Tax Systems

Alphatax UK

Enterprise Release Notes

Version 23.0

Contents

1. Introduction

About version 23.0

Welcome to the version 23.0 edition of Alphatax UK. This release includes the following features:

- Corporation tax rate change to 25% from 1 April 2023 introduced by Finance Act 2021
- Support for legislative changes introduced by Finance Act 2023
- Support for the CT600 2023 and associated e-filing schema
- Updates for the latest versions of forms SA700 and SA800
- A new *Profits reconciliation* report statement
- 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

Note: We recommend that you use the E-mail Support option from the Help menu if you need to share screenshots or other attachments directly with Support.

2. Technical requirements

The minimum and recommended workstation specification is as follows:	
Hardware requirements	• Any PC capable of running the supported operating systems listed below. • Fixed disk – 500MB free space for the application
Valid operating systems (mandatory)	• Microsoft Windows 7 32/64 Service Pack 1 • Windows 8 32/64 • Windows 10 32/64 (recommended) • Windows 11 • All Windows Server Platforms from 2012
Valid Windows Office (optional but some functionality relies on the Office suite)	• MS Office 2007 • MS Office 2010 • MS Office 2013 • MS Office 2016
Additional Information	• Virtualisation Platforms fully supported. • Citrix compatible • E-Filing requires internet access to HMRC (HTTPS port 443) • The View Json file option launches the JsonViewer.exe file, which has a dependency on having .NET Framework 4.8 installed. For users to be able to view the Json files, please ensure that you have .NET Framework 4.8 installed. • Alphapack is a set of WCF services running under IIS 6.0 or later and .NET Framework 4.8. The database is SQL Server 2000 or later. The Alphatax Enterprise version is 17.0 or later.
The minimum and recommended server specification is as follows:	
Database servers (running either)	• SQL Server 2014 or later SQL Server 2019 **(recommended)** SQL Server 2022 • Oracle 19c **(recommended)**
Other information	
If you plan to use more than one application at a time, more memory may be required to ensure proper and efficient operation. To print HMRC return forms, it is advised that you have a laser or inkjet printer capable of printing graphics at least at 300 dots per inch (dpi).	

3. Third party end of life information

End of life notifications

Windows Server 2012/2012 R2

Microsoft will end support for Windows Server 2012/2012 R2 on October 10, 2023.

Further information can be found here:

https://learn.microsoft.com/en-us/lifecycle/announcements/sql-server-2012-windows-server-2012-2012-r2-end-of-support

In line with this, we will be ending support for Windows Server 2012/2012 R2 in the Alphatax 23.1 release later this year.

End of life

To view our **End-of-Life policy**, please go to this link and select the policy from the Mandatory Policies section:

https://www.taxsystems.com/legal-policies/

4. 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.taxsystems.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 v23.0.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 *ATAXUK Installation Guide (for either Professional or Enterprise)*. 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 47. 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).

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 22.1 release are removed with this release.

5. Important notices

Microsoft OLE DB Provider for SQL Server (SQLOLEDB)

Microsoft no longer maintains the legacy Microsoft OLE DB Provider for SQL Server (SQLOLEDB).

Microsoft recommends upgrading to the new Microsoft OLE DB Driver (MSOLEDBSQL) for SQL Server. In line with this we would also recommend that you download and install this new driver.

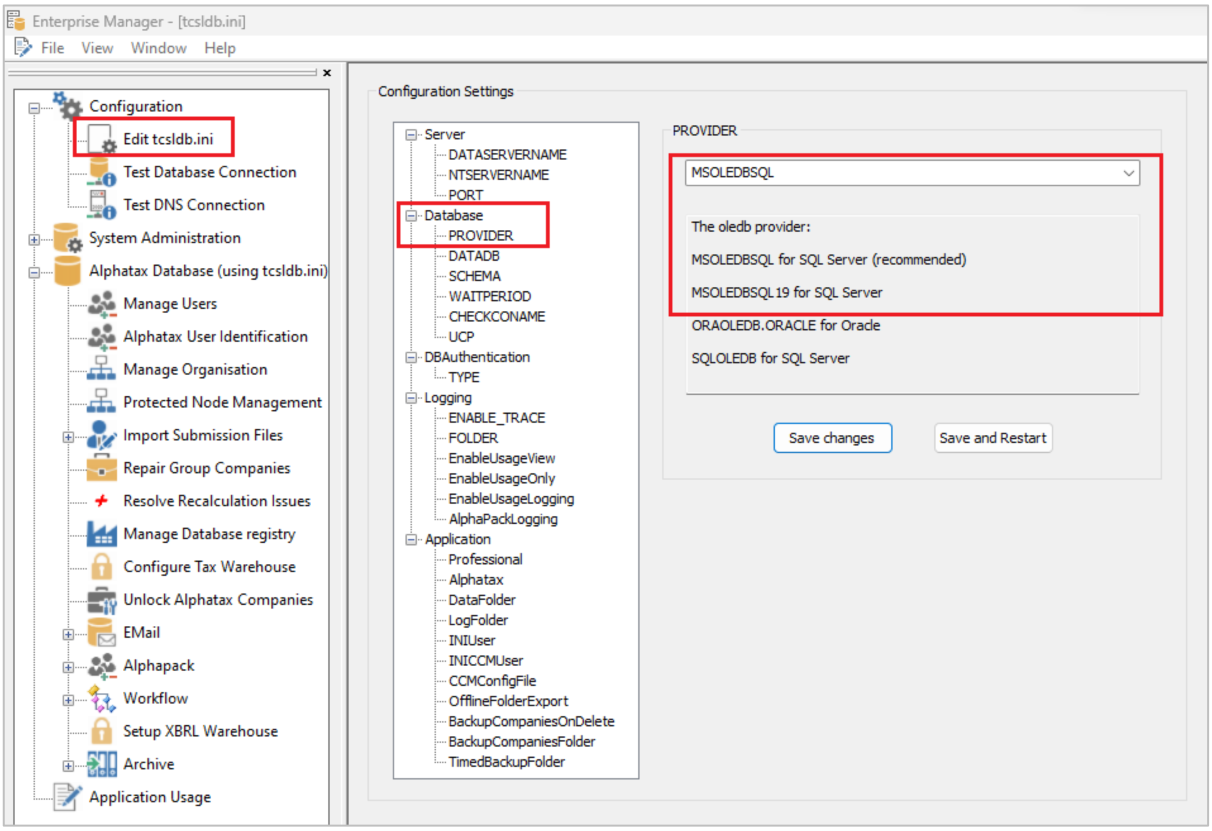
For further information, please see the following Microsoft technical documentation:

https://learn.microsoft.com/en-us/sql/connect/oledb/oledb-driver-for-sql-server?view=sql-server-ver16

When you have upgraded to the new driver, you will need to update the tcsldb.ini configuration settings and change the Database PROVIDER as follows:

FROM: PROVIDER=sqloledb

TO: PROVIDER=<*select the driver you have upgraded to*>



Group relief claim and interaction with s37

Following recent feedback from a customer, we are in discussions with HMRC on a point of legislative interpretation relating to the unusual situation in which a company makes a claim for group relief in a period which also includes a group relief surrender.

The query relates to s137(6) CTA 2010 which says that, for the purposes of determining profits against which group relief may be claimed, it is assumed that the company has claimed all relief available to it under s37 CTA 2010 (relief for trading losses).

Legislatively, a company is entitled to surrender trading losses as group relief in priority to offsetting against total profits under s37 (which is an ‘all or nothing’ claim). Alphatax therefore removes the amount of trading losses surrendered as group relief for the purposes of considering whether the s37 offset against total profits has been made as far as possible, and accordingly whether group relief may be claimed.

HMRC have indicated their view is that if a company has surrendered trading losses as group relief, they have not claimed under s37 as far as possible and so they may not then claim group relief.

In our view, the wording of the legislation and HMRC manuals are not clear and so we are in disussion with HMRC to clarify before we consider changing the long-standing Alphatax approach.

Any customers who encounter this situation and wish to take a cautious approach may reflect HMRC’s view in Alphatax by manually reducing the amount of group relief claimed.

6. Finance Act 2021

Corporation tax rate

Background to the rate changes

A change in the rate of corporation tax from 19% to 25% from 1 April 2023 was announced by then-Chancellor Rishi Sunak at Budget 2021 and was legislated for by section 6 of Finance Act 2021. The objective of this measure was for businesses to further contribute to costs incurred in respect of Government's response to the COVID-19 pandemic. Kwasi Kwarteng subsequently stated that this measure would be reversed during his Growth Plan 2022 speech in September 2022, but the legislation was never changed to reflect this. Chancellor Jeremy Hunt later recommitted the then-new Government to this rate change during his Autumn Statement 2022.

To protect smaller businesses, a small profits rate and marginal relief were also re-introduced by section 7 of Finance Act 2021, which enables Schedule 1, with effect from 1 April 2023. The small profits rate is 19% and applies to companies with augmented profits of up to £50,000 (referred to as the lower limit). Marginal relief then applies on profits of up to £250,000 (the upper limit) to smooth the transition to the 25% rate of corporation tax. These limits are pro-rated for accounting periods of less than 12 months. The marginal relief fraction is 3/200 from 1 April 2023. Augmented profits are taxable total profits plus any exempt (i.e., ABGH) distributions received from non-group companies.

Associated companies

As part of these changes the legislative definition of related 51% group companies has also been abolished with associated companies rules being re-instated. The wording of these associated companies rules is nearly identical to how they appeared in the legislation before the rates were harmonised by Finance Act 2014. The related 51% group companies legislation referred to companies being "51% subsidiaries" of each other, whereas the associated companies rules refer to "control", borrowing the definition of this term from the close companies rules of Part 10 CTA 2010 (see section 450). In practice, this change in definition is unlikely to lead to a different 'number' for most groups, but it is possible that a company would be regarded as related but not associated, or vice versa.

The number of associated companies is relevant for the anti-fragmentation rules which apply in respect of the lower and upper limits for corporation tax rates, and the limits for large (which remains at £1,500,000) and very large companies for quarterly instalment payment purposes. These also affect the long life asset monetary limit of £100,000 (s99 CAA 2001) and the patent box small claims treatment threshold of £1,000,000 (s375BN CTA 2010).

Legislatively, the small profits and associated companies rules have been added as a new Part 3A within CTA 2010. The existing rules for companies with ring fence profits continue to apply, but the legislation has been consequentially amended to now share the new associated companies definition in respect of the ring fence marginal relief calculation, and to allow non-ring fence marginal relief to interact with ring fence marginal relief. The upper and lower limits for the purposes of ring fence marginal relief are also changed to £250,000 and £50,000 from £1,500,000 and £300,000 respectively.

Close investment-holding companies

The definition of a close investment holding company has also been re-introduced. These are close companies (see s439) who do not exist for one of the “permitted purposes” set out under the new s18N.

The consequence of being a close investment-holding company is that the company is not entitled to benefit from the small profits rate or marginal relief (see s18A(1)(b) and s18B(1)(b) respectively).

These companies should complete type 2 in the ***Type of company*** box 4 on the CT600, which can be completed in Alphatax on the *Standing data* input statement.

Non-residents

A condition of the small profits rate is that the company is resident in the UK in the accounting period (s18A(1)(a)). The same condition also applies for marginal relief (s18B(1)(a)). Non-UK resident companies therefore do not qualify for these reliefs and will pay at the main rate of corporation tax.

This may affect companies operating in the UK through a permanent establishment (though non-discrimination rules may apply depending on any tax treaty in place, see HMRC manual DT1950PP) or – having been brought into corporation tax rules from 1 April 2020 – non-resident companies with income from UK property.

REITs and other trusts

Profits, gains, and charges arising in the residual business of a real estate investment trust which are chargeable to tax may not benefit from the small profits rate or marginal relief and so are chargeable at the main rate only. See s534(3) CTA 2010 for example.

Open-ended investment trusts companies and authorised unit trusts will continue to be chargeable to tax at the basic rate of income tax and will not benefit from the small profits rate or marginal relief (see s614 and s618 CTA 2010 respectively).

Bank surcharge

Following the corporation tax rate changing to 25% from 1 April 2023, to retain competitiveness of the UK banking sector, the Government legislated in Finance Act 2022 for the rate of the bank surcharge to be reduced from 8% to 3% alongside an increase in the bank surcharge allowance from £25m to £100m.

Alphatax changes

This edition of Alphatax includes full support for these corporation tax rate changes. For periods ending on or after 1 April 2023, Alphatax will now apply a corporation tax rate of 25% for companies with profits exceeding the upper limit. For companies with profits not exceeding this limit, the *Small profits relief* report statement will be printed to present details of whether the small profits rate or marginal relief apply. Taxable total profits for these purposes are derived from the *Profits chargeable* report statement. Exempt distributions may be entered on the *Exempt ABGH distributions* input statement, and we have now added a note to this statement to draw attention to the relevance of the **Group distributions** field.

The *Related 51% group companies* input statement will transition to be named *Associated companies* from 1 April 2023, and for accounting periods straddling this date, pre and post sections will be displayed on the input statement allowing for an accurate number of companies to be entered in each notional period.

We have taken the opportunity to remove the **Associated companies for payments on account, if different** input from the *Associated companies* input statement from 1 April 2023 as we do not believe that there is a valid reason for this input to be needed.

A **Disable small profits relief?** flag is available on the *Associated companies* input statement to suppress the small profits rate or marginal relief where required, such as for a non-resident company with a PE where no non-discrimination clause applies. Alphatax will disapply the small profits rate and marginal relief automatically for computations with a property business where the **Non-resident company in receipt of UK property income?** flag has been set to **Yes**.

Finally, new boxes have been introduced on the CT600 2023 (see below) to reflect the number of associated companies in the accounting period and respective financial years.

Group relief for carried forward losses surrenders

Finance Act 2021 introduced a change in the wording of a restriction that applies on the surrender of carried forward losses under s188BE CTA 2010 - *Restriction where surrendering company could use losses etc itself*.

This section previously borrowed from the loss restriction rules of Part 7ZA, stating that, to surrender losses, the sum of the company's relevant deductions could not be less than the maximum permitted by s269ZD(2). This wording produced an unintended result for a company who was allocated more deductions allowance than needed to utilise its own brought forward losses, in which case they were not allowed to surrender group relief for carried forward losses.

The legislation here has now been changed to refer to more generally being able to utilise losses at Step 2 of s4(2) CTA 2010, resolving the previous issue.

Accordingly, we have updated the *Group relief carried forward surrenders ((CT600C(4))* statement for accounting periods beginning on or after 1 April 2021, in line with the legislative commencement date.

7. Finance Act 2022

IFRS 17 - insurance contracts

This edition of Alphatax includes changes made to Schedule 5 of Finance Act 2022 made to reflect the introduction of IFRS 17, accounting for insurance contracts.

IFRS17 replaces IFRS 4 *Insurance Contracts* and is mandatory for accounting periods beginning on or after 1 January 2023. It sets out the requirements for a company reporting information about insurance contracts it issues and reinsurance contracts it holds.

The amendments are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance.

The consequential tax effects related to the adoption of FRS17 are as follows:

- An IFRS 17 transition adjustment, which is spread over a 10-year period, and
- the abolition of acquisition expenses' spreading rules, which were previously calculated under FA 2012 s79.

In this release, we have enabled an *IFRS 17 transitional amount* statement in the *Life assurance company - Other supporting data* section of the contents tree which may be used to calculate the transitional amount in accordance with *The Insurance Contracts (Tax) (Change in Accounting Standards) Regulations 2022* (SI 2022/1165).

The transitional amount should then be reconciled on the *Transitional deemed receipts/(expenses)* statements at fund-level, which will apply the 10-year transitional rules and allow the adjustment amount for the period to be allocated against BLAGAB or non-BLAGAB trade profits.

We have also phased out the spreading of acquisition expense which will no longer be applied for expenses arising in periods beginning on or after 1 January 2023. These calculations are still relevant for expenses incurred in previous periods.

8. Finance Act 2023

Note that the Bill, introduced to Parliament in November 2022, cited the short title of this Act as “Finance (No. 2) Act 2022“, but this was changed to “Finance Act 2023” in the final version of the Act, which received Royal Assent on 10th January 2023.

Research and development tax relief

Following an announcement during the Autumn Statement 2022, the rate of the Research and Development Expenditure Credit (RDEC) has been increased from 13% to 20%, while the small and medium-sized enterprises (SMEs) additional deduction for R&D has been decreased from 130% to 86% and the SME credit rate from 14.5% to 10%. These changes are reflected in this edition of Alphatax and have effect in relation to expenditure incurred on or after 1 April 2023. Alphatax will present pre and post-rate change inputs in straddling periods.

Government has said that this reform “ensures that taxpayer support is as effective as possible, improves the competitiveness of the RDEC scheme, and is a step towards a simplified, single RDEC-like scheme for all.” Consultation is planned on the design of a possible single scheme, and further work is being undertaken to review the effectiveness of the existing regime for SMEs.

Energy (oil and gas) profits levy

Finance Act 2023 has increased the rate of the energy profits levy from 25% to 35% and decreased the deduction for investment expenditure from 80% to 29%, both with effect for accounting periods beginning on or after 1 January 2023. The provisions, designed to be a temporary measure, have also been extended by more than two years and will now end on 31 March 2028. Alphatax has been updated accordingly.

9. Spring Finance Bill 2023

Annual Investment Allowance

The Annual Investment Allowance limit – held at s51A(5) CAA 2001 – was due to be reduced from £1m to £200,000 from 1 April 2023. To support businesses to invest and grow, the Government announced during the Autumn Statement 2022 that the forthcoming Spring Finance Bill 2023 will retain the limit at £1m permanently. The reduction has been removed in this edition of Alphatax.

10. Returns and e-filing

Company tax return CT600 2023

This edition of Alphatax includes the recently released form *CT600 (2023) – Company tax return*. This form acts as a direct replacement for the preceding version and is used for accounting periods starting on or after 1 April 2015. In addition, a new supplementary form CT600N has been introduced in relation to residential property developer tax. HMRC's latest e-filing schema V1.991 accompanies these forms and is also included in this edition.

CT600

A summary of the new boxes on the CT600 (2023) is as follows:

- **Residential property developer tax** – Box 144 indicates that the supplementary form CT600N has been included and box 497 includes the amount of *Residential property developer tax (RPDT) payable* – which must equal box N285 from the CT600N (see below) – into the calculation of *Tax chargeable* in box 510.
- **Associated companies** – Returned in box 326 which is used for accounting periods ending on or after 1 April 2023, at which point box 625 for the *Number of related 51% group companies* ceases to apply. The number of associates is only completed where the company is chargeable at the small profits rate or is entitled to marginal relief, in line with HMRC's Company Tax Return guide.
- The form also includes boxes 327 and 328 for the number of associated companies in each financial year covered by the return, however these boxes are only relevant where the upper or lower limit have changed during the period (which, new limits notwithstanding, last happened in 1994).
- **Small profits relief** – Box 329 is ticked where the company is claiming to be charged at the small companies rate or is claiming marginal relief. The amount of marginal relief claimed is returned in the existing box 435, which is renamed, having previously referred to ring fence profits only.
- **Energy (oil and gas) profits levy** – The amount liable – i.e. "levy profits" under s1(4) EOGPL 2022 – is returned as a standalone entry in box 986, and the *EOGPL payable* is incorporated into *Tax chargeable* via the new box 501.
- **Research and development** – Boxes 656 and 657 have been added to confirm that the company has submitted a *R&D claim notification form* and an *additional information form*. We have confirmed with HMRC that these boxes relate to reforms which are proposed to be included in Spring Finance Bill 2023. Fields have been introduced on the *Return details* input statement in Alphatax which allow these boxes to be ticked.
- A further new box 659 returns the amount of *R&D expenditure qualifying for SME R&D relief* which must equal box L166, where the CT600L is printed, and which is completed by Alphatax automatically.

CT600B

Following a recent change made by HMRC to their e-filing schema, we are now able to print the supplementary form CT600B for the first period in which a foreign permanent establishment exemption applies (box B35), even where there are no CFCs or hybrid and other mismatches present in the company.

CT600F

Narrative amendments have been made on the CT600F (2023) – *Tonnage tax* – reflecting legislative changes in respect of the UK's exit from the European Union.

In the wording for boxes F30A-F30C, the reference to the company or group operating ships which were not registered in "one of the Member States' registers" for the first time is replaced with "the UK". In addition, the narrative in box 65 is changed from "gross dividends " to "dividends and other distributions".

CT600L

- HMRC have resolved an issue in their e-filing schema which prevented the form CT600L from being completed for a scenario where the *Pre-step 1 restriction* section was relevant (i.e., Step 2 restriction brought forward being used to discharge a corporation tax liability) but with no current period credit.

  Alphatax is now able to print the supplementary form in this case, and the amount of the credit being used is accordingly returned in box 530 of the CT600.
- We have resolved an issue with the XML produced by Alphatax for scenarios in which s104S CTA 2009 – which relates to companies who are not a going concern – fully excludes any payable credit under step 7. In these cases, the *PayableRDEC* element, representing box L125 in the XML, is mandatory under HMRC's schema and Alphatax will now include this as zero.

CT600N

The CT600N is a new 8-page supplementary form designed to capture details of the residential property developer tax (RDPT). RPDT was introduced by Part 2 of Finance Act 2022 with effect from 1 April 2022, with the objective of recouping, from the largest property developers, the costs borne by Government associated with remediating unsafe cladding.

The CT600N is broken up into four sections:

- **Section 1** – Relates to the nominated allocating member and provides an option to prepare an authorised allocation allowance statement, where one has not already been submitted to HMRC.
- **Section 2** – Relates to joint venture companies and captures the amount of any notional allowances allocated.
- **Section 3** – Deals with RPDT group relief claims and RPDT group relief surrenders, for both current period and carried forward losses. These pages closely follow the

CT600C, returning details of the counterparties and allowing the pages to be used as notice of consent to surrender where a simplified arrangement is not in force.

- **Section 4** – Sets out the calculation of profits chargeable to RPDT and RPDT payable.

Correct population of the form CT600N is supported by both an updated Company Tax Return guide and updated validation rules in HMRC's e-filing schema.

We introduced support for residential property developer tax in V22.0 of Alphatax and the structure of this calculation is unchanged. For this edition however, we have redesigned certain aspects of our presentation to reflect the form CT600N, including moving group relief claims and surrenders to their own statements and introducing a new *Joint venture companies* input statement.

The input statements have also been moved to appear within the *CT600 supplementary forms* section of the contents tree, and new diagnostics have been introduced where appropriate to assist with completing the form CT600N correctly.

Note that access to these statements is controlled via the **Is the company a residential property developer?** flag on the *Standing data* input statement.

XBRL tagging changes

- We have resolved an issue that affected XBRL tagged footnotes entered on the *Structures and buildings allowance* statement. Alphatax was previously applying an incorrect dimension of non-UK resident to the footnote tag, which has now been removed.
- We have addressed a duplicate tagging issue in which the same XBRL tag for patent box losses was being included with two different amounts for the two notional periods in an accounting period straddling 30 June 2021. This occurred where such a loss was calculated under the pre-2016 rules in relation to the first notional period, and under the new rules in the second notional period.
- We have added missing dimensions to the tagged values **Licensing income that is not relevant IP income** on the *Patent Box – mandatory streaming conditions (pre July 21)* report and **Head 3 - Personnel costs** *i*n the *Patent Box – routine return figure* report to correct an e-filing failure that could arise in certain scenarios.
- We have resolved an issue whereby the Boolean XBRL tag *AdjustmentsHybridMismatchesAdjustmentApplies* had been applied to the **Hybrid and other mismatches adjustment** amount on the trade *Accounts adjustments* report, causing the value to appear as TRUE or FALSE in the COMP.HTML file. We have now updated to use the *AdjustmentsHybridAndOtherMismatchesAdjustment* tag, however we noted that dimensionally this is only available for UK property businesses under HMRC's CT computation taxonomy and not trades. We have reached out to HMRC to inform them of this error, and they have advised that they intend to correct in the 2024 CT computation taxonomy.

Non-resident company tax return 2023

This edition of Alphatax includes the recently released form *SA700 (2023) – Tax return for a non-resident company or other entity liable to Income Tax*. There are no changes to the boxes on this year's edition of the form.

Partnership tax return 2023

This edition of Alphatax includes the recently released form *SA800 (2023) – Partnership Tax Return and all supplementary pages* and the associated e-filing schema. There are no changes to the boxes on this year's edition of the form.

Miscellaneous partnership tax return changes

- For investment partnerships Alphatax previously applied a workaround, required to allow e-filing to succeed, of ticking box Q3 and entering "No Trade" in the trade name and description boxes. HMRC used to specify this in their published "Specials and Exclusions" document, however this piece of guidance has recently been removed. Alphatax will now populate the form for investment partnerships as normal.
- We have resolved an issue in long period of account computations, whereby the allocation columns for the first and second accounting periods were not appearing correctly on the *Annual investment allowance* statement for mixed partnerships, which left the user unable to clear diagnostic 1856: "Annual allowance available has not been allocated to relevant expenditure as far as possible". This issue arose where the partnership included a company as a member in one period – in which case under s38A CAA 2001 it may not claim AIA – but not in the other.
- In this version of Alphatax we have enhanced the *Additional information* statement by adding a **Carry forward information?** flag which enables data entered in the rows to be carried forward.
- We have resolved an issue which was stopping rows from being printed correctly in the *Additional information* box 4.2 on the *Partnership disposal of chargeable assets* pages for the second accounting period of a long period of account computation.

11. Taxable total profits and reconciliation

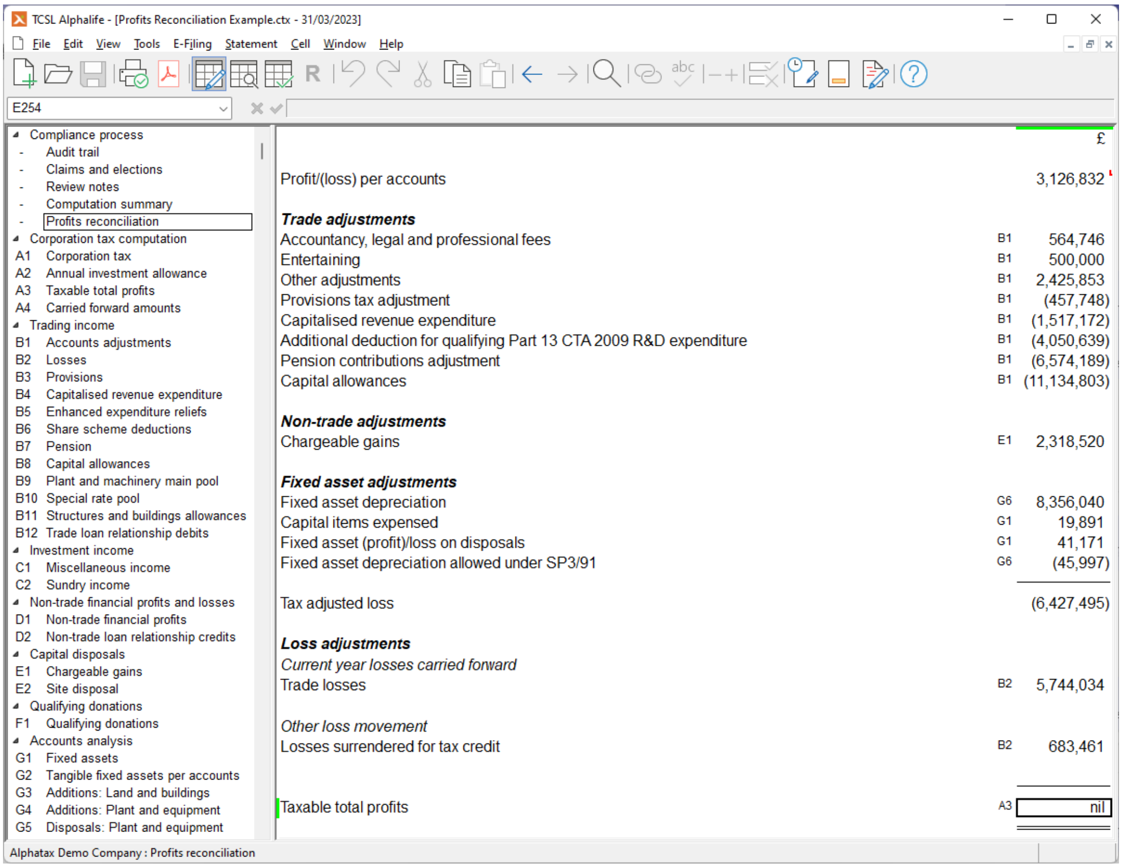
Following feedback from customers, in this edition we have introduced two enhancements to the presentation of taxable profits in the computation:

- We have changed the title of the *Profits chargeable* report statement to *Taxable total profits* which is on the basis that more closely aligns with the legislative charging provision CTA 2010 s4(2). Further references to this term elsewhere within the computation have also been updated, other than in respect of the CT600 which continues to use “Profits chargeable to Corporation Tax” for box 315.

  These changes apply for periods of account ending on or after 31 March 2023.

- We have introduced a *Profits reconciliation* report statement which is designed to provide a reconciliation of all adjustments that have been made to profit before tax (PBT) per the accounts in arriving at taxable total profits (TTP). For trading companies, the trade adjustments section will closely mirror the *Accounts adjustments* report statement. Further sections are presented to explain any non-trade income or expense streams, fixed assets adjustments or differences due to the utilisation of tax losses.

  The report will be displayed for company computations (other than life assurance) for periods of account beginning on or after 1 April 2020. This report is intended for review purposes only and so is set to be print suppressed in the computation by default.



12. Specialist companies

Banking companies

We have resolved an issue where **Pre-2016 / non-banking losses brought forward** that are offset against profits from permanent establishments were not being added back when calculating **Surcharge profits** on the *Bank surcharge* report statement, and were also not being deducted from the **Pre-2016 / non-banking losses carried forward** on the trade *Losses* report. This fix applies for periods of account ending on or after 31 March 2023.

Ring fence companies

For the purposes of the energy profits levy, and in an accounting period straddling the introduction of this tax from 26 May 2022, levy profits are calculated based on the company's ring fence profits allocated to the notional period beginning on that date. Profits are apportioned on a time basis by default, however s17 EOGPLA 2022 allows apportionment on a just and reasonable basis. An override input has now been introduced on the *Energy profits levy* statement to allow the default time apportionment to be amended.

Creative industries

In this version we have addressed a logic issue relating to the temporary increase in creative industry tax credit rates. Where the **Did production phase for the production begin on or after 27 October 2021?** flag has been enabled in a period straddling 27 October 2021 and a loss arising was being surrendered for a tax credit, Alphatax previously apportioned the loss between the notional periods split around 27 October 2021 with tax credit given at the different rates that applied for each notional period. However, enabling this flag means the trade began on or after this date and the total loss had arisen in the second notional period and therefore should not be time apportioned. The apportionment of the losses has been removed in this scenario and the increased rate of tax credit is applied to the total losses for the period.

Life assurance companies

- In this version of Alphatax, we have enhanced the *DTR s103 TIOPA 2010 calculations* input statement to now accept negative values in the **Investment management expenses** input in the ***Total relevant expenses*** section.
- We have fixed a double counting issue in the *Qualifying profits* statement where non-trade loan relationship credits, marked as related to the non long-term business, were included twice in the calculation of the modified total profits for the purposes of carried forward loss restriction. This fix applies for periods of account ending on or after 30 June 2022.

13. Miscellaneous changes

Pre-trading revenue expenditure

Following an enhancement request, we have introduced a **Date of expenditure** input column on the *Pre-trading revenue expenditure* input statement. This input can be used to assist with more accurately tracking items of expenditure across periods. Based on any date entered, Alphatax will automatically disallow expenditure that falls outside of the seven-year window at the end of the period, in line with s61 CTA 2009. The accounting period in which a trade begins works as it did before.

Carried forward loss restriction

- For periods ending on or after 31 March 2023 we have corrected an issue raised by a customer whereby miscellaneous overseas income was not considering foreign tax taken as a deduction in calculating the qualifying profits for the carried forward loss restriction.
- We have resolved a display rule issue on the *Carried forward loss restriction* report statement for scenarios where pre-1 April 2017 non-trading loan relationship deficits brought forward are present, but relief has been disclaimed. Previously, Alphatax was presenting blank rows for steps 3 and 4 apportionment of the step 2 amount against profits. These rows are now only shown when they are relevant.
- We have added a new note to the *Non-trade financial losses* input statement to draw the user's attention to the existing **Is the company owned by a charity at the end of the accounting period?** field where the company type on the *Standing data* input statement has been set to **8. Charity or owned by a charity**. The distinction of whether the company itself is a charity, is relevant for the purposes of the post-1 April loss streaming rules for non-trading loan relationships under s463A CTA 2009, which do not apply to charities.

Corporate interest restriction

We have resolved an issue in the calculation of tax interest income or expense which was previously not excluding any foreign permanent establishment exemption allocated on the loan relationship statements. This has been corrected for periods ending on or after 31 March 2023.

Hybrid and other mismatches

We have enhanced the *Hybrid and other mismatches (CT600B)* accessory statement with a new flag for **Management expense adjustment?** When flagged, this adjustment will automatically set the disallowed (or re-allowed) deduction against management expenses, rather than non-trade loan relationships as by default.

Leasing

- We have enhanced the trade and non-trade versions of the *Leased cars* statement to reflect depreciation and interest under IFRS16. When the accounts basis selected is either IFRS or FRS 101, the *leased cars* statements and associated tax categoriser links will reference “Depreciation”, “Interest”, “Rebates” and “Maintenance”.
- In this version of Alphatax, we have expanded the tax categoriser to include links for total rentals, total rebates, and total maintenance per accounts on both the trade and non-trade versions of the *Leased cars* statement. Diagnostics will warn users where the amounts in the top part of the statement do not reconcile with these totals.
- We have resolved an issue whereby a diagnostic was being triggered for short lease premiums where the number of complete years of the lease equalled 50 years, whereas the legislative maximum length of a short period lease is up to *and including* 50 years. The diagnostic will now only display when the number of complete years is greater than 50.

Research and development

Following user feedback, we have improved the presentation of the relevant expenditure on workers tax credit cap under s1058 CTA 2009 on the *Enhanced expenditure reliefs* input statement. New rows have been added to return the amount of this cap (£20,000 + 3x PAYE) and the maximum losses surrenderable to help users more easily maximise their relief. In addition, the go to function for the related diagnostic 531 will now direct users to the **Losses surrendered for R&D tax credits (SMEs only) under Part 13 CTA 2009** input on the *Losses* input statement.

Capital allowances

- We have resolved certain display rule issues that were affecting the appearance of the *Summary of super-deduction expenditure* and *Summary of SR allowance expenditure* statements for long (or otherwise split) periods of account. These statements will now correctly consider additions or disposals in each accounting period for the purposes of displaying the statements and columns therein.
- Similarly, these report statements also included a display issue whereby totals were not casting if any rows without super-deduction or SR allowance cost amounts had been created, but total relevant amounts remained. The display rules have been updated to show all rows that contain a value on the report to ensure the totals cast.
- An issue was identified where the super-deduction or SR allowance FYA claimed amount entered on the trade *Ships* input statement was included in box 760 of the CT600 (Machinery and plant on which first year allowance is claimed). This has been resolved and now only includes the qualifying expenditure amount.

Intangibles

- We have fixed an issue where a user modified a previous period by enabling the **Goodwill or other asset to which s879B CTA 2009 apply?** flag, upon transferring changes to subsequent periods the row containing the flag was hidden. This row will now display.
- We have resolved an issue where the **Revaluation debit/(credit)** was double counted in calculating the **Total debit/(credit)** amount where an asset has been revalued and disposed of in the same period.

Capital disposals

- The share pools statement includes an existing accessory statement flag **No gain/no loss transfer** which will prompt Alphatax to automatically determine deemed proceeds to arrive at no gain no loss on the disposal and print a legislative note in report mode referring to s171 TCGA 1992. For this release, we have now added a further flag which will allow this legislative reference to be amended to refer to s139 TCGA 1992, which is a separate area of legislation which also provides for no gain no loss transfers between two companies, in this case relating to business reorganisations.
- We have resolved a display issue for translation mode computations which was causing s171A transfers out to be presented incorrectly for shares disposals on the optional *Summary of capital disposals* supporting report statement.

Other miscellaneous changes

Following changes made by the Bank of England to their base rate in February and March, there have been further changes to the HMRC interest rates for late payment and repayment of corporation tax as well as interest on overpaid and underpaid corporation tax. This edition of Alphatax includes these latest rates, which affect the *Interest on tax payments* report statement, which is produced by Alphatax where the **Date for interest calculations** field is populated on the *Corporation tax payments* input statement.

14. Optional modules

Tax accounting

Other comprehensive income

Tax charge per accounts

We have introduced a new section on the *Tax charge per accounts* input statement which presents movements reflected in other comprehensive income, including introducing the ability to enter prior period comparatives for periods in which the tax accounting statements are being used for the first time or amounts are being restated. Equivalent sections have also been introduced for equity and discontinued operations.

IFRS deferred tax balance sheet

In the previous release we introduced new columns on the *IFRS deferred tax balance sheet* statement for temporary difference amounts recognised in other comprehensive income to improve our disclosure on the reconciliation. This release includes the following further enhancements and fixes to this area:

- We have updated the insertable sub-analysis statement with the relevant comprehensive income columns to match the parent statement.
- We have removed opening and closing booked inputs for other comprehensive income, and Alphatax will now automatically derive these from the relevant temporary differences.
- To allow for the same functionality as for the *Income statement* section, we have included rate change overrides for the automatic rate change calculations for *Other comprehensive income*.
- The closing **Not recognised** input for the pensions and post-retirement benefits row previously did not accept negative entries. This has now been corrected.
- First-time use **Brought forward** inputs have now been made available in the *Recognised in SOCI* section of the trade and non-trade *Pensions schemes list* item statements.
- We have corrected a calculation issue where other comprehensive income prior period amounts were entered on the *IFRS deferred tax balance sheet* which was leading to an unexplained difference on the *Overall proof of tax charge*.
- The **Closing** column was not casting correctly on the *Overall proof supporting calculation* report for rows where amounts had been recognised in other comprehensive income. We have now resolved this issue.

Miscellaneous tax accounting changes

- In the previous release, as requested by some customers, we amended the rate change calculations for deferred tax for the purposes of the *Tax charge per the accounts* statement to be calculated based on the movement of the opening or closing rate to the average rate for the period, to mirror the calculation performed in the overall proof. A new flag was provided to revert the calculation to being based on the opening to closing provision rate movement.

  Following further feedback, in this release we have now swapped round the default position, such that the default calculation will revert to the previous approach applied by Alphatax, and the user can now enable the **Calculate deferred tax rate changes on the basis of average rates?** flag if they wish to change the rate change calculations to be based on the average rate for the period.

- We have resolved a display issue in relation to diagnostic 1068, which advises of unallocated amounts on the *Analysis of prior period current tax* statement, which was causing the diagnostic to appear when it was not relevant.

Group

Corporate interest restriction

- We have resolved an issue with the return period **Net tax-interest expense amounts** presented on the *Statement of allocated interest restrictions* input statement for companies with a long or split period of account.

  Alphatax was previously deriving this amount by summing the net tax-interest expense for each accounting period when this should be the net tax-interest expense for the company across its period of account. The amount presented by Alphatax was excessive for scenarios where a company has net interest income in one accounting period but an expense in another, and this allowed for a legislatively excessive allocation of any interest restriction, which in turn resulted in a “RESTRICTION_GREATER_THAN_EXPENSE” error when submitting an Interest restriction return using HMRC’s API.

  We have addressed this for group periods ending on or after 31 March 2022. Existing diagnostics will display where any under or excessive allocations are entered on this input statement.

- We have added a new diagnostic to advise where the country of incorporation entered for the ultimate parent – relevant where the parent is resident outside of the UK - is not valid. This entry must be selected from the country list defined under HMRC’s API schema otherwise submission will fail.

- We have resolved a currency translation issue in a long period of account whereby the disallowance allocated at group-level for the second accounting period of the company was being translated at an average rate for the period of account, rather than the second accounting period.

Tax accounting

The tax accounting statements in the group module have been updated to reflect the additional disclosure introduced for other comprehensive income in company computations in the previous release.

Miscellaneous group changes

We have corrected a display issue on the *Tax due* report where the energy profits levy instalment amounts were appearing in both the **Small and large company payment dates** and the **Very large company payment dates** sections of the report. The energy profits levy will now only appear in the **Small and large company payment dates** section as the very large QIPs rules do not apply to ring fence amounts.

15. Platform enhancements

SQL Server

We have added support for SQL Server 2022.

As previously indicated, as of Alphatax V23.0, we no longer support SQL Server 2012. Microsoft ceased support for this product in July 2022 and it will no longer receive security or non-security updates. If you use SQL Server 2012 you should upgrade your version immediately.

16. Templates

Company analysis

We have performed a review of the names and descriptions given to the company templates held in Alphatax to improve presentation and clarity.

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