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CORPORATE TAX UK

RELEASE NOTES
VERSION 8.1

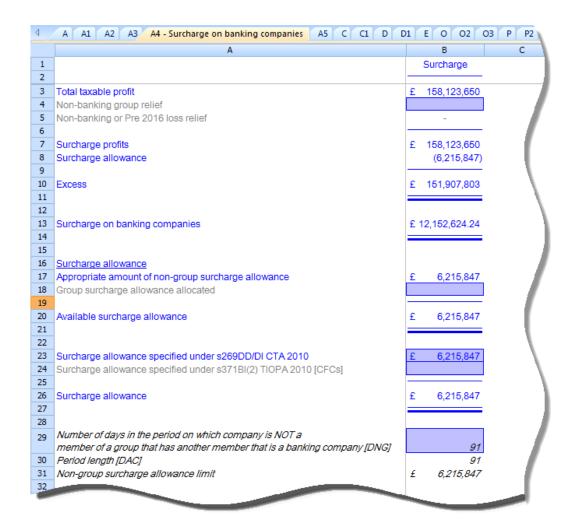November 2015

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CONTENTS

WHAT'S NEW?

Banking surcharge

A surcharge on banking companies was introduced by Schedule 3 of Finance Bill 2015-16. The surcharge is applicable for accounting periods ending after 31 December 2015, on profits from 1 January 2016.

A new sheet has been introduced to calculate the surcharge which is developable from the **Calculation of tax liability** [A] sheet [Develop > Tax > Surcharge on banking companies].

The surcharge rate which has been initially set at 8% is applied to the excess of surcharge profits over the surcharge allowance. The result is fed through to the A sheet to form part of the corporation tax charge.

	A	B	C
		Surcharge	
1			
2			
3	Total taxable profit	£ 158,123,650	
4	Non-banking group relief		
5	Non-banking or Pre 2016 loss relief	-	
6			
7	Surcharge profits	£ 158,123,650	
8	Surcharge allowance	(6,215,847)	
9			
10	Excess	£ 151,907,803	
11			
12			
13	Surcharge on banking companies	£ 12,152,624.24	
14			
15			
16	Surcharge allowance		
17	Appropriate amount of non-group surcharge allowance	£ 6,215,847	
18	Group surcharge allowance allocated		
19			
20	Available surcharge allowance	£ 6,215,847	
21			
22			
23	Surcharge allowance specified under s269DD/DI CTA 2010	£ 6,215,847	
24	Surcharge allowance specified under s371BI(2) TIOPA 2010 [CFCs]		
25			
26	Surcharge allowance	£ 6,215,847	
27			
28			
29	Number of days in the period on which company is NOT a member of a group that has another member that is a banking company [DNG]	91	
30	Period length [DAC]	91	
31	Non-group surcharge allowance limit	£ 6,215,847	
32			

A second sheet is used to identify and keep track of pre 2016 losses. Non banking losses brought forward into a period beginning post 1 January 2016 can also be entered and tracked.

The sum of all Pre 2016 / Non banking losses deducted in determining taxable total profits for the accounting period are fed up into the Surcharge profits calculation.

Note that in a period straddling 1 January 2016, you may need to enter a Straddling period adjustment to the losses brought forward at the beginning of the period. This is to account for further losses generated in the period up to 31 Dec 2016, or losses utilised in that period, to arrive at the Losses brought forward at 1 January 2016.

Additional surcharge on CFC profits

Some additional columns have been added to the far right of the CFC summary schedule to calculate the additional banking surcharge applicable on CFC profits. These columns will only appear if the **Surcharge on banking companies** sheet has been developed into the file.

You must set the *Applies*? flag to Yes on the relevant rows to which the surcharge applies. Chargeable profits from a CFC period straddling 1 January 2016 will need to be apportioned pre and post 1 January 2016 and entered on separate rows.

Quarterly instalments

Any surcharge element of a quarterly instalment payment due before 1 January 2016 should be treated as due at the next instalment date following 1 January 2016. The quarterly instalment calculations have been updated accordingly.

CT600

As per HMRC guidance, the banking surcharge net of any double tax relief is reported in the Bank levy payable box 495 on the CT600 v3.

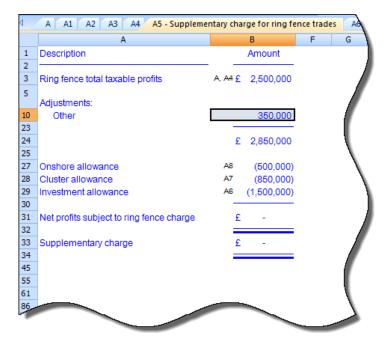## Cluster allowances and Investment allowances

New sheets have been added for periods ending in FY 2014 onwards (for expenditure incurred after 3 December 2014 for **Cluster allowances**) and FY2015 onwards (for expenditure incurred on or after 1 April 2015 for **Investment allowances**).
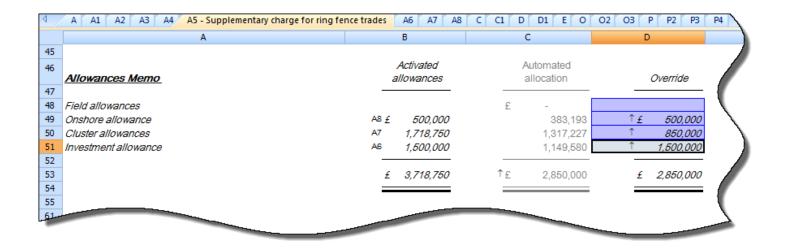
In each case the allowances are calculated for each field or cluster area, and the activated and unactivated allowances not utilised in the period are carried forward into the next period.

The Investment allowance sheet also accommodates the transitional rules whereby unutilised Field allowances can be transferred to Investment allowances. Both sheets are developed from the **Supplementary charge for ring fence trades** sheet.

Where a change in equity in a particular oil field or cluster area has taken place during the period, a supporting **Reference period** sheet is available to perform the required calculations for each reference period. For both allowances a reference period must start with the date of the change in equity.

Both sheets are developed from the **Supplementary charge for ring fence trades** sheet and the calculated allowances reduce the amount of ring fence profits subject to the supplementary charge. The order of offset of each allowance (together with Onshore allowances and Field allowance) against ring fence profits is automated, however this can be over-ridden if required.

New 2016 templates

Do you need to complete your tax accounting numbers before the main 2016 templates are released in July 2016? Version 8.1 includes an early release of the new 2016 templates for standalone tax accounting and group tax reporting files.

WHAT'S CHANGED?

CORPORATE TAX

Research and Development enhanced credit (RDEC)

We have made further changes in respect of RDEC, in accordance with HMRC guidance provided since the previous release.
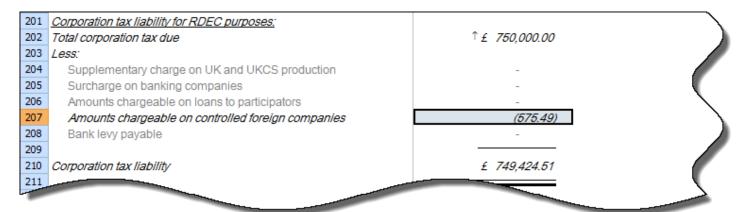
A separate section has been added at the bottom of the **Calculation of tax liability** [A] sheet that sets out the Corporation tax liability for the purposes of the RDEC calculations. Where any RDEC amounts are included in the tax calculation, this section can be printed if required.

Additionally, a new section has been added to the **R and D expenditure credit** sheet to show a detailed calculation of the "step 1" amount, plus a separate section to allow for the entry of other taxes included in the self-assessment - plus any other amounts that reduces RDEC under "step 6".

The total of self-assessed taxes deemed to be paid at "step 6" is then included as the final item of RDEC deducted on the **Calculation of tax liability** [A] sheet.

Note that we have a number of queries outstanding with HMRC, seeking further clarification on a number of points.

Changes apply to all trade files with FY 2014 or FY 2015 period ends, including a fix to existing files. If either of the "step 1" or "step 7" figures are changed by the fix from those originally included, a warning is given on opening the file and the details included in the audit trail.

201	Corporation tax liability for RDEC purposes:	
202	Total corporation tax due	↑ £ 750,000.00
203	Less:	
204	Supplementary charge on UK and UKCS production	-
205	Surcharge on banking companies	-
206	Amounts chargeable on loans to participators	-
207	Amounts chargeable on controlled foreign companies	(575.49)
208	Bank levy payable	-
209		
210	Corporation tax liability	£ 749,424.51
211		

GROUP

Group tax payments

We have added a new column into this report showing the total RDEC offset, where appropriate, in each the underlying companies. This will help to provide a fuller picture of the tax position for each company, and help in payment planning.

For existing group files, the column is inserted but without the relevant formulae. A review note is added to advise that to allow the values to be calculated, companies should be removed and re-linked from the group.

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APPENDIX – FULL LIST OF CHANGES

Category	Item	Title	Description	Solution
CT	411569	AIA - implement permanent reduction to £200,000	Summer budget reduces the Annual Investment Allowance limit to £200,000	Annual Investment Allowance validation sheet amended to set the limit at £200,000.
CT	717271	Bank loss restriction - straddling period in multiple trade computations	Review the bank loss restriction sheet to cater for companies carrying on more than one trade	An additional review note has been added on the Banking losses - pre 2015 losses sheet in a straddling period multi trade scenario to alert users of a potential issue with the calculated trade loss current year offset.
CT	594817	Fixed assets additions analysis - minor presentational point	The opening header row "Details of fixed assets additions:" on the Fixed assets additions analysis sheet is not fully visible.	Added format to cells alongside the header to improve the on-screen appearance.
CT	634230	Loan relationship- Foreign income check error	A check error is being shown incorrectly on this sheet as it is including the revised assets / liabilities amount	Sum range corrected on "Assets / (liabilities) cf" for 2014 and 2015 on foreign loan relationships
CT	741695	March FA 2015 - Extension of ring fence expenditure supplement	The measure will extend Ring Fence Expenditure Supplement (RFES) to 10 accounting periods and remove Extended Ring Fence Expenditure Supplement (ERFES) which applied to onshore expenditure only This measure will have effect for pre-trading expenditure and losses incurred in accounting periods ending on or after 5 December 2013 Legislation can be found in Schedule 11, FA 2015 (March)	Changed the formulae in the 2014 and 2015 ring fence computations, so that the cells are no longer connected to the 'Onshore oil and gas activity?' selector.
CT	726336	Pension Spreading print formula	In some circumstances, the display controls on the sheet prevent *Current period deduction* column and all related rows printing	Amended display controls
CT	770471	RDEC - Printing Step 3 restriction	HMRC have requested to see confirmation where the Step 3 restriction (RDEC repayment does not exceed PAYE/NIC paid in the period) does not apply. Currently this section does not print unless the restriction is applicable.	The printing of the Restriction re. total expenditure on workers ("step 3") section has been amended so that it will now print, by default, if there is an amount of RDEC remaining after "step 2" - i.e. if there is the possibility of "step 3" being relevant. A flag has been added beneath the section to turn printing off if desired. If there is no amount of RDEC remaining after "step 2", the section will not print.
CT	677535	QCD multiple schedule error when deleting a row	In the comp attached schedule C4, if the last row is deleted, "CELL DELETED" error appears in column C and D.	Sum ranges changed and display formula added for 2015 only.
CT	618325	Spelling error on Connected party disposal schedule	There is a small typo on the connected party disposal sheet - "Chargeble" should be "Chargeable".	Changed "Chargeble" to "Chargeable" in the connected party disposals sheet
CT	739039	Summer FA 2015 - Bank levy: rate reduction	The bank levy rate will decrease from 0.21% to 0.18% from 1 January 2016 and will continue to decrease each 1 January up to and including 1 January 2021.	New row added on the bank levy sheets to reflect the new 0.18% rate from 01/01/2016.
CT	739054	Summer FA 2015 - Restriction of CT relief for business goodwill	S32 of Summer Finance Bill 2015 and TIIN 5026 removes corporation tax relief for companies who write off the cost of purchased goodwill and certain customer related intangible assets. This applies to accounting periods ending on or after 8	New drop down option, "Relevant asset" in the "Type of write down" selector column B on C39 (Intangible tax

		amortisation	July 2015.	values) added. If this is selected, the "Tax (amortisation)/ (write down)" for the year (column O) is set to zero.
e-filling	736655	CT600A efiling failure	The new loans to participators sheet does not pick up the individual loans information when submitting the CT600A resulting in an efiling error.	E-filing schemas updated to allow both the old and new Loans to participators sheets to efile correctly.
e-filling	738620	Loans to participators - efiling error	There is a missing XBRL dimension on the participator name cell in the loans to participators sheet.	Fixed the missing XBRL dimension on the participator name cell in the loans to participators analysis sheet.
e-filling	690125	XBRL Validation Errors relating to pension context	E-filing error, Inconsistent duplicate fact values (ct-comp:AdjustmentsPensionContributions) This error relates to two pension items being tagged with different XBRL contexts.	Changed "Pension contributions deductible on paid basis" ct-comp_AdjustmentsPensionContributions XBRL Tag.
Tax accounting	691068	Capital losses - deferred tax recognition on F sheets	The Deferred tax provision - gross sheet is picking up an incorrect value for capital losses carried forward.	Formula on Deferred Tax Provision - gross schedule changed to correct the capital losses per a/c figure from being picked up from gains figure in error.
Tax accounting	721909	FRS 102 J Schedules	Prior year adjustments to equity/OCI entered on J4, appear twice on J2.	Made formula changes to correct double counting when user enters Equity/OCI in FRS 102.
Tax accounting	774957	FRS 102 Proof of tax includes change in basis adjustments as a permanent item	FRS 102 Proof of tax includes Adjustments - change in basis as a permanent item.	"Adjustment - change in basis" rows on J3 and I7 have been removed.
Tax accounting	724802	I schedule - Proof of tax - Duplicate row	When the schedule "Foreign income treated as Trading Income" is developed from D. The heading "Foreign income treated as Trading Income - TIOPA 2010, s35 deduction" is duplicated on I7 Proof of tax.	Duplicate row removed.
Tax accounting	727824	Intangibles IFRS proof of tax issue	The difference between the Amortisation and Tax write down in the period (col E on C6) is always treated as a permanent difference in the Proof of tax (I7). This would seem incorrect as the difference between NBV and TWDV of intangibles is a potential temporary difference and would need to be entered on the Tax basis balance sheet (I3). We report the computation b/fs and c/fs at the foot of the Tax basis balance sheet so users can use this to complete the balance sheet.	The Intangible Fixed Asset sheet did not correctly deal with the situation where goodwill is not amortised in the accounts but the 4% election is made for tax purposes and deducted from profits. The formula in "(Non taxable)/Disallowable" has been changed to correct this. Where a taxable/deductible amount is shown as either b/f or allowable in the year, no amount will be shown in the column ""(Non taxable)/Disallowable" and no amount will therefore be brought into the tax reconciliation as a permanent difference under IFRS.
Tax accounting	786195	J sheet: Not all sheets are rolling forward when J sheets are frozen	If you freeze the J sheets and then roll the file forward, not all the J sheets are rolling forward. The ones that don't roll forward are optional sheets namely: Revaluations [JW5] Indexation [JW6] Group relief and other payments [J7]	Corrections made to the roll forward routines to ensure the freeze macro works correctly.
Tax accounting	576095	J sheets: Add option to tax input sheet for FRS103	Add selector to JW (Tax input sheet) to allow users to change heading of J and J2 to FRS103 rather than FRS102, if relevant. And any other references to FR102....	Added tickbox to Tax input sheet so that the FRS102 tax sheets can be used for FRS103.

				See similar change made in Q4 2014 for FRS101 in I sheets.	
Tax accounting	785131	J sheets: changes required for shares, revaluations and fixed asset timing differences	Shares and Proof of Tax (J3) 1) Not sure this is working correctly in all scenarios with shares, feedback suggests that incorrect values are being posted to the proof. Revaluations (J6): 2) Need to change name of sheet from J6 to be a "JW" work paper as it is confusing when trying to review numbers through a file and this sits better within the working papers. 3) Need to review the original "Cost" cell at top of the sheet as this amount is used in the CGT calc on the sheet further down. Users must remember to add into the cost any additions in the period. 4) Fixed asset timing differences (JW2) Feedback suggested that the title "Fixed asset timing differences" was misleading as it does not include all fixed asset timing differences (and this is old UK GAAP terminology).	Shares and Proof of Tax (J3) 1) For now we have left the current period relief as an adjustment in the permanent items section, but also brought in the "Balance relating to shares awarded" row from the Share acquisition relief sheet onto the Proof (J3). Both this and the share acquisition relief row above are allocated to the Share options column on J3. Revaluations (J6): 2) Changed name of sheet from J6 to be a "JW", this should come in as the next available JW sheet, based on whatever else is in the file. 3) Changed the description from "Cost" to "Eligible cost (include additions in period)" to prompt users to think about this. Fixed asset timing differences (J4) 4) Changed name of sheet to "Owned fixed assets realised through use"
Group module	709361	Capital allowance for non abacus company appearing twice in group module	Capital allowances appeared twice for non-abacus companies both on the old and new Capital allowance summary sheets in 2014 group files.	Removed the link to the old capital allowances sheet A4.
Group module	750734	Group payments incorrectly compared to Payments including deemed RDEC payments	The update required flag compared Group payments allocated on the Group tax payments sheet (A4) to payments including deemed RDEC payments in the company file. It should be comparing to actual payments only.	Deemed RDEC payments are now excluded to determine if an update is required. For existing files which exhibit a problem, it is necessary to remove and re-link the affected companies.
Group module	754439	RDEC and group payments	Where a company claims RDEC and it is in a group payment arrangement the liability shown in the group payment sheet in the group module did not include the RDEC (or show it separately).	A new column has been added to the Group payments sheet for group periods ending in FY 2014 onwards to include the amount of RDEC offset against the company tax liabilities. For existing files, the column is inserted but without the relevant formulae. A review note has been added to advise that in order to see RDEC, companies should be removed and re-linked.
Group module	784375	Export tax reporting groups to TAXPACK	Tax pack was not available for tax reporting groups.	Enabled Taxpack (export only) of tax reporting groups
Partnership	685220	Expense analysis: Do not insert rows here. Please remove me.	If you insert a row below the row which states "Insert rows here" then the new row(s) contain an error "Do not insert rows here. Please remove me."	You must delete the row in two operations: Firstly press delete and unlink

			When you then try to delete the row you may get an error "Unable to delete rows..." with a reference to a format in column W.	the row. Secondly press delete to remove the row.
Partnership	758731	Business name on return form	The partnership name has previously been treated as the business name on the SA800 and SA800TP. Although often this will be satisfactory, it may not be what you want. We already provide for a different business name for each profit and loss account, where there is a need to distinguish one from another on the return forms.	Amended routines to distinguish between business names and partnership name on the return forms.
Partnership	741775	Partnership file – UK taxed income	Partnerships whose only entry on the SA804 would be in respect of taxed interest need only return these amounts on page 8 of the SA800. The HMRC online filing schema does not support those boxes. The HMRC workaround is to not use the boxes on page 8 but rather to complete the SA804 and remove the amounts from page 8. We continued to complete boxes 7.7A-7.9A, in these cases even after the SA804 had been developed.	Amended the SA800 so that if the SA804 is included in the file boxes 7.7A-7.9A on page 8 return nil.
Investment trust	770671	Check error on A1 for total dividend payments is incorrect	The check error in cell B25 on sheet A1 (FII and Shadow ACT) is incorrect in 2015.	A correction has been made to a check error on sheet A1 relating the dividends paid.
Life	665239	Life company packs - formula for box 140 on CT600 is incorrect	Life company packs - formula for box 140 on CT600 was incorrect	Updated formula
NRL	742548	SA700 negative numbers	Some of the boxes on the SA800 requires a dash to be entered into the box next to the £ sign instead of showing a negative number (either a number in brackets or with a – sign) in the box.	The forms have been updated to include a black bar against such values.
NRL	747364	SA700 page 6 box 3.11	Box 3.11 (basis period for trading income) displayed day/day/day rather than day/month/year	Corrected to display day/month/year
NRL	748755	Roll Forward in NRL	On roll forward some selectors are locked.	Fixed files to allow users to re-select appropriate categories.