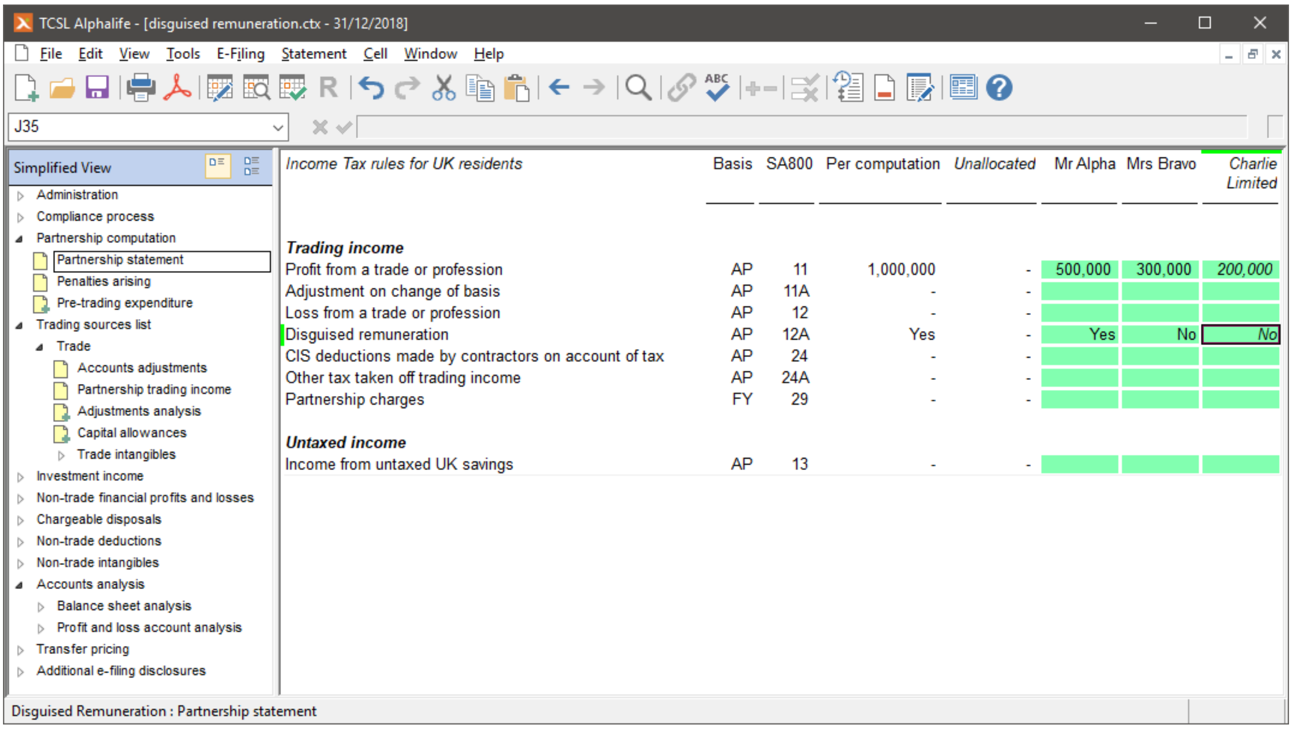
Taxable profit or loss for this accounting period

• Adjustment on change of basis	3.82	£	Copy this figure to box 11A in the Partnership Statement
Net profit for this accounting period (if loss, enter '0' here) from box 3.26 or box 3.73	3.83	£	Copy this figure to box 11 in the Partnership Statement
Allowable loss for this accounting period (if profit, enter '0' here) from box 3.26 or box 3.73	3.84	£	Copy this figure to box 12 in the Partnership Statement
Tick box 3.93 if the figure in box 3.83 or box 3.84 is provisional	3.93		
Tick box 3.94 if the figure in box 3.83 or box 3.84 includes any disguised remuneration income	3.94		Copy to box 12A in the Partnership Statement

An entry in this box flows through to a new box 12A on the Partnership statement where, alongside the allocation of the profit or loss to the partners, it may be specified whether each partner is in receipt of disguised remuneration.

In Alphatax, we have added a new field to the trade *Accounts adjustments* input statement to indicate that the **Net profit or allowable loss figure includes any disguised remuneration income?**

An entry in this field will feed through to the **Per computation** column on a new row on the *Partnership statement* input statement. Inputs are provided to indicate whether each partner's share of the profit or loss includes any disguised remuneration, and the existing **Unallocated** amount system will advise of an invalid allocation:



Entries made in the *Partnership statement* will populate the relevant boxes on the form.

CT taxonomy changes

For this edition we have updated Alphatax to support the *CT Computation 2018* taxonomy which includes XBRL tags and dimensions for the following areas:

- **Controlled foreign companies** are now XBRL tagged at item level which largely fitted into our existing treatment except that the **Territory of residence** must now be selected from a drop down list – a diagnostic will be shown where an entry is invalid – and a new **Qualifying loan relationship profits** field has been added to the accessory statement for Chapter 9 exempt companies
- **Foreign tax** UFT brought forward and carried forward
- **Capital disposals** support now added for existing tags for the date of acquisition and the indication of whether the acquisition or disposal was not at arm's length

Please note: The final CT Computation 2019 *taxonomy was published by HMRC too late for us to include in this edition. We will be adding support for this taxonomy at the earliest opportunity.*

Miscellaneous e-filing changes

- Following guidance received from HMRC when XBRL e-filing was introduced, Alphatax previously included capital allowance **transfer in** amounts as "expenditure" for the purposes of tagging the computation.

  For version 18.0 of Alphatax meanwhile, we implemented changes in this area to bring tagging of the special rate pool into line with the other capital allowance pools, however this inadvertently led to an inconsistency with published HMRC guidance when populating the *Qualifying expenditure* boxes on page 8 of the form CT600.

We have sought further clarification from HMRC and they have now confirmed that the approach of including transfers in as expenditure for XBRL purposes is not correct. This follows the legislative approach whereby upon a s940A transfer the successor is treated as having been carrying on the trade since the predecessor began to do so, and therefore there is no expenditure at the time of the transfer.

We have accordingly removed capital allowance amounts transferred in from the expenditure XBRL tags included in the computation. As XBRL should be correct at the time of preparing the assembly, we have made this change **without an application date**. The changes made predominantly affect XBRL tagging which is not normally visible to the user when preparing the computation, however in certain cases the presentation of additions and transfers in may be separated when they were previously combined in our report statements.

We have also removed the changes made in version 18.0 in respect of the special rate pool, and so the ***Additional e-filing / CT600 analysis*** section of the *Special rate pool* input statement will revert to reconciling current period expenditure only, and not transfers in.

- We have addressed an issue with the XBRL dimensions applied to partnership property businesses to ensure that these are assigned a different dimension to any other property trades in the computation. Previously in some scenarios the same dimension would be applied to different property business trade items, which would lead to an e-filing failure.
- We have resolved a display issue whereby values in some merged cells on free-format statements were not being included in the iXBRL tax computation generated as part of the e-filing process.

7. Specialist companies

Creative industries

Please note: In this section references to film tax trades should be read as also referring to the other types of creative industry.

Relief for brought forward losses

- For creative industries in a completion or later period, production phase losses brought forward, to the extent that they do not relate to the additional deduction, are treated as current period losses for the purposes of s37 offsets and group relief.

  In previous versions, and where the creative industry made a profit in such periods, Alphatax offset these brought forward losses against profits of the same trade at trade-level, before any remaining losses were offset against total profits under s37. Historically this aligned with the correct legislative treatment of brought forward losses that do relate to the additional deduction, and produced the correct overall result. However following the loss reform changes this approach created an error in the calculation of modified total profits and so with the application of the loss restriction.

  In this edition we have now disabled this offset of creative industry brought forward losses against profits of the same trade at trade-level, and such an offset will now occur alongside any other streams of income on the *Profits chargeable* report statement, thereby correcting the loss restriction calculation.

- Continuing on from the above, in previous versions of Alphatax creative industry losses that:

  - arose in a pre-completion period,
  - were not attributable to creative tax relief,
  - had been brought forward into a completion period or later, and
  - had been brought back under s37 CTA 2010 (s1210(3) CTA 2009),

  were not being included in the calculation of deductions from total profits under s269ZD.

  Relevant deductions from profits are defined under s269ZD(3) where (e) includes deductions under s37 made in reliance on s1210(3), which would include losses carried back under s37.

  For periods of account ending on or after 31 March 2019, the losses brought back for creative industries will flow into the loss restriction calculation to form part of the restriction of total deductions from total profits.

- By default, for creative industry trades in a completion period where group relief is surrendered, Alphatax surrenders amounts brought forward before current period losses.

  In certain scenarios however it may be more beneficial to surrender current period losses before brought forward losses as post-completion losses remaining from the current period will be carried forward under s45A for which the more restricted group relief for carried forward losses is only available. Whereas the pre-completion period losses will continue to be treated as a current period losses for the purposes of group relief.

A **Surrender current period losses in priority to brought forward losses?** flag has now been added to the trade *Losses* input statement to allow the order of surrender to be swapped if required.

- We have addressed an issue where the creative industry losses available for group relief carried forward surrenders were incorrectly including losses attributable to the additional deduction. Only non-attributable losses carried forward are available for group relief carried forward, and so this has been retrospectively corrected.

Diagnostics

- The legislation requires creative industry tax calculations to be based on cumulative figures for the activity, and so Alphatax expects estimated income and expense entries to be made in subsequent accounting periods. We have now added a diagnostic that advises where these entries have not been made in the current period in order to avoid incorrect brought forward calculations applying in subsequent periods.
- A diagnostic will now show when a creative trade has been flagged as being both in a pre-completion period and a terminal loss period within the same accounting period. Creative industry tax legislation defines the completion period as a period in which the production is completed or abandoned, and therefore by definition a terminal loss period cannot be a pre-completion period.

Miscellaneous creative industry changes

- In Alphatax version 17.0 we updated the **Film tax losses transferred out under s1211 CTA 2009** field to be a Yes/No/Amount input in order to aide usability and avoid excessive entries. Following that change however, the calculation of the maximum transferred out amount was not considering any creative industry losses that had been transferred in and treated as brought forward under s1211 CTA 2009 in the same period. This lead to an amount of loss being incorrectly described as being eliminated.

  For this edition we have now updated this calculation to take into consideration amounts that have been entered as **Film tax losses treated as brought forward under s1211 CTA 2009**.

  The *Film tax loss memorandum* report statement has also been updated in the ***Losses carried forward*** section to keep track of the amounts treated as brought forward, the utilisation against trade profits and the amounts available for carried forward.
- The header of the *Film tax loss memorandum* report statement has been updated to indicate whether the current period is either a “Terminal loss period”, “Pre-completion period” or “Relevant later period” based upon the trade status flags on the *Film company tax* input statement. Previously the header incorrectly referred to the type of loss.

Oil ring fence companies

- We have enabled the offset of **Qualifying charitable donations** and **Grassroots expenditure** amounts against ring fence and contractor ring fence profits. Previously, Alphatax did not offset these amounts against non-mainstream profits. This has now been addressed for periods of account ending on or after 31 March 2019.

  The calculation of the *Profit-related threshold* for the purposes of group relief surrenders has also been amended to correctly account for this offset.

- We have addressed a casting issue on the *Profits chargeable* report statement for computations where a ring fence trade included a loss brought forward being offset against overseas or taxed income related to the trade.

  The amount offset was previously not being reflected in the net income in the **RF** column on the *Profits chargeable* report statement, which in turn resulted in an incorrect amount of profits being included in the **NRF** column.

  This was a presentational issue on the *Profits chargeable* report only; the *Corporation tax* report returned the correct numbers.

Banking companies

Double taxation relief against the bank surcharge

The bank surcharge was introduced by F(No.2)A 2015 and is an additional tax at 8% on profits of banking companies. Within the bank surcharge rules – which are contained within Chapter 4 Part 7A CTA 2010 – an allowance of £25 million is available to reduce profits subject to the surcharge, and in addition the double taxation relief provisions of Part 2 TIOPA 2010 are enabled to provide relief for foreign tax suffered against the surcharge.

In previous editions of Alphatax, the effect of the surcharge allowance was not being considered correctly on the *Double taxation relief* report statement which could lead to an amount of double taxation relief being claimed that was invalidly in excess of the amount of the surcharge.

For this edition, we have now added full support for automatically allocating the amount of the surcharge, and any other adjustments to taxable total profits required under s269DA(2) CTA 2010, against profits subject to the surcharge. Alphatax will perform an efficient allocation with a view to optimising DTR. For example, reliefs are allocated to streams of profits that have not suffered foreign tax in priority to those that have, and to streams of profits that can generate UFT in priority to those that cannot.

The results of the allocation, and effect on profits subject to the surcharge, are returned in two new columns in the bank surcharge section of the *Double taxation relief* report statement.

These changes apply for periods of account ending on or after 31 March 2019.

Miscellaneous banking company changes

- We have added support for a rule under s269DL(7) which states that relief for UFT is not available against the bank surcharge to the extent that the foreign tax relates to a non-banking or pre-2016 carried forward credit. Override inputs are now available on the *Foreign tax & UFT* input statement and *Trade overseas income* accessory statement allowing the amount of UFT offset against the bank surcharge to be amended if required.
- We have corrected an issue whereby the **Override loss utilised** input did not display in certain scenarios on the trade *Losses, Excess management expenses* and *Non-trade financial losses* input statements for banking companies.
- We have corrected a diagnostic display issue that was appearing for banking companies who had disclaimed some or all of their pre-1 April 2017 losses brought forward. Prior to the new carried forward loss rules, trade losses brought forward were automatically

set against profits of the same trade and if amounts were disclaimed such that a profit remained, the diagnostic would display.

Post the changes the automatic offset against trade profits was removed and you can now choose how much of the brought forward losses you want to claim. The diagnostic has now been updated to reflect this change.

Real statement investment trusts

Tax-exempt trade flag

In previous editions of Alphatax, users had two choices in respect of the treatment of the tax-exempt business for a real estate investment trust: to include summary details only for the purposes of the ratio tests in the residual computation, or to prepare a full stand-alone exempt computation separately to the residual computation.

For this edition, we have introduced an enhancement which creates a middle ground; allowing a tax adjustment calculation to be prepared for the tax-exempt business within the residual company computation.

In a residual REIT computation, for a trade item that has been marked as a property business, a new **Is this property business tax-exempt under the REIT provisions?** flag will be available on the trade *Accounts adjustments* input statement. Setting this flag to **Yes** will prompt Alphatax to allow full trade tax adjustments and capital allowances calculation to be prepared, but any resulting profits will not feed into the calculation of corporation tax for the residual business. Relevant amounts for the tax-exempt business will automatically feed into the *REIT ratio calculations* statement, however. Any losses arising will be carried forward to be offset only against future profits of the same business, with the carried forward loss restriction dis-applied in line with the relevant legislation.

The *Profit and loss account* statement will continue to use a multi-column approach to present details of the exempt business separately from the residual business, with amounts feeding into the tax computation automatically depending on which trade types have been created.

We hope this enhancement provides new opportunities and flexibility for the special company type in Alphatax. We aim to build on this feature to better deal with the requirements of the property income distribution (PID) in a future edition.

Miscellaneous REITs changes

- In previous editions of Alphatax, users were required to create a separate computation when joining or leaving the REIT regime as it was assumed that separate accounts would be drawn up. However s536 CTA 2010 states that for corporation tax purposes, one accounting period of an incoming company ends on entry, and a new one begins.

  For this edition, the second accounting period ***Type of company (CT600) selection dialog*** drop down on the *Standing data* input statement has been extended to include both "Real Estate Investment Trust - Residual company" (type 9) and "Real Estate Investment Trust - Exempt company" (type 10) for companies joining the regime.

  In addition, a "None of the other company types apply" (type 0) option has been added for those leaving in a split period of account computation.

Charities

- The carried forward loss reform provisions in relation to non-trade loan relationship deficits brought forward do not apply for charities (s463A CTA 2009).

  Meanwhile, the ***Type of company (CT600) selection dialog*** drop down on the *Standing data* input statement captures whether the company is a “Charity or owned by a charity” (type 8), in accordance with the requirements of the CT600.

  Alphatax previously dis-applied the carried forward loss reform provisions based on this company type flag, however where the company is owned by a charity and not a charity itself, the loss reform provisions should apply. For this edition we have therefore now added a **Is the company owned by a charity at the end of the accounting period?** flag to the *Non-trade financial losses* input statement which will allow the carried forward loss reform provisions to be enabled for a company owned by a charity.

Securitisation companies

- In previous versions of Alphatax for the purposes of calculating retained profit per Regulation 10 of SI 2006/3296 we calculated the minimum of the **Retained profit required by the capital market arrangement** and **Actual profit retained** fields. The actual profit retained was considered even where an entry was not made.

  However, retained profit is defined initially as the amount required by the capital market arrangement or made available to be retained. Only where the securitisation company has insufficient funds available to meet the retained profit required is the amount actually retained considered.

  For periods of account ending on or after 31 March 2019, we have amended the **Actual profit retained** field to now be optional. Where no amount is entered, the retained profit will be simply taken as the **Retained profit required by the capital market arrangement** input.
- We have addressed a presentational issue in split period computations in scenarios where the company does not have a retained profit and therefore fails Condition B in the first accounting period only. The corresponding note at the bottom of the *Retained profits* statement incorrectly displayed the second accounting period version of the note alongside the first accounting period version.

Partnerships

- We have corrected a display issue that could cause footnotes entered on the *Partnership details* input statement to either not be displayed at all, or to be displayed on both the *Partnership details* and the *Partnership statement* report. This occurred where combinations of the **Print Partner details report statement?** and **Swap the axes on the Partnership statement repot?** flags were used.

  The display rules have now been amended so that the footnotes display once only for all combinations of the flags mentioned above.
- In the previous edition of Alphatax, we added two new rows to the *Partnership statement* to return the amount of **Net capitals allowances** found in any trades or property businesses within the computation for the purpose of supporting sideways loss relief claims under income tax rules.

The associated unallocated amount diagnostics however were incorrectly being displayed for computations prepared under corporation tax rules.

These diagnostics will now only display for computations prepared under income tax rules, and where amounts have been allocated.

Life assurance companies

Carried forward loss relief

Finance Act 2019 amended the calculation of relevant profits for the purposes of the carried forward loss restriction. For accounting periods beginning on or after 6 July 2018, profits are calculated as the company's qualifying profits (Step 1 modified total profits as reduced by the Step 2 available reliefs) less the company's deductions allowance. This replaces the previous calculation being a sum of the company's relevant trading and non-trading profits and the company's relevant BLAGAB trade profits.

In addition, BLAGAB trade losses brought forward offset against BLAGAB trade profits are no longer restricted to 50% of BLAGAB trade profits, and the modified loss cap adjustment has been withdrawn.

We have amended the our calculation to take account of these changes, including removing the **BLAGAB** column from the *Carried forward loss restriction* report statement for periods beginning on or after 6 July 2018.

BLAGAB trade losses offset against total profits continue to be restricted by reference to relevant profits. Since the definition of the later has changed, they will no longer include BLAGAB trade profits and instead shareholders' share of I-E income will be brought in. The income will be now part of the Step 1 modified profits for the purposes of calculating the company's qualifying profits. However, this is ignored for the purposes of splitting the income between qualifying trade and non-trade profits.

Periods straddling 8 July 2018

In accounting periods straddling 8 July 2018, transitional rules require that the period is split into two notional periods for the purposes of applying the above changes. Alphalife will calculate the restriction to losses carried forward separately for both notional periods before merging them for the purposes of profits chargeable calculation.

The **BLAGAB** column on the *Carried forward loss restriction* report statement will calculate the restriction by reference to 50% of BLAGAB trade profits as allocated to the first notional period only. Subsequently, BLAGAB losses brought forward set against BLAGAB trade profits on the *Long-term business losses* statement will be split into a restricted amount in the first notional period and unrestricted amount in the second notional period.

The **Total profits** column in the *Modified total profits* section of the *Carried forward loss restriction* report statement will include shareholders' share of I-E income as allocated to the second notional period only.

By default, the calculations made in the **Total profits** column will be performed automatically behind-the-scenes and the column will show the combined values for both notional periods. A *Carried forward restriction NP analysis* free-format statement has been created and can be inserted into a straddling period computation in order to disclose the breakdown of how the restriction has been calculated for the two notional periods.

In addition, a *Profits chargeable NP analysis* free-format statement is also available and may be used to better understand how the offset in an individual notional period is further restricted to profits available in that period. Such analysis is relevant for the calculation of the correct amount of losses brought forward offset only and it does not affect the actual profits chargeable calculation.

For the purposes of the notional period split, profits are apportioned on a time basis by default. The allocation of BLAGAB trade profits can be amended on the *Carried forward loss restriction* input statement. In addition, BLAGAB trade profits and Shareholders' share of I-E income can be adjusted on the *Qualifying profits* input statement. The statement also allows for qualifying trading and non-trading profits to be reallocated between notional periods.

Group relief carried forward

Finance Act 2019 has removed the availability for Solvency II insurance companies to surrender as group relief for carried forward losses BLAGAB trade losses carried forward under s124A(2) or s124C(3) FA 2012 to the extent that they are shock losses. This amendment to the legislation at s188BG CTA 2010 applies for accounting periods beginning on or after 1 April 2019.

In previous versions, Alphatax already excluded such amounts from the ***Carried forward amounts available for group relief surrender*** section of the *Group relief carried forward surrenders* statement on the basis that this was the logically correct approach in line with the shock loss provisions. The amendment included in Finance Act 2019 corroborates this view, however also makes clear that Alphatax should follow the letter of the legislation for periods beginning before 1 April 2019.

For this edition we have now addressed this issue such that shock losses will be included for the purposes of determining BLAGAB trade losses that can be surrendered in periods beginning before 1 April 2019.

Miscellaneous life assurance companies changes

- HMRC recently released a draft life assurance manual covering the rules from the introduction of Solvency II onwards, although not including the loss reform. We have reviewed this manual to ensure that the calculations performed by Alphalife are in line with HMRC guidance.

  In response to this review, we have introduced a new flag to **Disallow deduction of investment assets capital allowances from BLAGAB trade profits?** on the *Life assurance options* statement. I-E income with its property business calculation will not be affected by the flag.
- The Management assets capital allowances **Plant and machinery main pool** statement has been enhanced to include inputs to transfer in or out assets related to the long-term business from the plant and machinery main pool statement.
- On calculating the maximum non-BLAGAB loss offset against BLAGAB gains, shareholders' share percentage must be applied to BLAGAB gains under s210A(10A) TCGA 1992. Alphalife incorrectly applied such percentage to gross BLAGAB gains (i.e. before the offset of current year and brought forward BLAGAB capital losses) rather than the net gains. The issue has been addressed for periods of account ending on or after 31 March 2019.
- We have addressed an issue in the calculation of qualifying profits where BLAGAB trade loss surrendered did not reduce the BLAGAB trade loss available for the purposes of Step 2 reliefs.

8. Miscellaneous changes

Carried forward loss restriction

Administrative requirements for the deductions allowance

In November 2018, HMRC published a new draft guidance document covering the administrative requirements in respect of the deductions allowance. This guidance relates to certain stipulations within the carried forward loss restriction legislation contained within Part 7ZA CTA 2010, including:

- s269ZZ which requires a company's tax return to specify the amount of the deductions allowance available to the company for the accounting period, where that company is making a deduction for losses that fall within one of the restrictions, and
- s269ZB(7) and s269ZC(5) which provide that the amount of a company's **trading profits deductions allowance** and **non-trading profits deductions allowance** for an accounting period is the amount so stated in the company's tax return.

We have reviewed the relevant Alphatax statements in light of this guidance to ensure that we are complying with HMRC's requirements as far as possible.

The nominated company must submit to HMRC a group allowance allocation statement in respect of each of its accounting periods in which it was the nominated company. The statement must list the allowance available to the group and how it has been allocated. This is then submitted as a PDF attachment to the return.

For version 17.0 of Alphatax, we added a group level *Group allowance allocation* statement to allocate the deductions allowance between companies in the group.

For this version, we have now added an additional company level equivalent report statement in line with the legislative requirements of the group deductions allowance allocation statement contained within CTA 2010 s269ZV. The report may be enabled by setting the following new flag, **Ready for submission?** to **Yes** on the *Deductions allowance* input statement.

The resulting *Group deductions allowance allocation* statement should not form part of the nominated company's computation therefore we have print suppressed this statement by default.

Situations in which the loss restriction does not apply

We became aware that Alphatax was incorrectly applying the loss restriction in computations where modified total profits calculated under s269ZF(3) CTA 2010 were nil. This is an unusual scenario as profits have to exist in the computation against which brought forward losses can be offset, but the same profits have to be excluded from the calculation of modified total profits. Taxable company distributions are the main example of such profits.

We have now addressed this issue such that the loss restriction will be dis-applied in this scenario, allowing losses to be offset fully against profits. This correction will amend existing computations with the following:

- Modified total profits of nil,
- Other profits in the computation,
- Losses brought forward that fall within the restriction, and

- Those losses brought forward exceed the relevant maximum.

In order to clarify the tax technical position in computation we will now also show the *Carried forward loss restriction* statement in report mode in this scenario with a note to explain the legislative reason why the restriction does not apply. For consistency, this same change has been extended to the two other situations in which Alphatax will dis-apply the loss restriction, being:

- Excluded accounting period of a general insurance company – s269ZG CTA 2010
- Property rental business of a tax-exempt REIT – s599 CTA 2010

Miscellaneous changes

- As part of the carried forward loss restriction rules, for the purposes of determining *Qualifying profits* Alphatax uses hidden links to populate calculation fields in respect of group relief surrendered. Where group relief is entered and then subsequently removed within a computation, this can in some circumstances result in entries remaining in place that are no longer valid.

  A diagnostic exists to advise of this issue, however in previous editions this diagnostic was only shown where the *Carried forward loss restriction* report was also shown. We have now extended the display of this diagnostic so that it will appear whenever the issue is present, regardless of whether relief for brought forward losses is being restricted on the *Carried forward loss relief* report statement.
- We have amended the display of the *Carried forward loss restriction* and the *Bank loss relief restriction* report statements to display in the following scenarios:
    - Bank loss restriction report: Where the relevant profits are reduced to nil by deductions allowance and no bank losses can be deducted
    - Carried forward loss restriction report: Where the bank loss relief restriction report displays
- We have addressed the following minor calculation issues:
    - The *Deductions allowance* report statement was not displaying the second accounting period allocation in a split period of account file where the first accounting period allocation was zero. The change made will correct the display issue in all relevant periods after ending on or after 1 April 2017. This was a presentational issue on that report statement only, and the remaining calculations remain unaffected.
    - We have addressed a display issue on the *Excess management expenses* input statement that could arise in accounting periods starting on or after 1 April 2017 and whereby the flag **Disable relief for brought forward management expenses (pre-1 April 2017)?** was incorrectly hidden.
    - The surrender of trade losses for an R&D tax credit was being incorrectly restricted in scenarios where the computation also included a property business with losses brought forward being offset against non-trade income.

      In determining the amount of the tax credit surrender, Alphatax performs a check to determine the trade losses remaining after any possible current period offsets, and this calculation was not taking account of the property business losses correctly which resulted in an excessive restriction for the trade.

This error was inadvertently introduced as part of the loss streaming changes in V17.0 of Alphatax, and affected accounting periods ending on or after 1 April 2017 only.

- An issue identified in the calculation of unrelieved losses for land remediation and ECA tax credit surrender purposes for a UK property businesses has been resolved. The unrelieved loss was not taking into account property business losses that had arisen in the period and been offset against total profits. This issue has been addressed for periods of account ending on or after 31 March 2019.
- A presentational issue previously caused the post-1 April 2017 headings and inputs to incorrectly be displayed on the trade *Losses* input statement for furnished holiday letting trades in certain circumstances. The loss reform provisions do not apply to furnished holiday lettings, and so streaming is not relevant.
- A calculation refresh issue was causing the trade losses carried forward amount to be presented incorrectly on the trade *Losses* report statement upon first opening certain files. This issue occurred in split period of account computations with post-1 April 2017 losses carried forward. Note that upon creating a subsequent period the correct amount was brought forward.
- We have addressed an issue with the allocation of pre-1 April 2017 non-trade loan relationship deficits offset against non-trade streams of income where modified total profits are nil. In such cases, the s269ZC restriction does not apply and the allocation for all streams now correctly takes account of this fact.

Corporate interest restriction

- Following a user enhancement request, we have added a **Land remediation relief capital expenditure deduction** input to the to the *Adjusted corporation tax earnings* statement to allow any deduction for capital expenditure under CTA 2009 s1147 to be excluded in accordance with TIOPA 2010 s407. A note has also been added to the input statement to highlight to users that an additional entry may be required.

  The pre-existing land remediation row has also been renamed to make clear that this is the additional 50% deduction under s1149 only.
- We have amended the default treatment of debits in relation to intangibles capitalised amounts. For periods ending on or after 31 March 2019, such debits, along with credits will now be treated as excluded amounts for the purposes of the adjusted corporation tax earnings.

  We have added a note on the *Adjusted corporation tax earnings* input statement explaining that by default, capitalised intangibles debits/credits will be treated as excluded amounts and intangibles entered on the *Trade/Non-trade intangibles P&L expenditure and receipts* input statement will be included. The overrides provided on the *Adjusted corporation tax earnings* statement can be used to include/exclude debits where the default approach does not apply.
- We have addressed the following minor calculation issues:
  - Company distributions entered on the *Overseas income* statement and chargeable gains were both incorrectly calculated net of non-trade deficits brought forward on the *Adjusted corporation tax earnings* statement. These

issues have been corrected for periods of account ending on or after 31 March 2019.

- Miscellaneous income entered on the *Overseas income* statement with foreign tax being taken as a deduction was incorrectly being included as gross rather than net of foreign tax on the *Adjusted corporation tax earnings* statement. This issue has been corrected for periods of account ending on or after 31 March 2019.
- For creative industries Alphatax was previously excluding from adjusted corporation tax earnings the entire adjustment used to arrive at the profit or loss for the creative industry, rather than only the element of that adjustment that relates to the additional deduction. This issue has been corrected for periods of account ending on or after 31 March 2019.
- Notional untaxed income for DTR purposes was incorrectly being assigned to derivative contracts (condition B) when loan relationships amounts with foreign tax suffered were entered on the *Overseas income* statement and the **Enable item level categorisation of tax-interest amounts?** flag was set to **Yes**.

  Additionally, if amounts were flagged as **Ignored**, the amount gross of any ignored amounts was used in the calculation of notional untaxed income. The amount net of any ignored amounts is now used within the calculation.

Capital allowances

- Following a user enhancement request, for periods of account ending on or after 30 June 2018, we have added a new diagnostic for when the annual investment allowance has not been fully utilised and there is capacity to use it against qualifying expenditure.

  This diagnostic can be disabled via the **Confirm allowance override/allocation value is correct?** flag on the *Annual investment allowance* input statement.
- Also on the *Annual investment allowance* statement, we have addressed a rounding issue that could arise in our calculations in some situations where the Group module was used to post an amount of allowance down to a company computation, and would result in an excess allocation diagnostic incorrectly appearing.
- We have enhanced the s940A calculation to deal with the scenario when an asset has been transferred in to the company but has then been transferred out at a later date but within the same accounting period. **Transfer out at TWDV** and **Date of transfer** inputs have to be added to the input statement which will affect the writing down allowances that the transferee/transferor can claim for the accounting period, and thereby reduce the overall TWDV that is added to the relevant pools.
- Previously the writing down allowance calculations on the s940A transfers statement did not take into account any rate overrides entered on the *Calculation rates* statement. The WDA calculations have now been updated to use the overridden rates where entered.
- We have addressed a display issue on the *Configuration options* input statement whereby the **Produce formal short life asset election within the computation?** input was not appearing where certain amounts of non-trade short life asset expenditure were present.
- We have addressed a presentational issue whereby the *Short life assets summary* report statement was not displayed in scenarios where amounts were transferred in using the *Summary totals* row.

Capital disposals

- Finance (No 2) Act 2017 introduced changes to the provisions of s161 TCGA 1992 with effect in relation to appropriations of assets made from 8 March 2017. From that date, the election will only be permitted where the appropriation into trading stock at market value would give rise to a chargeable gain, and not where it gives rise to an allowable loss.

  This means that an allowable loss will be crystallised when the appropriation takes place, and the loss will therefore remain within the chargeable gains rules with respect to how it may be set off in the future.

  We have disabled the **Appropriation of stock election?** flag on the *Reliefs and postponed charges* input statement for disposals after 7 March 2017 that result in an allowable loss.
- Following a user enhancement request we now have a flag, **Include details of multiple qualifying assets?** in the ***Roll-over relief*** section of the *Reliefs and postponed charges* input statement. This flag enables (after F7 refresh) a repeating row section which allows the user to enter details for multiple qualifying assets, the details of which are disclosed in report mode when the **Make formal claim for rollover relief within this computation?** flag is set to yes.

Elections

- We have addressed a display issue in the *Elections* input statement where users amended the **Foreign permanent establishment exemption** election in a prior period. This then caused incorrect disclosure issues in the future periods of the computation.
- We have addressed three related issues in the patent box calculations in respect of trade items included in the computation:
  - CTA 2010 s357BN states that in order to make one of the small claims treatment elections the company must be carrying on "only one trade". Alphatax applies a test to ensure that this condition has been met, however in previous editions property business and branches were incorrectly being counted. We have now addressed this.
  - Under this same section, a further test is applied to ensure that qualifying residual profits do not exceed £1m. Alphatax previously applied this test on an individual trade basis, but this will now apply at company level thereby correcting computations where branches are in use.
  - CTA 2010 s357A states that the patent box rules apply for the purposes of drawing up "profits of a trade" and so the trade-level patent box statements in Alphatax are now switched off for property business and furnished holiday lettings items.

Interest on tax payments

- The *Interest on tax payments* report statement performs a cumulative calculation of interest on the balance of any tax liability outstanding or repayable over time, and for this reason requires that payments and repayments are entered in date order.

For this edition, we have added a new diagnostic that will check that rows entered on the *Corporation tax payments* input statement that relate to the current period appear in ascending date order. Where this is not the case, users will be prompted to re-order the rows (which can be done simply using **Alt**+**Up Arrow** or **Alt**+**Down Arrow** keys).

The diagnostic will only appear for periods of account ending on or after 31 March 2019, and only for computations where the *Interest on tax payments* report is in use.

- We have addressed an issue on the *Interest on tax payments* report statement that caused payments of tax made between the second and third quarterly instalment due dates to be double counted in certain computations with an accounting period of less than 12 months. This error had been inadvertently introduced as part of the quarterly instalments for very large company changes.

Intangibles

- Following a user enhancement request, we have introduced a new **R&D expenditure under s1308 CTA 2009?** field to the accessory statement of the *Trade intangibles capitalised amounts* input statement. The relevant legislation stipulates that expenditure on research and development, where not capital in nature, is not precluded from being taken into account for the purposes of the R&D rules in Part 13 CTA 2009 even though for accounting purposes it has been brought into account for the purposes of determining the value of an intangible asset.

  The new flag acts to remove the appropriate amount of any **Additions** expenditure from the *Tax cost* calculations on the intangibles statement, which in turn controls the TWDV balance. The amount of the R&D expenditure being taken as a deduction is returned in a new column in the additions area of the report statement, and the debit feeds into the existing *Other debits* calculation for the row, which in turn is summed across the statement and forms part of the **Trade intangible fixed assets debits on capital items adjustment** row on the trade *Accounts adjustments* report.

  The accounting cost and NBV values for the row are unchanged, with the amount of the addition feeding in as normal, and with the tax amounts reduced as above, the remaining item-level intangibles calculations (e.g. amortisation, writing down allowance, realisation debits/credits) automatically work correctly, providing no further tax relief (the concept here is similar to existing roll over relief). Any amortisation in the accounts for example will be initially added back under the existing system, and then the calculation of the allowable debit will use the reduced tax cost as the numerator, which will result in an allowable debit of zero where full R&D relief has been claimed.
- Previously, any credits/debits arising for intangibles due to a change in accounting policy needed to be entered as an adjustment. Alphatax has been updated to include specific inputs to enter the accounting difference arising, allowing the credit/debits arising for tax purposes to be calculated. This amount has also been fed into the restriction that applies to goodwill (see Finance Act 2019 changes).

Other miscellaneous changes

- We have fixed a casting issue on the trade pensions statement where the flag **Include STRGL adjustments before tax in Total profit/(loss) per accounts?** was set to **Yes** on the *STRGL per accounts* input statement. The tax adjustment for the period calculation was correct but the STRGL value was not displaying in input or report mode.

This has now been corrected to display the STRGL value so that the tax adjustment total will now cast.

- Following a user query, we have now confirmed with HMRC that box 645 of the form CT600 **has written down or sold intangible assets** is relevant for non-qualifying intangibles as well as those qualifying under the provisions of Part 8 CTA 2009 (also referred to as post-FA 2002 intangibles).

  Alphatax previously populated this box automatically based on entries in the trade and non-trade intangibles capitalised amounts statements, used for qualifying intangibles only. Therefore, we have now added the following flag, **Company has written down or sold non-qualifying intangible assets?** to the ***Miscellaneous CT600 details*** section within the *Return details* statement allowing this box to be populated where non-qualifying assets have been written down or sold.
- We have corrected an issue where branch losses were double counted while calculating unrelieved trading losses in the *Enhanced expenditure reliefs* input statement.
- We have addressed a presentational issue whereby the *Profit-related threshold* breakdown details on the *Group relief surrenders* statement omitted the amounts of **UK property business loss available for surrender**.
- We have reviewed and updated Freeformat statement templates and company templates to comply with the latest tax rules and terminology. The changes include:
  - Removing columns referring to the abolished capital allowances and including some missing 100 % first year allowances in statements referring to fixed assets
  - Updating *Dividends receivable* statement with **Exempt overseas distributions** and **Taxable UK distributions** columns
  - Updating the layout of the statements in the *P&L* and *P&L analysis* tabs to be more consistent with the layout of the Account analysis statements
  - Adding missing links between freeformat statements and fixed statements

  We have also removed outdated statements from the library.
- We have addressed a casting issue on trade *Losses* report statement which affected certain computations with accounting periods ending on or after 1 April 2017 with the following amounts populated:
  - Film tax losses treated as brought forward under s45 FA 2006
  - Exploration expenditure supplement
  - Ring fence expenditure supplement
  - Onshore ring fence expenditure supplement
- We have addressed an issue where non-trade loan relationship deficits brought forward were not being offset against profits from EEA furnished holiday lettings businesses for the purposes of double taxation relief calculation.

  In addition, we have also corrected a further double taxation relief issue related to EEA furnished holiday lettings where Alphatax incorrectly generated and carried forward unrelieved foreign tax instead of treating it as wasted. Section 73 TIOPA 2010 restricts the UFT treatment to UK trades with foreign permanent establishments only.
- We have resolved a display issue on the *Non-trade financial losses* report statement for computations with post-1 April 2017 losses brought back against loan relationship income. Previously the entry incorrectly displayed within the pre-1 April 2017 section of the report rather than the post-1 April 2017 section and so the legislative references were subsequently incorrect.

- For this edition of Alphatax, we have updated the *Company losses* tax agent toolkit in line with the latest published version.

9. System changes

Anonymised Product Usage data

- We have made several changes to optimise the Alphatax Anonymised Product Usage data logging to ensure that there is no adverse impact on performance at peak filing times. As part of these changes we have reduced the volume of data items collected.
- We have expanded the anonymised product usage data collected by Alphatax to include audit trail events.

CCM Recalculation [Enterprise only]

- We have enhanced the logic used by the CCM 'Recalculate computations' function to include the option of rolling forward changes through all company periods. Previously the Recalculate computations logic would calculate each of the periods individually and would not reflect changes to brought forward values into later periods.

Miscellaneous system changes

- The file size of the PDF tax return forms produced in Alphatax has been reduced in this version.
- Clients running Alphapack on a Terminal Services or Citrix can now send e-mail directly via SMTP rather than using Outlook
- We were previously advised by a small number of users that the Accounts Analysis Tax Analysis dialog did not display properly in 4k resolution. We have made changes in the product to alleviate this issue.
- We have made a minor change to enable the Compare Differences dialog to be resized.
- A user reported an issue with one of the footnotes on the Accounts Analysis Profit and Loss account displaying data relating to another value on the same statement. This issue has been resolved.

10. Optional modules

Accounts analysis

- In the interests of tidiness, we have moved several accounts analysis specific configuration option flags that were previously located on the C*onfiguration options* input statement to the *Accounts analysis options* input statement.

- For the previous edition we introduced a new configuration option that allows for brought forward balances on the accounts analysis fixed assets statements to be reordered, if needed.

  The changes made for that enhancement inadvertently affected the rare scenarios where both brought forward rows on those statements had been populated, which can arise for example where multiple Data entry packs are imported into a single computation. This caused the brought forward balances returned in those computations to no longer cast, and also affected the balance carried forward into later periods.

  We have addressed these issues such the treatment of brought forward amounts will now be as it was before this enhancement was introduced.
- We have reviewed and added missing footnotes and cross references on the following report statements:
  - *Tangible fixed assets per accounts*
  - *Intangible assets per accounts*
  - *Finance lease receivables*
  - *Operating lease assets*

Tax Accounting

Tax account summary components of tax

In previous editions, the *Tax account summary* input statement in Alphatax included a **STRGL** column which allowed an amount of the current period tax charge that related to other comprehensive income to be separated out and disclosed separately from **P&L**. For computations prepared under IFRS (or FRS 101), this column was renamed **Equity**.

Having two columns was not sufficient for all situations, however. The accounting standards under both FRS 102 and IFRS require that the tax charge is presented in the same component of income as the transaction that resulted in the tax. This is stated at paragraph 29.22 of FRS 102:

> *"An entity shall present tax expense (income) in the same component of **total comprehensive income** (i.e. continuing or **discontinued operations**, and profit or loss or **other comprehensive income**) or **equity** as the transaction or other event that resulted in the tax expense (income)."*

and the same accounting concept is also included in IAS 12:

> *"Consistent with the principles underlying IAS 12, the tax consequences of transactions and other events are recognised in the same way as the items giving rise to those tax consequences. Accordingly, current and deferred tax is recognised as income or expense and included in profit or loss for the period, except to the extent that the tax arises from:*
>
> - *transactions or events that are recognised outside of profit or loss (other comprehensive income or equity)*
> - *…"*

There are three primary statements in the accounts in which a tax charge may be included:

- Profit and loss account
- Statement of comprehensive income

- Statement of changes in equity

Furthermore, the accounting standards also require that the profit and loss account separately identifies amounts relating to discontinued operations (either using a separate column, or as a line item brought in below the profit after tax of continuing operations). As such, the tax charge relating to discontinued operations must also be separated our from profit and loss.

Accordingly, in this edition we have included two further columns on our *Tax account summary* statement in Alphatax such that the current period tax charge may now be broken out into:

- Profit and loss
- Other comprehensive income
- Equity
- Discontinued operations

Note that the terminology used for the first two items depends on the accounting standards applied in the computation, and on whether the **Apply strict FRS 102 terminology?** / **Apply IAS 1 (revised) terminology?** configuration option has been set to **Yes**.

Amounts entered in the new columns feed into the reconciliations on the *Tax charge per accounts* and *Overall proof of tax charge* statements in the same way as STRGL amounts did previously, and into all equivalent statements in the Group module.

The new columns are also reflected on the *IFRS deferred tax balance sheet*, and on all associated sub-analysis statements. For IFRS computations, what was referred to as the **Equity** column will now be termed **OCI**, with the new **Equity** column now also appearing. This should produce no material effect on the way data is entered; on the *Share based payments* statement the balance of any equity amount brought forward will be automatically transitioned into the new columns.

In addition to the new columns, we have also increased the number of inputs in the STRGL column of the *Tax account summary* statement in order to provide more flexibility for users over the way they present tax and manage carried forward balances. As a consequence of this we have removed links that were previously used to auto-complete these inputs based on entries on the *STRGL per accounts* input statement.

These amendments are designed to apply for accounting periods ending on or after 31 March 2019. The input columns are generally made available for computations prior to this date however, and may be used with the caveat that certain terminology changes on the statements may not be enabled.

IFRS deferred tax balance sheet

For the previous edition of Alphatax we made a change whereby the *IFRS deferred tax balance sheet* statement would no longer derive **Carrying value** and **Tax base** figures per the computation by default. The reasoning was to bring the Alphatax deferred tax calculation under IFRS more into line with IAS 12 which requires a “comprehensive balance sheet method” of accounting for the tax consequences of an entity’s assets and liabilities. The changes were designed to ensure that the user manually entered every amount on the balance sheet, thereby encouraging them to derive the amounts under correct principles.

Whilst this technical viewpoint stands, in the previous edition amounts on the *Losses and tax credits* statement had not been included in the changes, and in analysing the requirements of achieving this we came to the view that the overall complexity being introduced was making the statements more difficult and less understandable for users to use. Automatic derivation of prior period adjustments had been removed, and we felt that the statement less flexible.

We have therefore made the decision to revert the changes included in the previous release.

Our *IFRS deferred tax balance sheet* input statement already featured input columns for both the **Carrying value** and **Tax base** which allow appropriate amounts derived under correct principles to be entered for every item. In addition, the **Booked** column – that accepts the provision for each item – is an input which is intended to ensure the user considers the provenance of each provided amount.

The changes made in the previous edition made use of the existing input columns, and therefore existing computations will be unaffected by the revision made in this release.

We may seek to re-introduce the essence of these changes for a future release pending further consultation with users.

Miscellaneous tax accounting changes

- We have addressed a casting display issue only on the *Tax account summary* statement for computations with the **Show period by period analysis of current tax prior year amounts?** flag enabled.

  The prior period payments as entered in the *Corporation tax payments* statement were previously not being reflected on the *Tax account summary* statement, however the row and column totals correctly included these amounts.
- An issue with values being locked in input cells not relevant for FRS 105 in the *Reconciliation of tax charge* input statement – those relating to deferred tax primarily – has been now been addressed such that these rows will now be shown, allowing these amounts to be removed.
- An issue with the translation of certain trade amounts when company translation is set but the trade is set to sterling by entering an exchange rate of 1 has been resolved.

Group

REITs Financial Statements Summary tool

In January 2019 HMRC released a REIT financial statement tool, which is an Microsoft Excel based series of worksheets used to capture the three financial statements required under s532 CTA 2010 being:

- The group's property rental business for the accounting period (worldwide)
- Group property rental business in the United kingdom
- Groups residual business

And the calculation and results of the following tests:

- Financing cost ratio test (also known as the Interest cover test ratio)
- The Distribution requirement
- The Balance of business income and asset tests

This Excel workbook is then required to be submitted to HMRC for all submissions on or after 1 January 2019.

For this release we have replicated the workbooks provided in the Excel financial statement tool in our group module in the *REIT reports* section. We bring up values from the company computations were possible and provided inputs where necessary to complete the financial statements required under s532 and the results of the tests mentioned above. Our reports can then be used to Copy and Paste values from Alphatax into the Excel financial statement tool ready for submission.

Please note: Due to the use of locked cells within the Excel tool, this will prevent you from pasting over a range of cells that spans a locked cell.

Corporate interest restriction

- Following a user enhancement request we have now created an *Adjusted corporation tax earnings* statement at group-level. This statement replicates the analysis behind the calculation of adjusted corporation tax earnings from the company computations, and supports the calculation of aggregate tax-EBITDA in the group computation.

  The statement is optionally displayed where the **Display Adjusted corporation tax earnings analysis statement?** flag is set to **Yes** on the Statement of calculations input statement, and will appear for group corporate interest restriction calculations until the **Return ready for submission** flag is set to **Yes**.
- Alphatax automatically carries forward balances between periods to be used in future calculations. For the interest capacity calculation, the excess debt cap brought forward and amounts of unused interest allowance from previous periods are relevant.

  For situations where the Alphatax statements were not used in earlier periods, we have now added a **First year that Alphatax is used for interest capacity calculation?** flag to the *Interest capacity* input statement that will allow the appropriate brought forward balances to be entered.
- Following a user enhancement request and to increase flexibility, the aggregate tax-EBITDA **Disregarded period override** on the *Statement of calculations* statement now accepts negative entries to allow you to increase the profit or loss for the Aggregate

Tax-EBITDA. Also for periods ending on or after 31 March 2019 we have removed the restriction that capped the aggregate tax-EBITDA to zero.

- We have addressed the following minor calculation issues:
    - Adjusted and qualifying net group-interest expense amounts were previously not being capped to zero – where they would otherwise be negative – for the purposes of the fixed/group ratio debt cap calculation on the *Interest capacity* statement, which could result in a negative interest allowance being calculated. These results are now limited to zero in line with TIOPA 2010 s413(2)/s414(2).
    - Where a group computation was changed from being in a restriction position to a reactivation one, or vice versa, inputs could become locked in the respective allocation input statements which could result in an unallocated amount diagnostic appearing that could not be cleared. The input statements will now display the relevant, no longer applicable entries in this situation, allowing the computation to be corrected.
    - The period start date was incorrectly being returned in the period end date column for the **Receiving period** row on the *Interest restriction brought forward* report statement.

Miscellaneous group changes

- Following a user enhancement request we have added the CT600-related transfer pricing flags from the *Return details* statement at company level to the *Memberships details* statement within the group module.
- We have amended the narrative of the **% owned by group** flag on the *Membership details* statement to **Group ownership percentage (required for Consortium companies, memo otherwise) [%]** in order to make clear that this entry is only required where the company is in a consortium ownership structure.
- We have corrected an issue where amounts in round thousands at company level had been double translated when brought up in to group for the *Group relief carried forward* statement only. This had then caused an error in the max claim calculation which has now been addressed.
- Whilst companies default to displaying in alphabetical order in the Group module it is possible to amend the order in which they display by dragging and dropping the companies in the contents tree. From this release onwards the ordering selected by the user will carry forward into later years by default. Previously the contents tree ordering would reset to alphabetical order.
- We have corrected an issue where profits shown for the purposes of group relief on the *Group relief* statement included CFC profits. Group relief has not been available against CFC profits since 2015.
- Trade losses available for group relief were incorrectly restricted by a negative property business loss amount for periods straddling 1 April 2017.
- We have addressed various issues with the presentation of amounts on the *Capital allowances summary* statement for some of the less common allowance categories, or where translation mode was in use, and where the breakdown configuration options are enabled.
- We have addressed a translation issue on the group *Trade adjustments summary* statement for split period of account computations. Previously the chargeable accounting period values were translated by the average period of account rate which then caused

casting issues on this statement. The values are now correctly translated using the chargeable accounting period average rate.

Tax Pack

For version 18.1 the *Profit and loss account* was updated if the company was marked as a charity on the *Standing data* statement or if the **Use alternative university format Profit and loss account?** flag was set to **yes** on the *Accounts analysis options* statement. We have now updated Tax pack to reflect the changes made for the *Profit and loss account*.

CCM Dashboard

- Users can now access Partnership and Life Assurance Business files from the company list on the CCM Dashboard.

Appendix 1: IT help and guidance

We note below a couple of items included in the Important Notes section (p.5) that you may wish to call to the attention of your IT department when installing the latest version of Alphatax.

Issue	**Summary**
HMRC plan to withdraw support for TLS (Transport Layer Security) 1.0 and 1.1.	HMRC plan to dictate that any software that accesses their services **must** do so using TLS 1.2. Applications that do not support this protocol will be unable to e-file in future. Alphatax supports TLS 1.2 but users on **Windows 7** will require an administrator to enable TLS 1.2 in the registry settings if they have not already done this for other applications. See this link for technical details of the changes required.
The latest versions of Chromium Embedded Framework (CEF) make use of a component which is not included by default in some older Windows operating systems.	Microsoft issued a hotfix ('Windows Update for Universal C Runtime in Windows') which allows Windows desktop applications that depend on the Windows 10 Universal CRT release to run on earlier Windows operating systems. If the update has not been applied, then Alphatax users will experience an error on start up.

Please contact Tax Systems Support if you have any queries.

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