



Fixed Assets Manager Release Considerations

Version 2008.01

The following sections contain new features and considerations that apply to this version:

What's New?

The following features are now available with this version:

Section 179 Limitation - The annual dollar limitation on the cost of qualifying property that may be currently expensed is \$250,000.00 for property placed in service in tax years beginning in 2008. The maximum amount is subject to investment and business income limitations in 2008. The cost of qualifying property placed in service on or after 12/31/2007 has increased to \$800,000. It is important to note that this change applies for TAXABLE years beginning in 2008. For example, a fiscal year entity starting on 09/01/2007 and ending on 08/31/2008 would NOT be eligible for the increased amount until 09/01/2008. Until that time, they would be subject to the current limits of \$133,000.00/\$530,000.00. For more information, see "Section 179 expense" topic in Online Help.

- **Tax Forms for Tax Year 2008** – You can now print laser forms for TY2006, TY2007 or TY2008. Also, Form 4562-FY was added to comply with the Economic Stimulus Act of 2008. This form is required by the IRS for all fiscal year filers whose tax year begins in 2007 and ends in 2008.
- **Close Year End** – The Close Year End process can now be executed on more than one entity at a time. The close year end processes will execute consecutively for all entities selected. Diagnostics will still display for each individual entity.
- **Feature Security** – The ability to enable feature security has been enabled for all Network versions of Fixed Assets Manager. Previously it was only available for licensors of the Enterprise version. For more information on how to enable Feature Security, please refer to the FAM_Security.pdf file in the /FADOCUMENTS folder located directly on the Fixed Assets Manager Installation CD. In addition, three new security features have been added to the existing list of security items: Viewing, Editing, and Deleting assets.
- **New Calculation Option** – Users who calculate Period data now have the option to calculate Period data at the same time as calculating Book data for their assets. The new option is available under Tools, Options, Calculation. Previously, there were separate calculation buttons for Calculate and Calculate Periods. Now, if the user has the checkbox to calculate both selected, choosing the Calculate button will also calculate the period data for the asset.
- **Period Data Export** – If you are using the Period Data feature within Fixed Assets Manager, you now have the option to create a fixed width column file when exporting your Period (GL) data.
- **Reports using search results** – You now have the ability to run reports using Search result data that crosses multiple entities.

- **New Asset Types** – The Emergency Economic Stabilization Act of 2008 signed into law October 3, 2008 created the following new Asset Types:
 - Qualified Retail Improvement Property – 15 year
 - Qualified Retail Improvement Property – ADS election
 - Farm Machinery & Equipment – 5 year
- **Asset Type Lives Extended** – The following asset types had their end date, in all books, extended to December 31, 2009. These changes were a result of the Emergency Economic Stabilization Act of 2008 which was signed into law on October 3, 2008.
 - Qualified Indian Reservation Property: 5, 7, 10, 20 year and Nonresidential Real Property.
 - Qualified Leasehold Improvement - 15 year
 - Qualified Leasehold Improvement - ADS election
 - Qualified Restaurant Property - 15 year (Not eligible for Bonus)
 - Qualified Restaurant Property - ADS election (Not eligible for Bonus)

Considerations

The following considerations apply to this version:

- **Calculate Before Printing** - When printing reports that include Inter-Entity Transferred assets, it is important to calculate the assets in all entities that were involved in the transfer. Failure to calculate assets in all entities can cause incorrect values on the report. Ex. Asset one is transferred from Entity A to Entity B. Asset one must be calculated in both Entity A and Entity B.
- **Tax Year 2008 Form 4684** – The final version of the 2008 Tax Year Form 4684 was not available prior to the 2008.01 Fixed Assets Manager release. A watermark will print on this form in the 2008.01 release. The final version will be available in the 2008.02 release.
- **Depreciation Report**
 - If you run a grouping report for Assets that were transferred then later retired in the current year, for a date range that does not include the retirement date, the total amounts for the last grouping will erroneously show amounts on the Asset Retirements line. Note: this only affects reports using the Grouping feature. This will be fixed in a future release.
 - Autos/trucks placed in service during 2008 display the method as 'MF2SL' on the Depreciation report and the check box in asset input is checked for 'method has switched'. This does not alter the calculation. It is a display issue only. When the year is closed, the box becomes unchecked.
 - Corrected the Prior Depreciation amount for retired assets when running the report using Period data. Previously, when retiring an asset for Period data, the Prior depreciation shown was less than it should have been.
 - Fully Retired Assets with a negative current depreciation were not being included in the Retired Current Depreciation line. Only assets with positive current depreciation were being included. This was causing an error in the ending year total. Corrected formula to include both positive and negative current depreciation.
- **Disposition Detail Report** - For Assets that were transferred, and then later retired in the current year, the Retired Accumulated amount shown on the Asset Retirement dialog may not match the Retired Accumulated Depreciation amounts on the Retirement report and the Disposition Detail report. This is because the Retired Accumulated amount shown on the Asset Retirement dialog does not include the Transferred In amount. This will be fixed in a future release.

- **Retirement Report** – Transferred-in depreciation was added to the accumulated depreciation value so that the Retired Accumulated amount on the Depreciation report matches the Retired Accumulated Depreciation on the Retirement report.
- **Close Year End** – The system will now create the correct number of periods during the close year end process for entities that use a custom number of periods.
- **Fiscal Year Calculation Error** – Corrected possible calculation issue for entities having a fiscal year ending in February, June or November AND having assets placed in service on the last day of the month in the third quarter. Previously, those assets were being deemed as placed in service on the first day of the subsequent month. This could cause the assets to be calculated under the mid quarter convention instead of the half year convention.
- **Form 4562 Line 16** – ADS assets using the half-year convention are now being included on line 16 of Form 4562.
- **Period Calculation for Transferred then Retired Assets** – When an asset was transferred and subsequently retired, the system was using the wrong proration to calculate the retired depreciation for both the source and destination periods.
- **Incorrect calculation for Transferred Period data** – When an asset was transferred, the system was incorrectly calculating the amount of depreciation to prorate to the source. The value was less than it should be, and was causing a negative adjustment in the source asset's next open period.
- **Depreciation Projection Report - Monthly Future Year** - Assets with a negative value are not displayed properly on the monthly future year projection report. Only an amount is displayed for the month of June and the balance is displayed as a rounding adjustment. This will be fixed in a future release.
- **Depreciation Projection Report using prorating depreciation Equally Among Months** - The amount in the July month is always incorrect for assets whose lives expire between August and the end of the year. This applies to both the Monthly Current Year report and Monthly Future Year report. This will be fixed in a future release.
- **Export to MS Word** – Currently when exporting any report to the Microsoft Word format, when the file produced is opened, the error message “Invalid file format” appears, the file can't be opened. This will be fixed in a future release.

Existing Considerations

The following considerations were reported in a previous version of FAM and they still apply to this version:

General

- **FADATA Named Database** – FAM uses two databases:
 - FASYS – Contains system data. You should never rename this database.
 - FADATA – Contains asset data. You can create the FADATA database with a different name.
- **Deleting Assets from the Output Pane** – When deleting assets from the Output Pane and no book information is listed in the book column, you must select the ALL button to delete the assets. Selecting the Current button does not delete the asset from any book.
- **Units of Production Assets** – When assets that use the depreciation method of UOP are closed, the amounts on the UOP tab of Asset Input are not automatically updated. You need to update this information manually. This issue will be addressed with a future version.

- **Maintaining Entities** – When making an offline copy of an entity to use remotely and then merge back into the original database later, you need to do the following:
 - Before the offline copy is made, make changes to the following items as necessary:
 - Accounting Information Fields
 - Asset Types
 - Books
 - Book Types
 - Custom Depreciation Methods
 - Create a backup of the database
 - After you have taken the entity offline and you are using it remotely, do not create any of the items listed above or make changes to them while you are working on the entity offline. If you make changes to the items listed above while you are working on the entity offline, the entity may not work correctly when the entity is restored to the original database.
 - The restore option Replace an entity in the database with the offline entity is not working correctly. It only replaces the first asset in the entity. To correct this issue, before the entity is restored into the original database, you must delete the original entity first and use the Add the offline entity to the database option to restore the entity.
 - After the entity is restored, you can continue to create any of the items listed above or make changes to them.
- **Switching to a Short Year and using the MACRS Table Percentages** – If you use assets that have a depreciation method of MT200 or MT150 and the entity switches to a short tax year, by law, you must change the depreciation methods to MF200 or MF150, respectively. Failure to do so causes incorrect depreciation to be calculated for the remainder of the assets' lives. The easiest way to locate assets with a depreciation method of MT200 or MT150 is to use the Find Utility.
 - 1.From the Tools menu, select Find. Find Assets opens.
 - 2.From the Item list, select Book and then Depreciation Method.
 - 3.From the Action list, select is either.
 - 4.From the Value 1 list, select MT200 - MACRS 200% Tables and from the Value 2 list, select MT150 - MACRS 150% Tables.
 - 5.To add this criterion to the search criteria, click Add.
 - 6.From the Item List, select Entity.
 - 7.From the Action List, select equals.
 - 8.From the Value list, select the entity that is changing to a short year.
 - 9.To add this criterion to the search criteria, click Add.
 - 10.Click Find. All assets with these depreciation methods appear in the Output pane.
 - 11.You can edit these assets in the Output pane, or you can print a report with only these selected assets.

Asset Input

- **Remaining Life** – In some cases, the remaining life for an asset is displayed as one month less than it should be. This is a display issue only and does not affect calculations for the asset. This issue will be addressed with a future version.
- **Removing an Override** – To remove an override from a field, you must leave the field blank. Entering a zero in the field overrides the value to zero.

- **ITC Qualified Investment and ITC Credit Amount** – If you override both the Qualified Investment and the Current/Prior Credit Amount on the ITC tab of Asset Input at the same time, the overridden Qualified Investment does not print correctly on the ITC report.
- **Section 1250 Retired ITC Asset in a Corporation** – The Ordinary Gain/Loss is incorrectly calculated on Asset Retirement and the Retirement Report for all assets that 1) have prior ITC, 2) have been retired under Section 1250, and 3) are in an Entity Type of Corporation. However, this incorrect gain/loss is not reflected on Form 4797, Line 26g.
- **Ordinary Gain/Loss vs Realized Gain/Loss** – In some cases, the amount calculated for Ordinary Gain/Loss is off by one cent because of a rounding issue on Asset Retirement and the Retirement Report. For example, when there is no unrecaptured Section 1250 gain for the asset, you may find that the ordinary gain/loss is different from the realized gain/loss by one cent. However, the ordinary gain/loss reflected on Form 4797 is correct.
- **Asset Retirement, 6252 Tab** – You cannot enter data for prior-year Installment Sales.

Depreciation Calculation

- **Depreciation for ACRS Other Real Property in a Short Tax Year** – A short tax year is not taken into consideration when calculating depreciation for assets that have a classification of ACRS Other Real Property. Therefore, a full twelve months worth of depreciation is calculated for these assets instead of a prorated amount based on the number of months in the short tax year. To correct this issue, override the current depreciation on Asset Input.
- **Multiple Partial Retirements on Form 4797** – Multiple partial retirements for a given asset in the current year are combined on Form 4797. The asset data is carrying to Part I, Part II or Part III of the form based on the last transaction that occurred. If the partial retirements need to be presented on different parts of the form, you need to split the asset into two or three assets to get the amounts to carry to the correct part of the form.
- **Property Involving Sec 179 Flow-Through Entities** – For entities with a type of Partnership or S-Corporation and assets with Section 179 that are retired: these properties are not reported on Form 4684, Form 4797, or Form 6252. They should be reported on the partner's or shareholder's K-1s.

Reports

- **Printing** – If you print a report without previewing it first, it may appear the program stops working because the progress bar on Printing Reports may stop increasing; however, the program continues to process the records and print the report.
- **Printing Report or Forms** – Before printing reports or forms, select an entity, or a branch under an entity in the Explorer pane. If you select the database, Asset Types branch or the Accounting Information branch in the Explorer Pane, not all of the report properties are available for selection and they do not print.
- **Sub-Totaling** – Currently, you cannot turn off the sub-totaling for any group on the Depreciation Projection Report.

Tools

- **Life to Date Utility and Section 179** – The Life To Date utility does not calculate Section 179 correctly. This will be addressed with a future version.
- **Selected Assets on the Depreciation Projection Report** – Some of the assets you select to print on the Projection Report do not print because they are dropped by the program. This will be addressed with a future version.

- **Overridden ITC Qualified Investment during Close Year-end** – During close year-end, when overriding the Qualified Investment on the ITC tab of Asset Input and retiring a portion of this asset, the remaining ITC Amount is doubled. Override the Prior ITC amount after the year-end close so that the adjusted basis for the asset is correct.

Demonstration Version

- **Limitations** – If you are using a demonstration version of the program, you can only create up to 50 assets in the database file. If you enter more than 50 assets, you will not be able to enter or import new assets. In addition, the demonstration version only works for 30 days from the date it was installed. The Migrate option is disabled in the demonstration version. To determine if you have a demonstration version of the program:
 - From the **Help** menu, select **About Fixed Assets Manager**. If you have a demonstration version, the word 'demonstration' appears after the version number.
 - To license the full version of the program, call the Red Moon Solutions Hotline at 1 800 224 1260.

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