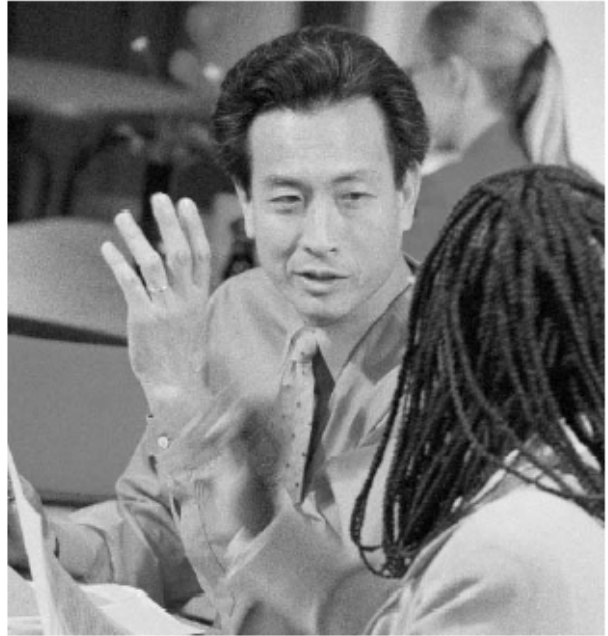


# Sage FAS Fixed Assets 2010.1 Tax Update

---

## What's New

---



*Your Guide to New Product Features*





## Contents

Overview .....	1
Updated Tax Forms.....	2
Updated Tax Limits .....	2
Luxury Auto Limits .....	2
Light Trucks and Vans Limits.....	2
Section 179 Limits .....	3
Expiration of Tax Provisions.....	4
168 Allowance .....	4
Enterprise Zone Property.....	4
Advanced Mine Safety Equipment.....	4
Indian Reservation Property .....	4
Leasehold Improvement and Restaurant Property Rules .....	4
Qualified Retail Improvement Property .....	4
Updated Audit Advisor.....	5
Run the Disposal Report for a Limited Date Range.....	5
New Column on the Tax Expense Report .....	6
Windows 7 and Microsoft SQL Server 2008 Compatibility .....	6
Next Sage FAS Release to Ship on DVD.....	6
Support Ending for Palm OS Readers.....	6

## Overview

---

The FAS 2010.1 Tax Update contains exciting new features and enhancements to your Sage FAS solution.

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.** The 2010.1 tax update includes the updated IRS Form 4562 – Depreciation and Amortization for 2009.
  - **Updated Tax Limits.** The 2010.1 tax update complies with the scheduled updates to the Section 179 limits and luxury auto limits.
  - **Updated Sec 179 Limits for Qualified Disaster Zone Property.** The 2010.1 tax update includes Section 179 dollar limits for the Qualified Disaster Zone.
  - **Expiration of Tax Provisions.** At this point in time, several tax provisions have not been extended for 2010. However, pending legislation is expected to extend these provisions. Please check with your tax advisor for updated information.
2. **Updated Audit Advisor.** We have updated Audit Advisor to check for assets with less than 100% business use.
3. **View Disposed Assets for a Limited Date Range.** You can now specify a date range when you run the Disposal report, so that the report shows only those assets disposed within the date range.
4. **New Column on the Tax Expense Report.** The new column, Zone Type, shows whether the asset is located in a special zone.

The following change applies to **FAS Asset Inventory**:

1. **Support Ending for Palm OS Readers.** The 2010.1 Tax Update is the last release supporting Palm OS bar code readers.

The following changes apply to **all Sage FAS products** (including FAS Asset Accounting, FAS Asset Inventory, and FAS CIP Accounting):

1. **Windows 7 and Microsoft SQL Server 2008 Compatibility.** All Sage FAS applications can run on the new Windows 7 operating system. FAS 500 Asset Accounting, FAS 500 Asset Inventory, and FAS 500 CIP Accounting are compatible with Microsoft SQL Server 2008.
2. **Next Sage FAS Release to Ship on DVD.** The next Sage FAS release will ship on DVDs instead of CD-ROMs.

Please note that a database conversion is required to upgrade from version 2009.1 or later to 2010.1.

## **New Sage FAS Fixed Assets Features**

### ***Updated Tax Forms***

---

The IRS Form 4562 – Depreciation and Amortization has been updated for the 2009 tax year.

#### **To run the tax forms**

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.
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 2010 are as follows:

**Year 1:** \$3,060\*

**Year 2:** \$4,900

**Year 3:** \$2,950

**Year 4:** \$1,775

\* Pending legislation would extend the 168 Allowance for luxury automobiles placed in service in 2010. If you elect the 168 Allowance, the depreciation limitation would be \$11,060 for the first year. Please check with your tax advisor for updates on the status of the legislation before you elect the 168 Allowance.

#### **Light Trucks and Vans Limits**

The depreciation limits for light trucks and vans placed in service in 2010 are as follows:

**Year 1:** \$3,160\*

**Year 2:** \$5,100

**Year 3:** \$3,050

**Year 4:** \$1,875

\* Pending legislation would extend the 168 Allowance for trucks or vans placed in service in 2010. If you elect the 168 Allowance, the depreciation limitation would be \$11,160 for the first year. Please check with your tax advisor for updates on the status of the legislation before you elect the 168 Allowance.

## Section 179 Limits

The maximum Section 179 limit is \$134,000 for assets placed in service in tax years beginning in 2010. In addition, the maximum cost of Section 179 property that can be placed in service in the year before the phase-out begins is \$530,000 for tax years beginning in 2010.

**Note:** Pending legislation would increase the Section 179 base limit to \$250,000 for assets placed in service in tax years beginning in 2010. Also, the maximum cost of Section 179 property that can be placed in service in the year before the phase-out begins would increase to \$800,000. Please check with your tax advisor on the status of this legislation before claiming more than the current limit of \$134,000.

### Increased Sec 179 Limits for Qualified Disaster Zone Property

The Emergency Economic Stabilization Act of 2008 provides for increased Section 179 limits for assets located in a Qualified Disaster Zone. The Section 179 limit for 2010 is \$234,000 (\$134,000 plus the cost of the Disaster Zone property, limited to \$100,000).

Follow the steps below to designate an asset as Qualified Disaster Zone property.

#### To select a property zone:

1. Enter the appropriate Property Type, Placed-in-Service Date, Acquisition Value, Depreciation Method, and Estimated Life.
2. In the Sec. 179/Bonus field, click the down arrow. The Sec. 179/Bonus Details screen appears.

Enter the amount of \$179 deductions you are claiming for this asset. Select a zone type only if the asset is located in a special zone that qualifies for increased expensing.

**Regular \$179**

**Qualified \$179 Property** [What is qualified \\$179 property?](#)

Zone Type: **D - Qualified Disaster Zone**

\$179 Amount: **\$500.00**

Pre-ACRS Bonus: **\$0.00**

**Other \$179 Deductions**

\$179/Other Code: **N**

Codes:

- B - EPA Sulfur Control Requirements
- C - Qualified Refineries
- D - Energy Efficient Commercial Buildings
- E - Advanced Mine Safety Equipment
- O - Other Asset Basis Reduction
- N - Not Applicable

\$179/Other Amount: **\$0.00**

**Total \$179/Bonus: \$500.00**

OK Cancel Help

3. Select the Qualified \$179 Property check box if it is not already selected.
4. In the Zone Type field, select D – Qualified Disaster Zone from the drop-down list, and click OK.

## ***Expiration of Tax Provisions***

---

As of this writing, the following tax provisions have not been extended for 2010. However, pending legislation is expected to extend these provisions. Please check with your tax advisor for updated information.

### **168 Allowance**

The 168 Allowance is available only for personal property located in a special disaster zone, certain property with longer production periods, certain aircraft, cellulosic biofuel plant property, or reuse and recycling property. Therefore, when you enter a new asset after January 1, 2010, the default depreciation method is MF200.

### **Enterprise Zone Property**

The increased Section 179 expense for property located in an Enterprise Zone was not extended for 2010.

### **Advanced Mine Safety Equipment**

The immediate expensing of Section 179E property, advanced mine safety equipment, has not been extended for 2010.

### **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. Qualifying Indian Reservation property must have been placed in service before January 1, 2010.

### **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 required businesses to depreciate leasehold improvements using the straight-line depreciation method over a 15-year recovery period and applying either a half-year or midquarter averaging convention. Leasehold improvements used a 15-year recovery period if placed in service before January 1, 2010.

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

The rules relating to leasehold improvement and restaurant property have not been extended for 2010.

### **Qualified Retail Improvement Property**

Qualified Retail Improvement property placed in service from 1/1/09 – 12/31/09 was allowed a 15-year cost recovery period with a class life of 39 years and was required to use straight line depreciation. The rules relating to qualified retail improvement property have not been extended for 2010.

## ***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 a new Audit Advisor validation:

**Assets with Less than 100% Business Use.** Assets with less than 100% business use are not entitled to a full year's depreciation deduction. The business-use percentage may change over time and should be reviewed on an annual basis.

Run Audit Advisor to determine if your company contains assets with less than 100% business use. If the percentage in the Business Use Percentage field is incorrect, you must enter the correct business use. After you have updated the Business Use Percentage fields, you must recalculate depreciation for the affected assets.

## ***Run the Disposal Report for a Limited Date Range***

---

You can now specify a range of dates when you run the Disposal report. The report displays only assets disposed within the date range.

For example, you can limit the report so that it shows only assets disposed in the current year. To do this, follow the steps below.

### **To view assets disposed in the current year**

1. Select Reports/Standard Reports/Disposal from the menu bar. The Report Definition dialog box appears.  
  
Notice the Run for Assets Disposed field, which contains two fields for entering dates.
2. In the From field, enter the beginning date of the current fiscal year.
3. In the To field, enter the ending date of the current fiscal year.
4. Complete the remaining fields on the Report Definition dialog box, and then click the Run Report button.

### ***New Column on the Tax Expense Report***

---

The Tax Expense report contains a new column: Zone Types. This column indicates whether the asset is located in a special zone. You designate the zone type on the §179/Bonus Details dialog box. The following are the possible zone type codes:

<b>Code</b>	<b>Zone Type</b>
G	Gulf Opportunity Zone
K	Kansas Disaster Zone
E	Enterprise Zone
D	Qualified Disaster Zone
X	No zone applies.

The Zone Type codes are available in Group Manager. You can create a group based on zone types, and you can run a report subtotaled by zone type.

### ***Windows 7 and Microsoft SQL Server 2008 Compatibility***

---

All Sage FAS applications can run on the new Windows 7 operating system. FAS 500 Asset Accounting, FAS 500 Asset Inventory, and FAS 500 CIP Accounting are compatible with Microsoft SQL Server 2008.

### ***Next Sage FAS Release to Ship on DVD***

---

The next release of Sage FAS will be shipped on DVDs instead of CD-ROMs.

### ***Support Ending for Palm OS Readers***

---

The 2010.1 Tax Update is the last release supporting Palm OS bar code readers. You can find the list of readers supported by Sage FAS at [www.sagefas.com/hardware](http://www.sagefas.com/hardware).