

# CORPORATE TAX UK

## JULY 2014 NEWSLETTER

### WHAT'S NEW

- This release includes product enhancements along with legislative changes and tax sheet templates for the 2014 Financial Year.
- Support early adoption of FRS 102.
- Enhanced User interface to include an optional ribbon bar.
- The software has new dimensional iXBRL tagging across all UK company modules.
- Group module integrates with Life assurance companies and Investment Trust.

### ONESOURCE PLATFORM

#### Dimensional taxonomy

For accounting periods ending after 31 March 2014 HMRC require the computation to be tagged using a dimensional taxonomy. We have upgraded the tagging within ONESOURCE for 2014 files onwards. You do not need to alter the way you tag your computation.

HMRC have also introduced detailed profit and loss taxonomies for tagging accounts information contained within the corporation tax computation. These taxonomies replace the previous accounts tags used on the Profit and loss account sheet and the Income statement analyses. The computation and tagging wizard has been updated to use the detailed profit and loss accounts tags for 2014 files.

#### Integration with ONESOURCE Accounts Production

ONESOURCE Accounts Production integrates with ONESOURCE Corporate Tax, allowing you to populate the tax computations directly from the statutory accounts, eliminating effort re-keying data. In addition, ONESOURCE Accounts Production automates the iXBRL of the statutory accounts.

It is mandatory to file the new detailed profit and loss taxonomy (DPL) and it should be included in either the computation or the statutory accounts. The DPL is included as an option in ONESOURCE Accounts Production and we recommend that you leave this option off to allow ONESOURCE Corporate Tax to complete the DPL tagging in the computation.

### Ribbon Bar

The ribbon bar makes functionality more accessible by increasing the visibility of menu options. The panels are structured to reflect the process of completing a tax computation. Keyboard shortcuts appear on screen when you press the Alt key, guiding you to the available key-tips.

A new panel displays and sets currency and exchange rates. It updates dynamically as you navigate through the file wherever they have been set at a file, sheet or cell level. Also in the new Ribbon bar, is a preview version of the new Help system due for release in November. In the new Help, information has been restructured and categorised into task based and descriptive content, making it easier to find Help content.

We encourage you to use the ONESOURCE ribbon bar and send us feedback. Your input will help to shape its future development. You can choose to turn the ribbon bar on by selecting File > Turn on Ribbon (Beta). Similarly, you can turn the toolbar back on by selecting Main Menu > Turn off Ribbon.

**Demonstration video:** [New Help Functionality](#)

### UK – CORPORATE TAX

#### NEW FUNCTIONALITY

##### FRS 102

FRS 102 replaces UK GAAP for periods beginning on or after 1 January 2015. Please remember to set the accounting standard using the selector available at File > Properties > Accounting Standards when you change to FRS102 or IFRS. The standard you select is preserved on roll forward. The current default for new files is UK GAAP, and this will change to FRS102 for 2015 files. When you later run the iXBRL wizard, any accounting tags will reflect your chosen standard. FRS102 is available for 2014 computations onwards.

##### Change in basis adjustments

If opening balances require restating, you can enter the appropriate adjustment in the data-entry cells provided. These adjustments are aggregated on the change in basis sheet, where they can be spread if required.



## Fixed asset disposals analysis

We have added a Fixed asset disposals analysis sheet for 2014 and subsequent years to allow you to analyse individual fixed asset disposals for tax purposes. To help with the collection of the underlying accounts data, the sheet is available for both 'export to' and 'import from' Taxpack.

Your new sheet is available from the Fixed asset disposals sheet and allows you to set the allowance type for each disposal on the sheet. The relevant totals are then posted to the appropriate line on the Fixed assets disposals sheet and to the correct capital allowance sheet.

## Freezing the tax accounting sheets

You now have an option to save a copy of the Adjustment to Profit sheet at the time the tax accounting file is frozen. The freeze macro will ask you whether you would like to save a snapshot of the A schedule on the Computation reconciliation sheet. If you click Yes, this will create an R sheet into your computation and save the figures per the Adjustment to profit at this point in time. As further work is undertaken on the tax return numbers, you will be able to see the how the numbers differ between the tax accounting draft computation and the final tax computation.

## Claims and elections

These sheets have been upgraded from 2014, allowing you to monitor more closely claims and elections recommended, and made part of your compliance process. We have:

- Provided an additional sheets for claims and elections that are event-based, in addition to the existing sheets covering time limits of two or four years.
- Added legislative references to aid searching, plus an additional field for comments.
- Automated the completion of fields for Reviewer and Date of review when a claim is recommended.
- Added new sub-sections and re-organised some of the existing claims.

## Pre-trading expenses

From 2014 we have enhanced the functionality of the Pre-trading expenditure sheet so that unclaimed relief may be deferred and carried forward for relief in later periods.

The Loan relationships sheet now links to a new section for pre-trading debits, to allow you to defer these and carry them forward for relief as trading debits in later periods.

## Research and Development Intangibles

Intangible fixed assets (IFA) sheets now allow you to elect for an IFA to receive full tax relief in the year of expenditure via the Research and Development tax relief sheets. The IFA sheets continue to track amortisation deducted in the accounts.

## NON-DAILY APPORTIONMENT OVERRIDE IN LONG PERIODS

For long periods of account from 2014, we provide override cells to allow the trade result to be apportioned more easily between the periods on an alternative basis.

## LEGISLATIVE UPDATES

### AIA limits

We have updated the validation sheet for the increase to £500,000 of Annual Investment Allowance from 1 April 2014.

### Increased R&D tax credit

R&D tax credit sheet have been modified to support the increased tax credit from 11% to 14.5% with associated changes on the Adjustment of profit sheet.

### Ring fence expenditure supplement

From 2013 onwards a flag has been added on the Ring-fence expenditure supplement sheet to indicate 'Onshore oil and gas activity.' This allows four extra periods of claim.

### Mineral extraction allowance in foreign branches

New sheets have been added from 2013 to analyse mineral extraction allowances at 10% and 25% across taxable overseas branches.

There are separate Notional mineral extraction allowances sheets for exempt overseas branches.

### Film tax relief

We have added support for the stepped increase of film tax relief where the first £20 million is eligible for relief at 25%.

### Bank levy

The Bank levy sheets contain the new rates and support the restriction on the offset from high quality liquid assets.



## Disaggregation of non-trading debits for Double Tax Relief (DTR)

From 2014, a new section to the Loan relationship sheet is added to detail the disaggregated non-trading debits available for reallocation for DTR purposes. The DTR calculations sheet picks up this figure and includes it with other reliefs available to be allocated in the most beneficial manner.

A similar section to the Intangible fixed assets sheet has also been added serving the same purpose. To enter intangible credits on which foreign tax has been suffered, choose Develop > Foreign IFA credits to generate the new Foreign intangible credits sheet.

## Research and Development enhanced credit (RDEC)

We have made further changes in respect of RDEC in accordance with HMRC guidance issued since the previous release.

RDEC now reduces the tax outstanding and is no longer taken into account in the calculation of QIPs. To ensure interest calculations are correct without incorrectly changing any RDEC figures, you can show a tax payment as being a deemed payment in respect of RDEC.

## Patent Box deduction

For chargeable accounting periods straddling the transitional date of 1 April 2013, a new selector on the Patent Box deduction sheet lets you choose whether to use actual main rates or weighted average main rates to compute the deduction.

## TAX ACCOUNTING

### FRS 102

There is a new series of J sheets for tax accounting under FRS 102, which supports the income statement approach. From the Adjustment of Profit sheet choose Develop > Other > FRS 102 tax account I/S approach.

The J sheets extract figures from the computation to minimise the amount of work needed to complete your tax accounting disclosures.

Included within the J sheets is a Proof of tax sheet which reconciles expected tax charge to the actual tax charge.

The group and standalone tax accounting modules also support FRS102.

### Demonstration Videos

[Introduction to the FRS102 Sheets](#)

[Tax Accounting under FRS102 - Example](#)

## IFRS

For 2014 onwards, a new sheet, I2A, provides the Movement in deferred tax note for the financial statements.

From Tax Account - IFRS you can develop a sheet to analyse payments and receipts by accounting periods for group relief, debt cap and other adjustments.

## UK GAAP

From 2014 the tax accounting F sheets no longer support tax accounting under IFRS. Develop the I sheets to prepare your IFRS tax accounting disclosures under the tax basis balance sheet approach.

The F sheets will continue to be available until UK GAAP no longer applies.

## Research and development enhanced tax credits (RDEC)

Following professional advice, enhanced research and development set-off amounts and credits do not flow through to the current tax line in the Tax account sheet. If the PAYE and NIC restriction applies, a selector provides flexibility to allow you to recognise RDEC in the current year tax line. The tax accounting sheets recognise Step 2 and Step 3 amounts as deferred tax items. We welcome your feedback as thinking in this area develops.

## Deferred tax arising from foreign branches

You can now track deferred tax arising in foreign branches at different rates for each branch. The Accounts disclosures sheet discloses current year overseas tax separately from UK Corporation tax.

Under FRS102, develop a Foreign branch FATDs from sheet JW2 Fixed Asset timing difference and complete with the fixed asset information for each branch. You can then recognise the resulting deferred tax for each branch at the appropriate tax rate on J5 Net timing differences.

Under IFRS, the software automatically posts notional allowance pool values to the foot of I3 Tax basis balance sheet. You should enter the accounts and tax base for each branch on a separate row on I3 and enter the tax rates on I5 Net temporary differences.

## Other tax accounting changes

To save time, you can automatically post the carry forward values per the computation into the carry forward per accounts column by pressing a button on the IFRS or FRS 102 Tax account sheets.

A row for withholding tax on exempt dividends is added at the foot of the Tax account sheet.



## UK – GROUP

### Group payment allocation

We have added a new printing condition to allow printing of the Group payment allocation sheet in isolation.

### Supporting FRS102 consolidation

From 2014 the group module will now pick up and consolidate any company tax accounting disclosures completed under FRS102.

### Life companies in Group

The Group module now permits life assurance companies as members. Please note that you must first set the loss priority in the life company computation file on sheet A4 Group Relief. In the group module you can then surrender or claim losses on sheet B Group relief matrix. There is summary information available on sheet A Group Summary sheet and sheet A2 Current period income and losses.

### Investment Trusts in Group

The Group module now permits investment trust companies as members. You may surrender losses to and claim losses from investment trusts via the group relief matrix.

## UK – LIFE ASSURANCE COMPANIES

### Deferred Acquisition Costs and Expenses

We have upgraded the Deferred Acquisition Costs analysis sheet to provide increased flexibility when categorising the elements of technical expenditure, including pure balance sheet movements. The Summary of DAC and DIR sheet is automatically added at same time so that you may match the closing positions back to the accounts.

### Expensive cars

Expenditure on expensive cars purchased before 1 April 2009 is transferred to the main pool for chargeable accounting periods ending on or after 31 March 2014.

## UK – PARTNERSHIPS

### New Tax Return Forms

This release includes the new SA800 form for 2013/14 which HMRC released in April. We support this form for 2014 and early build 2015 returns.

## NON-RESIDENT LANDLORD

### Income Apportionment

We have added a new sheet to facilitate the apportionment of accounting period income. The new sheet will automatically carry forward, e.g. for a 31 December year end the final quarter estimates will flow through to adjust the following year computation.

### New Tax Return Forms

We support the new SA700 form for 2013/14 which HMRC released in April.

## CONTACTS

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