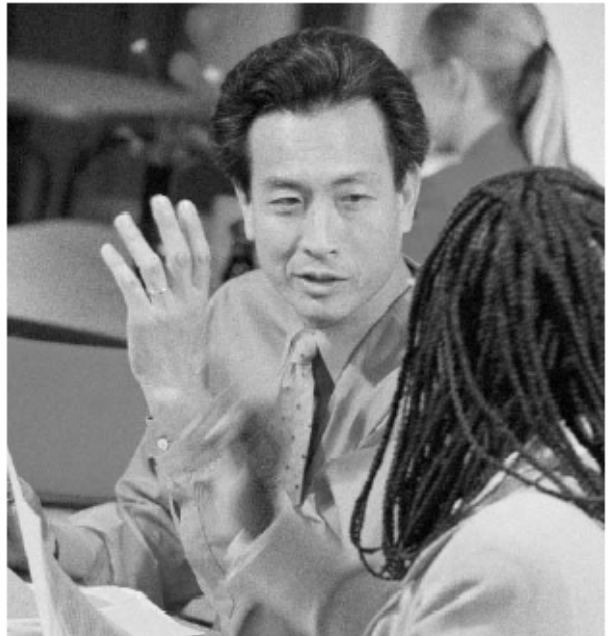


**Sage FAS Fixed Assets
Economic Stimulus Service Update (2008.1.1)**

What's New



Your Guide to New Product Features

sage
software

Your business in mind.

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Overview

The Economic Stimulus Service Update (2008.1.1) contains changes to your FAS solution. These changes incorporate the provisions of the Economic Stimulus Act of 2008 relating to fixed assets. The changes in the update **only** affect assets placed in service in tax years beginning in **2008**.

Please ensure that you have previously installed the full 2008.1 product before attempting to install this service update. If you are running a prior version of Sage FAS, you must install each annual update through 2008.1 before installing the 2008.1.1 Service Update. Previous versions of Sage FAS can be found on the SupportPlus Online web site in accordance with your Sage Support Plan.

Important Note: New customers installing Sage FAS for the first time should install the 2008.1.1 Service Update before adding any assets into the system and calculating depreciation.

1. **Updated Section 179 Limits:** The limit on the Section 179 Expense Deduction increased from \$128,000 to \$250,000. The Section 179 threshold amount increased from \$510,000 to \$800,000.
2. **Expanded 168(k) Allowance:** An additional depreciation allowance of 50% of the cost of an asset is allowed on qualified property placed in service after December 31, 2007 and before January 1, 2009. The 50% allowance is extended an additional year – to December 31, 2009 – for certain property with longer production periods and for certain aircraft.
3. **Increased Luxury Auto Limits:** The luxury automobile depreciation limits increased from \$2,960 to \$10,960 for year one for passenger autos placed in service in 2008. The increased depreciation limit applies only if you select a Plus 168(k) depreciation method.
4. **Increased Depreciation Limits for Light Trucks and Vans:** The depreciation limit increases from \$3,160 to \$11,160 in year one for light trucks and vans placed in service in 2008. The increased depreciation limit applies only if you select a Plus 168(k) depreciation method.

Installing the Service Update

To install the FAS 2008.1.1 Service Update, you must currently be using version 2008.1 FAS 50 Asset Accounting, FAS 100 Asset Accounting, or FAS 500 Asset Accounting. You cannot install the patch on previous versions.

You should install the update on each FAS client machine. **You do not need to install the update on the server unless a FAS client has also been installed on the server.**

To download and install the update

1. Go to the Sage FAS Update web site by doing one of the following:
 - From inside your Sage FAS product, select Help/Contact Us. On the Contact Us screen, click the link to **Sage FAS Product Updates**.
 - Point your browser to **www.sagefas.com/update**.
2. Click the **2008.1.1** FAS Update Version number.
3. Sage SupportPlus members, enter your user name and password, and then click the **Next** button. If you are not currently a Sage SupportPlus member, contact your account representative at 800-368-2405.
4. Click the **US Sage FAS Products** button.
5. Click **Product and Documentation**.
6. From the dropdown list, select your product, and then click the **Get Product Update** button.

Note: You must install a separate update for each Sage FAS product that you own. For example, if you have FAS 50 Asset Accounting and FAS 100 Asset Accounting on the same machine, you must install the update twice.

7. Click the link for the **2008.1.1 Client Update**. A message asks if you want to open or save this file.
8. Click the **Save** button.
9. On the Save As screen, select the **Desktop**, and then click the **Save** button.
10. When the download is complete, go to your desktop and double-click the zip file.
11. Double-click the **SETUP.EXE** file, and follow the instructions on the installation screens.

Updated Sage FAS Fixed Assets Features

Updated Section 179 Limits

The maximum Section 179 limit has been increased from \$128,000 to \$250,000 for assets placed in service in tax years beginning in 2008. In addition, the maximum cost of Sec 179 property that can be placed in service in the year before the phase-out begins has been increased from \$510,000 to \$800,000 for tax years beginning in 2008.

Taking Advantage of the Increased Sec. 179 Deduction Limits

Follow the instructions in this section if you have already calculated depreciation in 2008, and now you would like to take the increased Section 179 deduction.

For example, suppose you have already calculated depreciation on an asset through March 2008. Now you have installed the 2008.1.1. Service Update. You may want to increase the amount of the Section 179 deduction for some assets.

Important: If you decide to take advantage of the increased Section 179 deduction, the calculated depreciation amounts will change from the first time depreciation was run for the 2008 assets.

To take the increased Section 179 Deduction:

1. Go to Detail View of the asset for which you want to take the increased Section 179 deduction.
2. In the Sec. 179/Bonus field, enter the amount of Section 179 Expense Deduction that you want to take for that asset.
3. When you tab out of the field, the Sec. 179/Bonus Details screen appears.

§179/Bonus Details [Tax]

\$179/Pre-ACRS

GO Zone Asset?

\$179 Amount: \$250,000.00

Pre-ACRS Bonus: \$0.00

Other §179 Deductions

\$179/Other Code: N

Codes:

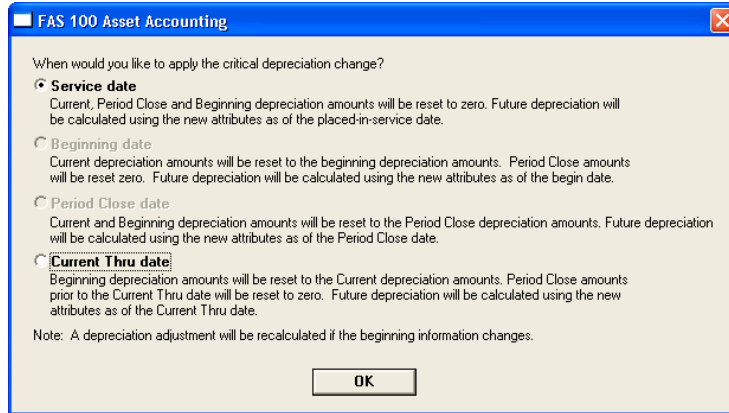
- B - EPA Sulfur Control Requirements
- C - Qualified Refineries
- D - Energy Efficient Commercial Buildings
- E - Advanced Mine Safety Equipment
- O - Other Asset Basis Reduction
- N - Not Applicable

\$179/Other Amount: \$0.00

Total §179/Bonus: \$250,000.00

OK Cancel Help

4. Click OK. A message appears confirming that you want to make a depreciation-critical change to the asset.
5. Click Yes to continue. A message appears asking when you would like to apply the depreciation-critical change.



6. Click the Service Date option button, and then click OK.
7. Recalculate depreciation for the asset. The system applies the updated Section 179 expense deduction.

Note: If you prepare your financial statements on a tax basis and have already posted journal entries through March, you will need to adjust your expense and accumulated depreciation accounts to your new March balances.

Expanded 168(k) Allowance

The Job Creation and Worker Assistance Act of 2002 (JCWAA) included a provision allowing an additional depreciation allowance for qualifying MACRS property in the first year you place an asset in service. The rules are covered under IRS Code Section 168(k).

In general, the provisions under IRS Code Section 168(k) expired after 12/31/2004. Special rules exist for certain locations and types of property that extend the applicability period.

The Economic Stimulus Act of 2008 reinstates the 168(k) Allowance of 50% for qualified property placed in service after December 31, 2007 and before January 1, 2009.

In addition, the 50% depreciation deduction is extended for an additional year for certain property with longer production periods and certain aircraft. Such property must be placed in service before January 1, 2010.

Taking Advantage of the 168(k) Allowance

You can take advantage of the 168(k) Allowance deduction, even if you have already calculated depreciation in 2008.

To take the 168(k) Allowance, you change the asset's depreciation method to one of the Plus 168(k) Depreciation Methods (for example, MA200, MR200, AA, or SB). You can change the depreciation method for one asset a time, or you can switch depreciation methods for a group of assets all at once.

Important: If you decide to take advantage of the expanded 168(k) Allowance, the calculated depreciation amounts will change from the first time depreciation was run for the 2008 assets.

To switch a group of assets to the 168(k) Allowance

1. Create a group of assets consisting of one or more classes of assets (that is, 3-year property, 5-year property, etc.) for which you want to take the 168(k) Allowance.
2. Select Depreciation/168(k) Allowance Switch from the menu bar. The 168(k) Allowance Switch screen appears.

168(k) Allowance Switch

Step 1: Select a Group
The 168(k) allowance is required for qualifying assets unless an election out is made. Select a group of assets that represents one or more classes of assets for which you wish to make the switch.

Group: 5-Year Property

Step 2: Select a Book
Select each book in which you want to switch calculation methods.

Tax Internal State AMT ACE Book 6 Book 7

Step 3: Enter a fiscal year end

Assets placed in service fiscal year end: 12/2008

Step 4: Select a Method
Select how to calculate depreciation for qualifying assets.

Take the 168(k) 50% allowance. Take the 168(k) 30% allowance. Do not take the 168(k) allowance.

3. Select the group of assets for which you want to take the 168(k) Allowance.
4. Select the book(s) for which you want to change to the Plus 168(k) Allowance depreciation methods.
5. Enter the month and year of the fiscal year-end. (For FAS 500 Asset Accounting, enter the month, day, and year.)
6. Click the Take the 168(k) 50% Allowance option button.
7. Click the Execute button. A message appears confirming that you want to take the 168(k) Allowance for the selected group of assets.
8. Click the Yes button to continue. A message appears indicating the depreciation methods for the assets in the group have been changed to Plus 168(k) depreciation methods.
9. Click OK to close the message box.

10. Click the Cancel button to close the 168(k) Allowance Switch screen.

The depreciation methods are changed for the selected group of assets that qualify for the change. The 50% allowance is applied. Depreciation is calculated through the current Through Date using the new depreciation methods. Any gain or loss on disposed assets is also recalculated.

Note: If you prepare your financial statements on a tax basis and have already posted journal entries through March, you will need to adjust your expense and accumulated depreciation accounts to your new March balances.

Increased Luxury Automobile Limits

Luxury Auto Limits

The luxury automobile depreciation limits increased from \$2,960 to \$10,960 for year one for passenger autos placed in service in 2008. The increased depreciation limit applies only if you select a Plus 168(k) depreciation method to take the additional depreciation allowance of 50%.

The depreciation limits in effect for automobiles placed in service in 2008 are as follows:

| Year | If 168(k) Allowance of 50% is NOT selected: | If 168(k) Allowance of 50% is selected: |
|-----------------------------------|--|--|
| 1 | \$2,960 | \$10,960 |
| 2 | \$4,800 | \$4,800 |
| 3 | \$2,850 | \$2,850 |
| 4 and all succeeding years | \$1,775 | \$1,775 |

Light Trucks and Vans Limits

The depreciation limit increases from \$3,160 to \$11,160 in year one for light trucks and vans placed in service in 2008. The increased depreciation limit applies only if you select a Plus 168(k) depreciation method to take the additional depreciation allowance of 50%.

The depreciation limits for light trucks and vans placed in service in 2008 are as follows:

| Year | If 168(k) Allowance of 50% is NOT selected: | If 168(k) Allowance of 50% is selected: |
|-----------------------------------|--|--|
| 1 | \$3,160 | \$11,160 |
| 2 | \$5,100 | \$5,100 |
| 3 | \$3,050 | \$3,050 |
| 4 and all succeeding years | \$1,875 | \$1,875 |

The new depreciation limits will automatically be taken into consideration when you switch to the Plus 168(k) depreciation method and recalculate depreciation.