Tax Systems

Alphatax UK

Professional Release Notes

Version 23.1

Contents

1. Introduction

About version 23.1

Welcome to the version 23.1 edition of Alphatax UK. This release includes the following features:

- Support for legislative changes introduced by Finance (No.2) Act 2023
- Support for the 2023 computational taxonomy
- 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)	• 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 2016 • MS Office 365
Additional Information	• Virtualisation Platforms fully supported. • 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.
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

As previously indicated, 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 are ending support for Windows Server 2012/2012 R2 from this Alphatax release.

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 48. 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

Research and development tax relief changes

Finance (No.2) Act 2023 has introduced important new administrative requirements for companies claiming R&D tax reliefs. New claimants – broadly those who have not claimed within the preceding three years – must submit a claim notification to HMRC within six months of the end of the period of account. If the company is legislatively required to make this notification and fails to do so within the required timeframe, they will be blocked from claiming R&D relief for that period. In addition, for all R&D claims, additional information (i.e., an R&D report) must now be submitted to HMRC before the claim is made.

These submissions must be made digitally through HMRC's tax return portal. HMRC are not providing functionality for software providers to make these submissions or to validate that they have been made. Alphatax therefore cannot assist users with these requirements as fully as we would like to. We have introduced a new *R&D claim administration* statement with this edition which guides users through the requirements, but users will need to be aware of the relevant timescales and HMRC processes to successfully claim R&D tax relief.

See the *Finance (No.2) Act 2023* section below for further details.

Residential property developer tax

HMRC have confirmed there is an issue in their e-filing schema for residential property developers, who must complete the form CT600N, for scenarios where the company is claiming group relief for carried forward losses, but a simplified arrangement is not in place. Submissions will fail with validation error 9799. We have reviewed and, due to other validation rules used on the form, there is no reasonable workaround.

This issue has been documented on HMRC's Changes and issues affecting the Corporation Tax online service page and is due to be fixed in the April 2024 update to the e-filing schema. Customers affected who need to file returns before this date are advised to contact their HMRC customer compliance manager.

Electricity generator levy

We are aware the Government introduced amendments to the electricity generator levy legislation in the Finance (No.2) Bill Amendment paper (page 8) during the report stage in June, concerning Non-chargeable amounts attributed to participants of joint ventures. These proposals were made after we had locked down our tax rules for this edition. We are reviewing these legislative changes and intend to incorporate them into the next edition of Alphatax. Please contact our Support team if you are affected.

6. Finance (No.2) Act 2023

Temporary full expensing for expenditure on plant and machinery

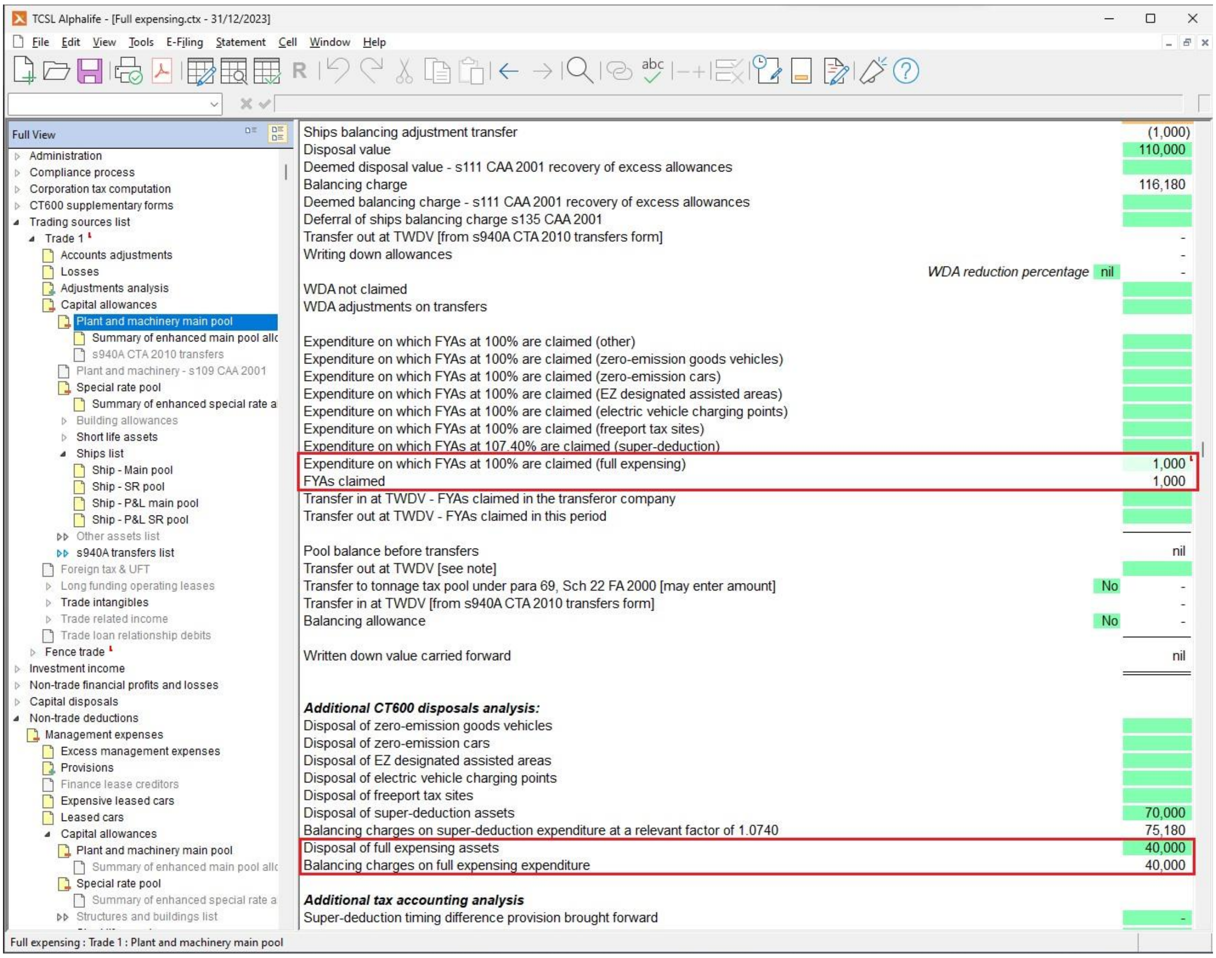
Following the 130% plant and machinery super-deduction and 50% special rate capital allowances which were available for qualifying expenditure incurred between April 2021 and 2023, the UK Government has followed up with a new full expensing first-year allowance introduced in Finance (No.2) Act 2023, intended to "drive investment and growth".

These new first-year allowances are available for expenditure on unused plant or machinery assets, which are not second-hand, incurred between 1 April 2023 and 31 March 2026. Additionally, these assets must not fall under the general exclusions contained in s46 CAA 2001.

A 100% allowance is available for qualifying plant and machinery assets and 50% for special rate expenditure, in the period in which the expenditure is incurred.

Rules apply to the disposal of assets for which 100% or 50% full expensing allowance has been claimed, whereby the company will be required to bring in an immediate balancing charge equal to 100% or 50% of the disposal value, respectively.

In this edition of Alphatax, additional fields have been introduced on the *Plant and machinery main pool*, *Special rate pool* and *Ships* input statements for trade and non-trade to allow for any qualifying expenditure and disposal values to be entered:



Expenditure and disposal amounts entered in the pool statements are included in the *Summary of enhanced main pool allowance expenditure* and *Summary of enhanced special rate allowance expenditure*, previously known as *Summary of super-deduction expenditure* and *Summary of SR allowance expenditure* respectively. These sub-analysis statements are optional to use but can help with disposal considerations.

Note there currently are no specific boxes on the CT600 relating to full expensing. HMRC have advised that boxes will be introduced in a 2024 update, and for now these amounts are included in the ‘other’ capital allowances boxes. Alphatax will populate the CT600 in line with this HMRC guidance.

Extension of first year allowances on electric vehicle charge-points

Section 9 of Finance (No.2) Act 2023 has extended the period in which first year allowances can be claimed on electric vehicle charge points, which were due to be withdrawn from the 31 March 2023, by a further two years to 31 March 2025. Alphatax has been amended to reflect this change.

Research and development tax relief changes

Schedule 1 of Finance (No.2) Act 2023 has introduced a range of reform measures in relation to corporation tax relief for research and development, amending the definition of qualifying expenditure and adding new administration requirements to the claim process.

These provisions apply to any “R&D claim” which, under a new definition at s1142B CTA 2009, encompasses:

- R&D expenditure credit under s104A CTA 2009
- SME additional deduction under s1044 CTA 2009
- SME tax credit under s1054 CTA 2009

These changes in general apply for accounting periods beginning on or after 1 April 2023, other than the requirement to provide additional information which applies for all claims made on or after 1 August 2023.

Claim notification

Under the new rules, companies making an R&D claim for the first time will be required to submit a claim notification to HMRC within six months of the end of their period of account.

The legislation achieves this by defining a claim notification period, which begins with the first day of the period of account and ends six months after the end of the period of account in which the R&D tax relief is being claimed. A company then may not make a claim for R&D tax relief after the end of the claim notification period unless the company has either:

- made a previous R&D claim within three years of the end of the claim notification period, or
- makes a claim notification within the claim notification period.

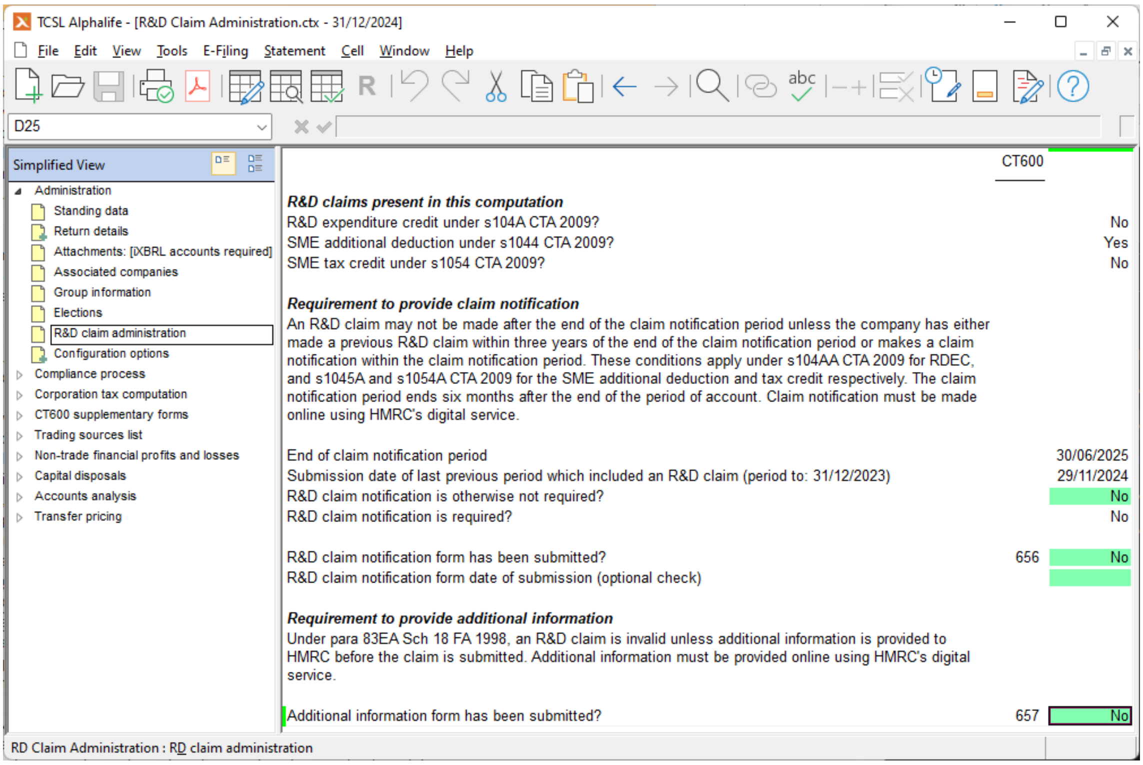
Claim notification must be made digitally through HMRC’s tax return portal. HMRC are not providing functionality for software providers to submit this notification or validate that it has been made. HMRC have provided guidance here which includes a **Start now** button to begin the claim notification process. The information required comprises:

- Company name and UTR
- Contact details for the main internal R&D contact at the company
- Contact details of any agent involved with the R&D claim and any agent reference number
- Period of account start and end date, and accounting period dates if different

For this edition, we have introduced a new *R&D claim administration* input statement which will appear in the *Administration* section of the contents tree for trading companies whose period ends on or after 30 June 2020. This statement will present to the user the date on which the claim notification period ends and the **Submission date of last previous period which included an R&D claim**, derived from preceding periods where available, to determine whether a claim notification is required.

Where this is the case, diagnostic 2034 will prompt the user to confirm a claim notification has been submitted to HMRC. This entry will populate box 656 of the CT600.

A date of submission may also be entered to allow Alphatax to validate that the submission was within the required claim notification window.



Additional information

With effect for all claims made on or after 1 August 2023, a claim for R&D relief is legislatively invalid unless the claimant company has submitted an additional information form to HMRC before the claim is made. HMRC are given the power to specify the requirements of this additional information via secondary legislation, but a list of information has been provided in the HMRC guidance and includes:

- full details of the company undertaking R&D,
- a description of the R&D undertaken,
- a breakdown of qualifying costs,
- details of any agent advising the claim, and
- a signature from a senior officer of the company.

This measure takes effect via a new paragraph 83EA introduced into Sch 18 of Finance Act 1998. This information must again be submitted digitally through HMRC's tax return portal.

For this edition, Alphatax will include diagnostic 2036 for all computations that include an R&D claim prompting the user to confirm that additional information has been submitted. The relevant input is included on the new *R&D claim administration* input statement and will populate box 657 of the CT600.

Qualifying expenditure

The following change applies to the definition of qualifying expenditure for the purposes of both the RDEC and SME R&D:

- **Data licenses and cloud computing costs:** The existing definition of “software or consumable items” at s1125 CTA 2009 is extended to include data licenses and cloud computing costs.

For this edition of Alphatax, we have updated the wording of the ***Qualifying expenditure*** guidance notes displayed on the *Enhanced expenditure reliefs* and *R&D expenditure credits* input statements.

Mathematics

The definition of R&D for tax purposes is given in the BEIS guidelines. Mathematical techniques are commonly used as part of R&D projects, but this guidance has been amended so that mathematical advances in themselves are treated as R&D.

Extension of museums and galleries exhibition tax relief

Section 13 of Finance (No.2) Act 2023 has extended the period in which Museums and galleries exhibition tax relief is available from ending on 31 March 2024 to ending on 31 March 2026. Alphatax has been amended to reflect this change.

Extension of creative industry tax credit rate relief

Finance Act 2022 temporarily increased the rate at which tax credits are calculated for Theatre, Orchestra, and Museums and galleries exhibition trades, for expenditure on new productions commencing on or after 27 October 2021. These rates were due to reduce from April 2023 eventually returning to the original rates by April 2024.

Section 14 of Finance (No.2) Act 2023 has extended the period in which the higher rates are available by a further two years. In a period straddling a change in the tax credit rate, straddling period provisions apply and so Alphatax will present a pro-rate apportionment calculation for the loss surrendered, with an override input provided if needed.

	Tax credit (%) – Period from		
Industry type	27 October 2021	1 April 2025	1 April 2026
Theatre - touring	50	35	25
Theatre non-touring	45	30	20
Orchestra	50	35	25
Exhibition - touring	50	35	25
Exhibition non-touring	45	30	20

Patents small profits rate

Companies can elect for relevant IP profits of a trade to be chargeable at a lower rate of corporation tax (currently 10%). This is given effect by allowing a deduction to be made in calculating the profits of the trade. The formula to calculate the additional deduction is found in s357A CTA 2010 and has been amended to replace ‘MR’, which was defined as the main rate of corporation tax, to ‘AR’ which will be the small profits or main rate. This takes effect for accounting periods beginning on or after 1 April 2023 as specified in s11 Finance (No.2) Act 2023.

Energy profits levy de-carbonisation allowance

In respect of the energy profits levy, a new type of investment expenditure allowance has been introduced by s12 Finance (No.2) Act 2023. This legislation amends the wording of the existing s2 EOGPLA 2022 and allows for an allowance of 80% for capital expenditure on de-carbonisation of upstream petroleum production. The allowance remains at 29% for all other types of investment expenditure.

A new **De-carbonisation capital expenditure qualifying for additional 80% relief** input has been added to the *Energy profits levy* statement to capture the additional deduction. This amendment applies in relation to expenditure incurred on or after 1 January 2023.

Electricity generator levy

Finance (No.2) Act 2023 has introduced the electricity generator levy, which applies from 1 January 2023 to 31 March 2028. The levy imposes a 45% charge on exceptional generation receipts produced by low-carbon electricity generators. This applies to income from electricity sold at prices exceeding a benchmark amount. The levy is aimed at companies or corporate groups whose electricity output exceeds the levy threshold across the given period and applies where profits exceed the revenue allowance per annum.

We have introduced a new *Electricity generator levy* statement designed to reflect the 6-step calculation of exceptional generation receipts defined under s278 F(No.2)A 2023. Additionally, we have included an *Electricity generator levy allocation* statement where the lead member of a group can allocate levy to and from other members, and an *Electricity generator levy shortfall claims* statement where they can claim shortfalls from related members.

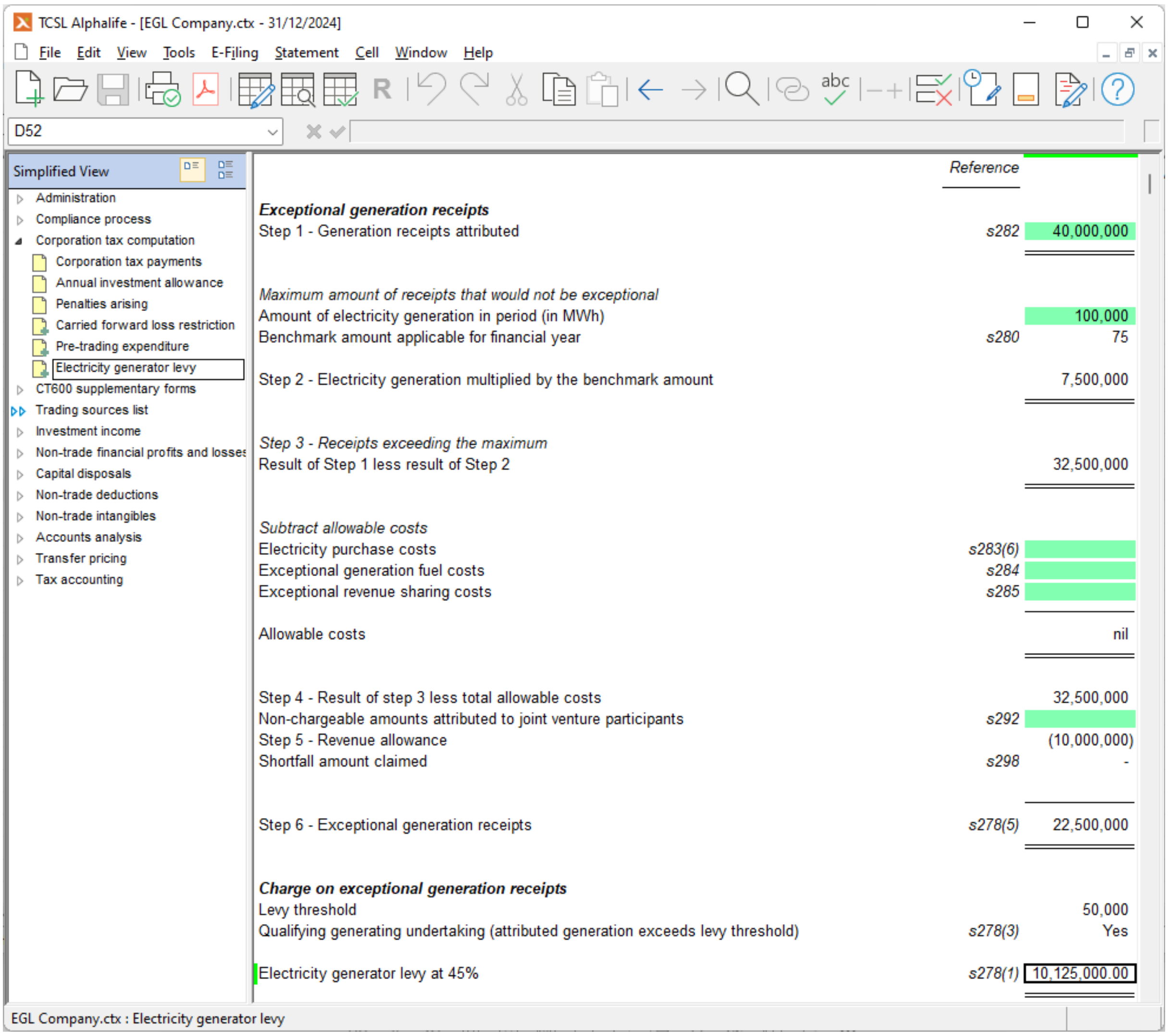
On the *Standing data* input statement in Alphatax, a new flag **Is the company an electricity generating undertaking?** will appear for periods ending on or after 1 January 2023. This flag should be used where the relevant legislative conditions are met and will enable the *Electricity generator levy* statements in the *Corporation tax computation* section of the contents tree.

Inputs are provided for the **Generation receipts attributed** and **Amount of electricity generation in period in (MWh)** of the group or of the company which is the generating undertaking. The latter amount is multiplied by the benchmark amount applicable for the financial year to calculate Step 2.

Allowable costs include **Electricity purchase costs** (s283), **Exceptional generation fuel costs** (s284) and **Exceptional revenue sharing costs** (s285). Allowable costs are subtracted from the result of step 3 to calculate step 4. Where the qualifying undertaking is a joint venture, a **Non-chargeable amounts attributed to joint venture participants** (s292) amount is added to the result of Step 4 where the result is greater than nil.

Exceptional generation receipts are calculated by subtracting the £10m revenue allowance and any shortfall amount claimed under s297 F(No.2)A 2023 entered on the *Electricity generator levy shortfall claims* input statement.

In report mode, full details of the electricity generator levy calculation will be presented, including any allocation of levy to and from other members. When exceptional generation receipts arise, the amount of EGL will be calculated at 45%. This will flow onto the *Corporation tax* report statement and form part of any liability for the period, including quarterly instalment payments. The tax accounting statements have also been updated to reflect this additional tax charge.



QAHC amendments

Schedule 4 Part 3 of Finance (No.2) Act 2023 has introduced changes for Qualifying asset holding companies. These changes are outside the scope of Alphatax but we have added a note to the *Securitisation companies* input statement which states that from 15 March 2023 a securitisation company cannot be a Qualifying asset holding company unless it was one before this date.

Corporate interest restriction amendments

Schedule 3 of Finance (No.2) Act 2023 has introduced a range of amendments to the corporate interest restriction legislation updating definitions used in calculating qualifying net group-interest expense and clarifying non-consolidated associates include partnerships or transparent entities.

Updates have also been made regarding when you need to submit a revised IRR along with amendments to the penalties in calculating potential lost revenue. While the majority of the amendments are outside the scope of Alphatax, we have made a change for charities in this release. Charities are to exclude references to conditions A-C in calculating the tax-interest expense amounts for the period and so Alphatax will now automatically exclude these amounts on the *Corporate interest restriction* statement for periods starting on or after 1 April 2023.

7. Finance Act 2023

Research and development tax relief changes

The rate of the SME R&D tax credit under CTA 2009 s1058 was changed by Finance Act 2023 from 14.5% to 10% “with effect in relation to expenditure incurred on or after 1 April 2023”. Calculating the maximum amount of any credit however requires consideration of “unrelieved” trading losses. The legislation does not specify an approach to this calculation in accounting periods straddling a rate change and so Alphatax relies on published HMRC guidance at manual CIRD90500.

We included support for the tax credit rate change in our previous edition. However, in May – after the release of our V23.0 edition – HMRC made a change to their manual which affects the calculation of unrelieved trading losses in a straddling period in Alphatax.

The previous guidance – which had stood since 2008 (although 2014 was the last time the rate changed) – advised that unrelieved trading losses are allocated to the pre period first, but after removing the enhanced deduction of the post period. Losses could be surrendered as far as possible in that pre period before any remaining balance flowed into the post period. The guidance now advises that, for a period straddling 1 April 2023, unrelieved trading losses “should be apportioned by reference to the number of days in each financial year”.

We have now introduced changes to our *Enhanced expenditure reliefs* statement to bring Alphatax into line with HMRC’s updated guidance.

Note that this change can either increase or decrease the amount of the tax credit available to a company, depending on the level of unrelieved trading losses and the balance of qualifying R&D expenditure in the pre and post periods.

Also note that for scenarios where only part of the available loss is surrendered, Alphatax will apportion the surrender based on the maximum surrenderable amount in the pre and post period rather than using a number of days basis. Our interpretation is that this is the logically correct approach and means that all scenarios work correctly (such as where there is qualifying R&D expenditure in one period only), with no further entries required from the user. HMRC only provide one example in their guidance however and do not cover this scenario. We have reached out to them to ask for clarification. This allocation is important because in a partial surrender scenario, it is controlling how much of the surrendered amount achieves a 14.5% credit versus a 10% credit. For now, an override input is provided on the *Enhanced expenditure reliefs* input statement which allows this apportionment to be amended if required.

8. Returns and e-filing

CT 2023 taxonomy

This edition of Alphatax has been updated to support the 2023 edition of the CT taxonomy produced by HMRC. Changes in the CT taxonomy include:

- Energy generator levy and energy profits levy – new tags have been applied to the *Energy generator levy and Energy profits levy* report statements. Alphatax will apply these tags automatically based on entries in the existing inputs.
- Number of associated companies – tags now apply to boxes 326 – 328 of the CT600 form.
- Gross gains on qualifying shares held by a QAHC – tag applies to QAHC trades only and can be seen on the Accounts adjustment report statement where relevant.

Company tax returns

Form CT600

- We have resolved an issue we identified in testing our marginal relief calculation for periods straddling the re-introduction of the small companies rate from 1 April 2023. HMRC check the **Marginal relief** entry in box 435 of the CT600 against their expected results as part of validating the electronic submission of the company tax return. Analysis revealed that they use 366 as the denominator when pro-rating the upper limit for all periods straddling 1 April 2023, on the basis that the financial year 2023/24 includes a leap day. Alphatax was previously considering the number of days in the accounting period, which produced a different result where the period end date fell before 29 February 2024. We have now changed our calculation to align with HMRC.
- We have corrected an e-filing failure related to submissions including RDEC claims containing a step 3 carry forward value of nil. Certain scenarios were failing due to missing mandatory elements in the XML submission. These elements are now correctly included when the step 3 carry forward value is nil.
- We have updated Alphatax to reflect HMRC’s change to the Company Tax Return guide for box 326 which now requires this box to be completed with the number of associated companies at the end of the previous accounting period by large companies for accounting periods ending on or after 1 April 2023.

XBRL tagging

- We have resolved an issue whereby XBRL tags associated with share pool disposals when using the normal capital disposals statement were being omitted from the submitted tax computation if indexation did not apply. The relevant tags have been moved to a column which is always included on this report.
- We have resolved an issue on the *Patent box – small claims eligibility* statement where the 'Company' type dimension associated with the tags used for the flags **Notional royalty election made in AP under s357BN(2)(a) CTA 2010?** and **Global streaming election under s357BN(2)(c) CTA 2010?** were not appearing.

Partnership tax returns

- Investment partnerships computations containing certain income or expenses, such as management expenses or loan relationships which populate box 3.116 in line with the guidance, were failing E-filing due to an issue related to the XML. Previously, a workaround was required, which involved populating "No trade" in box 3.2 and the partnership period dates in box 3.4 and 3.5. Additionally, this workaround was documented as special case number 8 in HMRC SA800 Partnership Specials and Exclusions list.
- However, HMRC removed this special case and the associated workaround, but the E-filing schema was not updated, resulting in the persistence of the underlying issue. We have reinstated the workaround so that partnerships will be able to submit their returns. We have also informed HMRC, who will review this for the next version of the partnership return 2024.

9. Specialist companies

Creative industries

Step 2 – deductions in the claimant company's relevant maximum calculation used on the *Group relief carried forward claims (CT600C(3))* statement was previously double counting post completion losses for creative industry trades. This has been corrected without an application date as we are removing an invalid restriction.

Ring fence companies

- We have corrected an issue with the restriction on surrender of carried forward loss under s188BE CTA 2010. The restriction was applied incorrectly in some scenarios that contained ring fence profits and non-ring fence losses. No application date was applied for this fix as we are removing an invalid unreconciled amount and diagnostic introduced in Alphatax version 23.0.
- Ring fence losses brought forward can be claimed against non-ring fence trade profits of a related activity under s304(5) CTA 2010. However, losses brought forward under s45 or 45B CTA 2010 are ignored for the purposes of carried forward loss restriction and so can be claimed unrestricted. Previously Alphatax was including the losses in the restriction for loss relief. We have introduced a new **Decommissioning losses included in above** input on the *Losses* statement to enter the amount of losses that have been transferred in under s304(5) CTA that are decommissioning losses and therefore should not be restricted.

Life assurance companies

- We have extended the multi-column *Income statement* functionality to include multiple columns for funds created in the Funds section in the contents tree. Individual funds can be analysed and tax categorised in a similar manner as trades in non-life assurance companies when the **Use multi-column Income statement?** flag is set in the *Accounts analysis options* statement.
- We have resolved an issue in the calculation of tax-interest income and expenses for the purposes of the corporate interest restriction. These amounts did not include the non-long term business debits allocated on the loan relationship statements and has now been fixed.

Banking companies

- We have updated the display of diagnostic 1684 **Total trade restricted amount must equal the losses utilised in each trade – over/(under) allocation**, that was incorrectly appearing in certain scenarios involving pre-2015 losses.
- We have corrected the display of the non-trade column on the *Carried forward loss restriction* report that was previously appearing as a blank column when pre-2015 debits brought forward existed but no available credits to offset them against.

10. Miscellaneous changes

Profits reconciliation report

- A number of adjustments have been added to the profits reconciliation report to aid the explanation of any movement between profits before tax and taxable total profits. Cross-references have also been improved.

Other miscellaneous changes

- Following changes made by the Bank of England to their base rate in April and May, 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.
- We have corrected an issue with the footnote retrieval used in respect of the **Profit/(loss) per accounts** input, which is returned on the *Accounts adjustments* report statement, for secondary trades.
- We have corrected an issue with the number of decimal places accepted in certain inputs being restricted to 2 decimal places rather than 9 decimal places. This has been updated for the following statements and inputs:
  - **Rate %** input on the *Capitalised revenue expenditure reconciliation* statement
  - **Rate %** input on the *SP3/91 leases reconciliation* statement
  - **Holding %** input on the *Investment expenditure summary* statement
- We have corrected a report display issue related to the **Special rate pool - capital allowances** (box 695) in the *CT600 return values*. In a long period of account, it was displaying the first accounting period value in the second accounting period column.

11. Optional modules

Accounts analysis

For charity computations, we have added CT600E box references to the charity-specific tax categorisation columns that are created when tax categorising values from *Profit and loss account* sub-analysis statements. The updated headings will appear for newly created columns; existing computations are unchanged.

Tax accounting

IFRS deferred tax balance sheet

- We have corrected an issue with the rate change calculation for **Not recognised** amounts when the opening values have been restated. The total provision movement remains unchanged and so this has been corrected with no application date applied.
- We have resolved an issue inadvertently introduced as part of enhancement changes in the V22.1 release whereby, for periods of account ending on or after 30 June 2022, UFT amounts not recognised on the Losses and tax credits statement were not being brought forward into the following period correctly, which resulted in an unexplained difference appearing on the overall proof.

Miscellaneous tax accounting changes

When **Relief given under Chapter 1 Part 11 CTA 2009 (Share Incentive Plans)** is populated on the *Share scheme deductions* input statement, the total share scheme deduction relief given in the period is reduced. We have fixed an issue where this reduction was not flowing though as a permanent difference in Tax accounting and therefore resulting in an unexplained difference.

Group

Report designer

We introduced a Report designer function into the Group module the preceding edition of Alphatax. For this edition, we have now updated this function to greatly expand upon the number of data points which can be reported on.

Miscellaneous group changes

- We have resolved a calculation issue with the **Small profits rate lower limit** that is displayed for non-Alphatax companies in periods straddling the re-introduction of small profits rate from 1 April 2023. This amount was previously incorrectly considering the 300,000 upper limit that continued to apply for ring fence companies up to 1 April 2023. We would note that this amount is used for the purposes of restricting group relief to the level of the lower limit in order to maximise efficiency of relief, however we do not believe that the legislation allows for an optimal position to be achieved in a period straddling 1 April 2023 (because of the way CTA 2010 s1172 applies to CTA 2009 s8, see also CTM01405).
- In addition, we have also made the **Profits available for group relief without restricting DTR** input that also applies in this same area for non-Alphatax companies optional, rather than being a required entry for the purposes of claiming group relief as it was before.
- We have resolved a display issue whereby a multinational top-up tax (BEPS 2.0 Pillar 2) report was appearing in report mode where not intended for certain group computations including an investment entity. We are working on supporting these rules behind-the-scenes in our calculation engine, but the function has not been released to customers yet and these statements should not appear.

Partnerships

We have corrected the display of the *Surplus dual inclusion income allocation* input statement that was not displaying for partnership computations, resulting in an unreconciled amount and diagnostic that users were not able to clear when DII surplus was claimed in the period.

Tax Systems

Tax Computer Systems Limited
Magna House, 18 – 32 London Road
Staines-Upon-Thames
TW18 4BP

01784 777 700

enquiries@taxsystems.com

www.taxsystems.com

Registered Office:
Magna House, 18 – 32 London Road, Staines-Upon-Thames, TW18 4BP.
Tax Computer Systems Limited, registration number 05347048