ONESOURCE™ CORPORATE TAX

UNITED KINGDOM RELEASE NOTES

May 2021

Document Version 1

THOMSON REUTERS®

i

DOCUMENT HISTORY

VERSION NUMBER	VERSION DATE	SUMMARY
1	15/05/2021	ONESOURCE Corporate Tax v14.0

TABLE OF CONTENTS

ONESOURCE CORPORATE TAX RELEASE NOTES

For documentation and other product information, search the Customer Center.

COMPUTATION PACKS

COMPUTATION PACK	COMPUTATIONS, CLAIMS AND FORMS SUPPORTED
Corporation tax, Life, AIF, and Investment trust	Updates for the following computation templates for the FY 2020: - • Trading companies • Multi-trade companies • Investment companies • Oil ring fence companies • REIT investment companies • REIT trading companies • Return only computations • Proprietary Life companies • Mutual Life companies • Authorised investment funds • Investment trusts Supporting, where relevant, the following return form and supplementary pages: - • CT600 v3 (2021) – Company tax return • CT600A v3 (2015) – Loans to participators • CT600B v3 (2015) – CFCs and foreign PEs • CT600C v3 (2018) – Group and consortium relief • CT600D v3 (2015) - Insurance • CT600E v3 (2015) - Charities and CASCs • CT600F v3 (2015) – Tonnage tax • CT600H v3 (2015) – Cross border royalties • CT600I v3 (2019) – Supplementary charge on RF trades • CT600J v3 (2015) – Disclosure of tax avoidance schemes • CT600K v3 (2017) – Restitution tax • CT600L v3 (2021) – Research & Development
Standalone tax accounting	Updates for the computation templates supporting tax accounting calculations for periods ending in FY 2020
Group	Updates for the following group module templates for the FY 2020: -

	• Standard – All calculations and reliefs except Corporate interest restriction • Joint amended return – Group relief and carried forward group relief • Tax reporting – Tax accounting consolidation • Interest restriction – Corporate interest restriction calculation and return • Transfer pricing – Transfer pricing adjustments
Partnership	Computation templates for the Tax Year 2020/21: - • UK Partnerships • UK Partnerships – Multiple bases Supporting, where relevant, the following return form and supplementary pages: - • SA800 • SA801 • SA802 • SA803 • SA804

CHANGES AND UPDATES – CORPORATION TAX

AREA OF CHANGE	DETAILS AND LIMITATIONS
New CT600 and CT600L forms and e-filing	ONESOURCE has been updated to include the new 2021 CT600 form and the new supplementary form CT600L (Research and Development), together with associated e-filing rules and validations. The updates relate to reporting of Coronavirus support schemes and overpayments, and claims for Research and Development expenditure credit (RDEC) and/or R&D payable tax credit for Small and medium-sized enterprise (SME). This supports e-filing of computations for all users submitting claims for R&D credit from 21st May 2021, when HMRC are updating their e-filing platform to correct validations that prevented e-filing. We have raised further queries with HMRC, but have been advised that HMRC have been receiving a significantly increased number of queries following the introduction of the CT600L, so we are still awaiting formal responses. The two main outstanding issues are: - • Confirmation that "step 5" group relief claimed has been correctly included in box L15; and, • Confirmation that the restriction calculated at box L65 is incorrect where a "step 3" restriction has been brought forward but not off-set in the period. We believe the first point above does not cause any e-filing validation issues, but the second will cause a validation failure. We have added an error to identify where this may be an issue. We have amended new and existing FY 2020 trade, investment, and multi-trade files to support the new CT600 forms. If the previous version of the CT600 has already been developed, we recommend this should be erased and the new version developed where the file has not yet been submitted to HMRC. Note that we have not added the new CT600 forms to FY 2020 Investment trust or AIF files, as we believe that these are unlikely to be relevant. If this is not the case, please contact the Hotline team. For further guidance please refer to the updated CT600 guide included in this release.
Previously submitted returns, and years prior to FY 2020	HMRC have made the requirement for a CT600L retrospective, meaning that if you re-submit earlier years with R&D credits claimed – even if the claim has not changed - you now need to complete a CT600L form. We trap this requirement on validation and pre-submission, and make changes to the file to allow the CT600L form to be developed. Note that we only make changes to working papers and system sheets. We do not make any of the changes to the **Research and Development expenditure credit** sheet discussed below, as we do not wish to make - in most cases unnecessary - changes to your files purely to support a retrospective change in HMRC requirements.

	The points made above in respect of availability of e-filing and the queries outstanding with HMRC, are obviously equally as relevant here. For further guidance please refer to the updated CT600 guide included in this release.
Coronavirus support schemes and overpayments	The CT600 2021 form requires disclosure of overpayments received in respect of: - • Job Support Scheme, • Coronavirus Job Retention Scheme, • Job Retention Bonus • Eat Out to Help Out Scheme. We have added a separate section to the bottom of the **Calculation of tax liability** sheet, to allow entry of the relevant values. The values are included in the new boxes of the CT600 return form, and any overpayments reflected in the overall computation. This has been updated for new and existing FY 2020 trade, investment and multi-trade files that have not already been submitted. We have not added the new section to FY 2020 Investment trust or AIF files, as we believe that this is unlikely to be relevant. If this is not the case, please contact the Hotline team.
Research and Development expenditure credit (RDEC) updates to support the CT600L	Some changes have been made to the **Research and Development expenditure credit** sheet, to help support specific information required for the new CT600L. A new section has been added for *Income Tax deduction allocation*, to aid the classification of income tax deducted. A further new section has been added for '*RDEC claimed by SME*', this allows for identification of RDEC claimed by SMEs. These are only likely to require completion in some limited scenarios. The sheet has been updated for all new and existing FY 2020 trade and multi-trade files that have not already been submitted.
Capital allowances – adjustment to tax-EBITDA	We have made an adjustment to the figures collated on the **Capital allowances summary** sheet, to ensure that all SBA values are included. This figure is linked into the capital allowances adjustment made in the tax-EBITDA calculation for CIR purposes. This has been updated for new files and existing FY 2020 trade, investment and multi-trade files that have not already been submitted.

Capital losses arising for the CT600	Where multiple gains and losses are included in **Connected party** or **Section 104 holding** sheets, the losses arising figure taken to box 85 of the CT600 may not always be correct. We have re-structured the way we collate these figures to ensure that we pick up the cumulative losses arising, but take into account any losses transferred out under s171A. This has been updated for new and existing FY 2020 trade, investment and multi-trade files that have not already been submitted. If any of the relevant figures change as a result of the update, we highlight this in the comment added to the [W_FIXES] sheet.
Straddle period gains and losses	Where multiple pre and post disposals are included in a **Section 104 holding** or **Multiple gains** sheet, the split of gains and losses pre and post April 2020 may not be correct. Where these sheets are used, an additional check box is now available to indicate that *Both pre and post disposals* are included in the net figure. Where this is selected, the figures analysed in the *Straddle period analysis* section will exclude the net figure, and it will be necessary to manually adjust the relevant figures via the cells provided. This has been updated for new and existing FY 2020 trade, investment and multi-trade files that have not already been submitted.
SBAs and Tax Accounting (FRS102)	We are aware that there are differing opinions on how SBAs are treated under FRS102 for tax accounting purposes. The different approaches are: - • Structures and buildings are treated as non-qualifying assets, so do not give rise to a timing difference; or, • A timing difference (between NBV and TWDV) should be calculated similar to other capital allowance pools. A selector has been added to the **Owned fixed assets realised through use** and **Other assets** sheets, to select which treatment is to apply. The default is that no timing difference is calculated, which is consistent with the treatment previously adopted. This can be updated for all new and existing FY 2020 trade, investment, multi-trade, investment trust and AIF files, by developing or erasing and re-developing the **FRS102** sheets.
Structures and buildings allowance	Some adjustments have been made to the **Structures and Buildings Allowances** (SBAs) sheet, to ensure that we raise an error if the *Unique description* entered contains a non-alphanumeric character which is not permitted for e-filing. This has been updated for all new FY 2020 file types.

Banking surcharge and double tax relief	A new *Utilisation of double taxation relief* section has been added to the bottom of the **Calculation of tax liability** sheet, allowing DTR to be allocated between corporation tax and banking surcharge when relevant. The **Surcharge on banking companies** sheet has also been updated to allow the entry *DTR creditable against surcharge*, which links directly into the new section detailed above. This has been updated for new files and existing FY 2020 files that have not already been submitted.
Brought forward overseas property loss offset	An amendment has been made to the overseas property loss offset formulae on the **Losses and allowances sheet**, to ensure it takes full account of losses brought forward. This has been updated for all new FY 2020 trade, investment, and multi-trade files.
REIT group financial statement	We have made an amendment to the **Group Financial Statement** sheet, to ensure that tax exempt gains of the non-UK group are included in the total. This has been updated for new files and existing FY 2020 REIT files that have not already been submitted.

CHANGES AND UPDATES – LIFE

<table>
<tr><th>AREA OF CHANGE</th><th>DETAILS AND LIMITATIONS</th></tr>
<tr><td>New CT600 and CT600L forms and schema</td><td>
ONESOURCE has been updated to include the new 2021 CT600 form and the new supplementary form CT600L (Research and Development), together with associated e-filing rules and validations.
The updates relate to reporting of Coronavirus support schemes and overpayments, and claims for Research and Development expenditure credit (RDEC) and/or R&D payable tax credit for Small and medium-sized enterprise (SME).
This supports e-filing of computations for all users submitting claims for R&D credit from 21st May 2021, when HMRC are updating their e-filing platform to correct validations that prevented e-filing.
We have raised further queries with HMRC, but have been advised that HMRC have been receiving a significantly increased number of queries following the introduction of the CT600L, so we are still awaiting formal responses. The two main outstanding issues are: -

Confirmation that “step 5” group relief claimed has been correctly included in box L15; and,
Confirmation that the restriction calculated at box L65 is incorrect where a “step 3” restriction has been brought forward but not off-set in the period.

We believe the first point above does not cause any e-filing validation issues, but the second will cause a validation failure. We have added an error to identify where this may be an issue.
We have amended all new and existing FY 2020 files to support the new CT600 forms. If the previous version of the CT600 has already been developed, we recommend this should be erased and the new version developed where the file has not yet been submitted to HMRC.
For further guidance please refer to the updated CT600 guide included in this release.
</td></tr>
<tr><td>Previously submitted returns, and years prior to FY 2020</td><td>
HMRC have made the requirement for a CT600L retrospective, meaning that if you re-submit earlier years with R&D credits claimed – even if the claim has not changed - you now need to complete a CT600L form.
We trap this requirement on validation and pre-submission, and make changes to the file to allow the CT600L form to be developed. Note that we only make changes to working papers and system sheets.
As detailed below, we have added the Research and Development expenditure credit sheet for period ending in FY 2020 onwards. We do not support the sheet in earlier periods, but have made the CT600L available for manual completion should this be required.
For further guidance please refer to the updated CT600 guide included in this release.
</td></tr>
</table>

Coronavirus support schemes and overpayments	The CT600 2021 form requires disclosure of overpayments received in respect of: - • Job support scheme, • Coronavirus job retention scheme, • Job retention bonus • Eat out to help out scheme. We have added a separate section to the bottom of the **Tax liability** sheet, to allow entry of the relevant values. The values are included in the new boxes of the CT600 return form, and any overpayments reflected in the overall computation. This has been updated for all new and existing FY 2020 files that have not already been submitted.
Research and Development expenditure credit calculation sheet	Following requests, we have added the **Research and Development expenditure credit** sheet to the Life tax module. The sheet is the same as that used in standard Corporation Tax files, and follows the step-by-step calculation set out in the legislation, and links the relevant data to the new CT600L form. Corresponding changes have been made to the **Tax liability** sheet, to show the utilisation of RDEC and allow entry of any group relief claimed under either step 2 or step 5. The new sheet will be available in all new and existing FY 2020 files that have not already been submitted. We will make changes to the group module in a later release, to support the allocation of RDEC group relief for Life tax files.
Structures and buildings allowance	Some adjustments have been made to the **Structures and Buildings Allowances** (SBAs) sheet, to ensure that we raise an error if the *Unique description* entered will cause errors when e-filing. This has been updated for all new FY 2020 file types.

CHANGES AND UPDATES –PARTNERSHIP

AREA OF CHANGE	DETAILS AND LIMITATIONS
New SA800 forms	ONESOURCE has been updated to include the 2020/21 partnership tax return forms and associated e-filing rules and validations. For further guidance please refer to the updated SA800 guide included in this release.
Coronavirus support scheme payments	New boxes have been introduced to report Coronavirus support scheme payments. If the partnership received such payments, these should be included in box 3.24 or 3.29 whether they have been included in the Partnership accounts or not. This needs to be confirmed via box 10.4 of the SA800, and an appropriate selector has been added to the *Additional information* section of the **O** sheet. Where any coronavirus support scheme payments have been incorrectly claimed, this must be reported in the new box 3.118. This can be populated by entering the value in the new cell added to the **Profit and loss account** sheet, and should then be allocated between partners to populate box 12B on the partners statement (Page 7 of SA800 return). For further guidance please refer to the updated SA800 guide included in this release.
Annual Investment Allowance	The Annual Investment Allowance (AIA) limit of £1,000,000 has been extended until 31st December 2021 by Finance Bill 2021. The **AIA validations** sheet has been updated to reflect this extension.
Structure and buildings allowance	Some adjustments have been made to the **Structure and buildings allowance** sheet to make the layout consistent with the other UK modules. We have changed the way “SBA not claimed” is calculated and presented, so that the amount not claimed is now deducted from the allowance calculated for each individual item.
Reconciliation of allowance and disallowable depreciation	Following requests, we have added a new section to reconcile the depreciation add back, after allowable charges calculated on the **Capitalised revenue expenditure** sheet. This links the total depreciation from the **Fixed assets** sheet and deducts the allowable depreciation as calculated, to show the relevant add back.

CHANGES AND UPDATES – GROUP

AREA OF CHANGE	DETAILS AND LIMITATIONS
CIR - Interest restriction return e-filing	A new set of optional sheets has been added to the CIR group module, to support e-filing of the interest restriction return when this facility is made available by HMRC. The **Interest restriction return** (IRR) sheets can be developed into an Interest restriction group file, and values present in the core CIR sheets will automatically populate the new IRR sheets. Other data required by HMRC is then manually entered. The launch of IRR e-filing has been delayed by HMRC from January. HMRC do not expect to complete testing until June, there remains uncertainty about the actual date it will be available. Once the facility does go live, ONESOURCE can be used to e-file both full and abbreviated IRRs. This has been updated for new and existing FY 2020 Interest restriction group files.

RELEASE DEPLOYMENT

Hosted Customers

ONESOURCE Corporate Tax 14.0 will be deployed by Thomson Reuters as part of our hosting services for ONESOURCE Corporate Tax users on 15th May 2021. There will be a period of downtime to support this update.

For further details relating to the scheduled maintenance, including the start time and end time of the maintenance, please click here to access our system status page. ONESOURCE Corporate Tax is currently identified as ‘Corporate Tax (legacy) [EMEA]’ and can be found under our ‘Direct Tax’ applications.

If you would like to receive emails to notify of updates to our status page, you can subscribe through our status page. We recommend you use a modern browser such as Chrome, Firefox, or Edge to set your subscription preferences. More information about our new status page is available here.

Non-Hosted Customers

ONESOURCE Corporate Tax 14.0 will be made available by Thomson Reuters at our download site for ONESOURCE Corporate Tax users to install on 21st May 2021. Installation instructions along with other relevant documentation will be included in the download file.