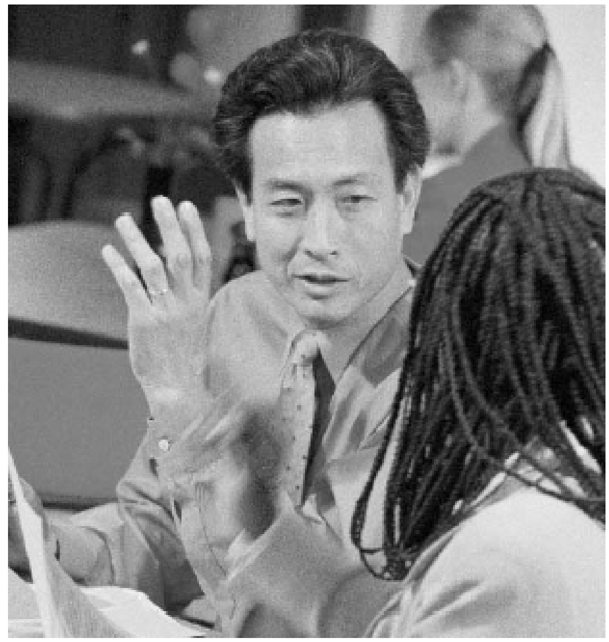
Sage FAS Fixed Assets
2011.1 Tax Update

What's New



Your Guide to New Product Features

sage

Contents

Overview

The FAS 2011.1 Tax Update contains exciting new features and enhancements to your Sage FAS solution. It incorporates tax law changes made during the year including the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 and the Small Business Jobs Act of 2010.

The following changes apply to **FAS Asset Accounting**:

1. **Tax Law Updates:** We have updated the Sage FAS program to comply with the latest tax law changes:

    - **Updated Tax Forms and Worksheets**. The 2011.1 Tax Update includes the updated IRS Form 4562 – Depreciation and Amortization for 2010.
    - **Updated Tax Limits.** The 2011.1 Tax Update complies with the scheduled updates to the Section 179 limits and luxury auto limits, including changes to allow up to $250,000 of the Section 179 deduction to be claimed for qualified real property.
    - **168 Allowance of 100% for Certain Property.** Assets placed in service after September 8, 2010 and before January 1, 2012 can take a 100% bonus deduction.
    - **Extension of Tax Provisions.** The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 has extended several tax provisions, such as allowing a 15-year estimated life on qualified leasehold improvements, qualified restaurant property, and qualified retail improvement property.

2. **Updated Audit Advisor.** We made the following updates to the Audit Advisor:

    - Check for the increased Section 179 limits as stated above.
    - Extend the check for Qualified Restaurant, Leasehold, and Retail Improvement Property.
    - Added a new check for assets that claimed a 50% 168 Allowance when they are eligible to take the increased 100% depreciation allowance.
    - Added a new check for real property that may be qualified for the Section 179 expense deduction.

3. **New Sage Timberline Enterprise Link.** We have added a new general ledger link that enables you to post depreciation expense and accumulated depreciation from Sage FAS to Sage Timberline Enterprise.

Note: The 2011.1 Sage FAS Tax Update will **not** operate on the same machine with FAS Gov Asset Accounting, FAS Gov Asset Inventory, FAS Nonprofit Asset Accounting, or FAS Nonprofit Asset Inventory.

Please note that no database conversion is required to upgrade from version 2010.1 of Sage FAS to version 2011.1. However, if you are currently using an older version of Sage FAS, you must first upgrade to version 2010.1 before installing Sage FAS version 2011.1.

New Sage FAS Fixed Assets Features

Updated Tax Forms and Worksheets

The IRS Form 4562 – Depreciation and Amortization has been updated for the 2010 tax year.

To run the tax forms and worksheets

1. Calculate depreciation through the end of the fiscal year.
2. Select Tax Forms and Worksheets from the Reports menu.
3. Select the desired tax form or worksheet.
4. Complete the fields on the dialog box, and then click the Execute button.

Updated Tax Limits

Luxury Auto Limits

The depreciation limits in effect for automobiles placed in service in 2011 are as follows:

Year 1: $11,060*

Year 2: $4,900

Year 3: $2,950

Year 4: $1,775

* If you elect out of the 168 Allowance for the automobile, the depreciation limitation is $3,060 for the first year.

Light Trucks and Vans Limits

The depreciation limits for light trucks and vans placed in service in 2011 are as follows:

Year 1: $11,260*

Year 2: $5,200

Year 3: $3,150

Year 4: $1,875

* If you elect out of the 168 Allowance for the truck or van, the depreciation limitation is $3,260 for the first year.

Section 179 Updates

The maximum Section 179 limit is $500,000 for assets placed in service in tax years beginning in 2010 and 2011. In addition, the maximum cost of Section 179 property that can be placed in service in the year before the phase-out begins is $2,000,000 for tax years beginning in 2010 and 2011.

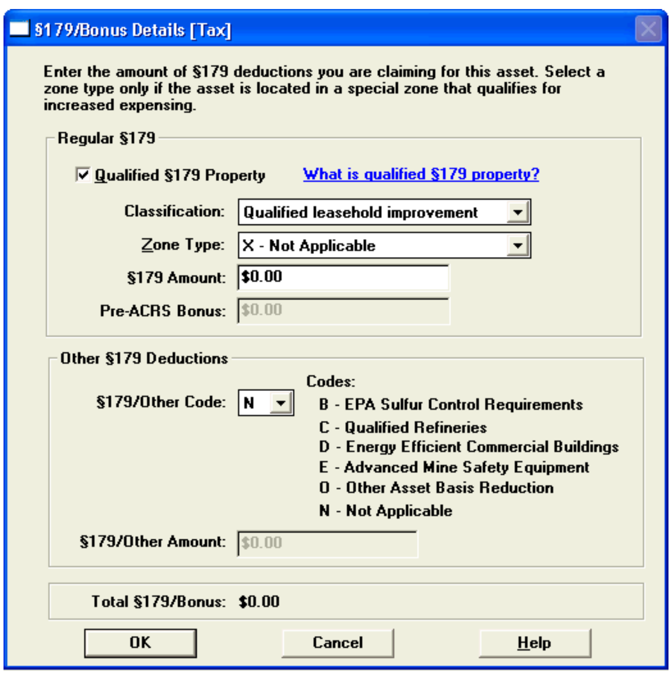
Section 179 for Qualified Real Property

For any tax year beginning in 2010 or 2011, you can elect to expense under Section 179 up to $250,000 of qualified real property purchases. Qualified real property includes:

- Qualified leasehold improvement property
- Qualified restaurant property, and
- Qualified retail improvement property.

To take Section 179 expense on real property

1. In the Property Type field in Detail View, select a real property type (R, S, C, E, or F).
2. Click in the Section 179/Bonus field, and then click the Down arrow. The §179/Bonus Details dialog box appears.



3. In the Classification field, specify the type of real property (qualified leasehold improvement, qualified restaurant property, or qualified retail improvement).
4. In the §179 Amount field, enter the amount of Section 179 expense you want to take, and then click OK.

Note: Off-the-shelf computer software qualifies for the Section 179 expense deduction if it is placed in service before 01/01/2013 (originally set to expire in 2011). To enter off-the-shelf computer software, select property type P, a depreciation method of SF or SB, and an estimated life of 3 years.

168 Allowance of 100% for Certain Property

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extends and temporarily increases the 168 Allowance for investments in new business equipment. For investments placed in service after September 8, 2010 and through December 31, 2011, the act provides for 100 percent bonus depreciation. For investments placed in service after December 31, 2011 and through December 31, 2012, the act provides for 50 percent bonus depreciation.

You can use the 168 Allowance Switch to quickly change the 168 Allowance deduction to 100% for a group of assets.

Extension of Tax Provisions

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended several tax provisions that had been set to expire.

Enterprise Zone Property

The increased Section 179 expense for property located in an Enterprise Zone was extended through 12/31/2011.

Advanced Mine Safety Equipment

The immediate expensing of Section 179E property, advanced mine safety equipment, has been extended through 12/31/2011.

Indian Reservation Property

In 1993, Congress created a system whereby qualifying Indian Reservation property must be depreciated over shorter recovery periods than otherwise allowed. This accelerates the allowable depreciation deductions. The Indian Reservation tax provisions have been extended through 12/31/2011.

Leasehold Improvement and Restaurant Property Rules

Leasehold improvements are permanent betterments made to leased property that is owned by someone else and which will usually revert to the owner at the end of the lease period. Prior to 2004, leasehold improvements were required to be depreciated using the same depreciation method, life, and averaging convention as the underlying property to which they were attached. In 2004, Congress passed legislation that required businesses to depreciate leasehold improvements using the straight-line depreciation method over a 15-year recovery period (9 years for Indian Reservation property) and apply either a half-year or midquarter averaging convention. The legislation relating to leasehold improvements using a shorter recovery period was set to expire for assets placed in service after December 31, 2009.

Qualified restaurant improvement property placed in service from January 1, 2008 through December 31, 2009 also used a 15-year recovery period (9-year Indian Reservation life) and the straight-line depreciation method.

Both the provisions allowing for a shorter life on leasehold improvements and restaurant improvement property have been extended through 12/31/2011.

Qualified Retail Improvement Property

Qualified retail improvement property placed in service from 1/1/09 – 12/31/09 was also allowed a 15-year cost recovery period (9 years if on an Indian Reservation) with a class life of 39 years and was required to use straight-line depreciation. The provisions allowing for a shorter life for qualified retail improvement property have been extended through 12/31/2011.

Investment Tax Credit

The increased rehabilitation credit for qualified expenditures in the Gulf Opportunity Zone was extended for two years (through 12/31/2011). The Gulf Opportunity Zone Act of 2005 increased the rehabilitation credit from 10 percent to 13 percent of qualified expenditures for any qualified rehabilitated building other than a certified historic structure, and from 20 percent to 26 percent of qualified expenditures for any certified historic structure.

The 30% investment tax credit for alternative vehicle refueling property (other than hydrogen refueling property, the credit for which continues under present law through 2014), was extended through 12/31/2011, subject to the pre-2009 maximum credit amounts.

Motorsport Complexes

The special seven year cost recovery period for property used for land improvement and support facilities at motorsports entertainment complexes was extended through 12/31/2011.

Updated Audit Advisor

Audit Advisor helps you locate assets that may not comply with IRS regulations or that may contain incorrect information. When you run Audit Advisor, the system displays a report indicating if any of your assets could be in non-compliance with the IRS regulations. If Audit Advisor finds potential problems with your data, the system creates a group of assets for your review. You can examine each asset in the group and decide if you need to make any changes in the asset data.

We have added two new Audit Advisor validations:

Increased 168 Allowance % Allowed: A 168 Allowance deduction of 100% can be taken for assets placed in service from 9/9/2010 through 12/31/2011. Run Audit Advisor to determine if you have elected a 168 Allowance of 50% for assets for which a 168 Allowance of 100% is available.

Section 179 Qualified Real Property. For fiscal years beginning in 2010 and 2011, you can elect to include up to $250,000 of qualified leasehold improvement property, qualified restaurant property, or qualified retail improvement property in the definition of qualified Section 179 property.

Run Audit Advisor to determine if you have entered qualified real property that is eligible for the Section 179 expense deduction. Remember if you elect to claim a Section 179 deduction on real property, then you must identify all qualifying property using the Qualified Section 179 check box on the Section 179/Bonus Depreciation dialog in Detail View, in order to properly calculate the phase-out limits.

New Sage Timberline Enterprise Link

The 2011.1 Tax Update includes a new general ledger link to Sage Timberline Enterprise. The link enables you to electronically post depreciation expense and accumulated depreciation from your Sage FAS program to a standard output file. You can then import this file into Sage Timberline Enterprise.

2011.1 Sage FAS Release is Shipping on DVD

For the first time, the 2011.1 release of Sage FAS is shipping on DVD format instead of CD-ROM format.

Update for Symantec Endpoint Protection

Some users have reported problems running Sage FAS Asset Accounting along with Symantec Endpoint Protection on computers with 64-bit operating systems. The problem occurs when browsing to save or retrieve files in Sage FAS Asset Accounting using the operating system's file explorer. This occurs due to incompatibility issues with the Symantec Network Access Control 64-bit network provider. To avoid this problem, you should download the latest version of Endpoint Protection (version 11.0.6 or higher) from the Symantec web site.