

Tutorial 9 - CGT in ShareScope

In this tutorial we will be looking at the different CGT options in ShareScope.

ShareScope includes a comprehensive Capital Gains Tax calculator that can calculate your CGT on non-business assets which includes all fully listed shares in ShareScope. AIM listed shares are classed as business assets – ShareScope does not currently calculate Taper Relief for business assets.

All transactions entered in ShareScope will use the same rules to calculate CGT, regardless of the item or share type. There are options to ignore certain transactions in the CGT calculations though. In the Record a transaction dialog, click the button to Show CGT:

Record a transaction

Portfolio: CGT Training

Share: BP PLC

Share type: \$0.25 Ords

Transaction: Buy

Cash Account: << none >>

Currency: British Pounds (GBP)

Reference:

Note 1:

Number of shares: []

Price per share: 540.5

Broker Charge: £ 0

Stamp: £ 0

Contract Levy: £ 0

Total cost: £ 5.41

Date: 04/03/08 (Tue 4th Mar 2008) 10:45:07

Buttons: Show CGT, Options, Help, Cancel, OK

The dialog then opens up further, displaying the information below:

Hide CGT

Options Help Cancel OK

Capital Gains

Ignore in CGT calculations

Ignore £ [] in CGT calculations

Treat as a 'small receipt' in CGT calculation

Historical cost

Value per share on 6th April 1965 £ []

Value per share on 31st March 1982 £ []

Help on CGT

If you held shares before 1965 you could elect for them all to be rebased for CGT.

The same applies to 1982.

If no election was made the smallest CGT gain or loss should be selected.

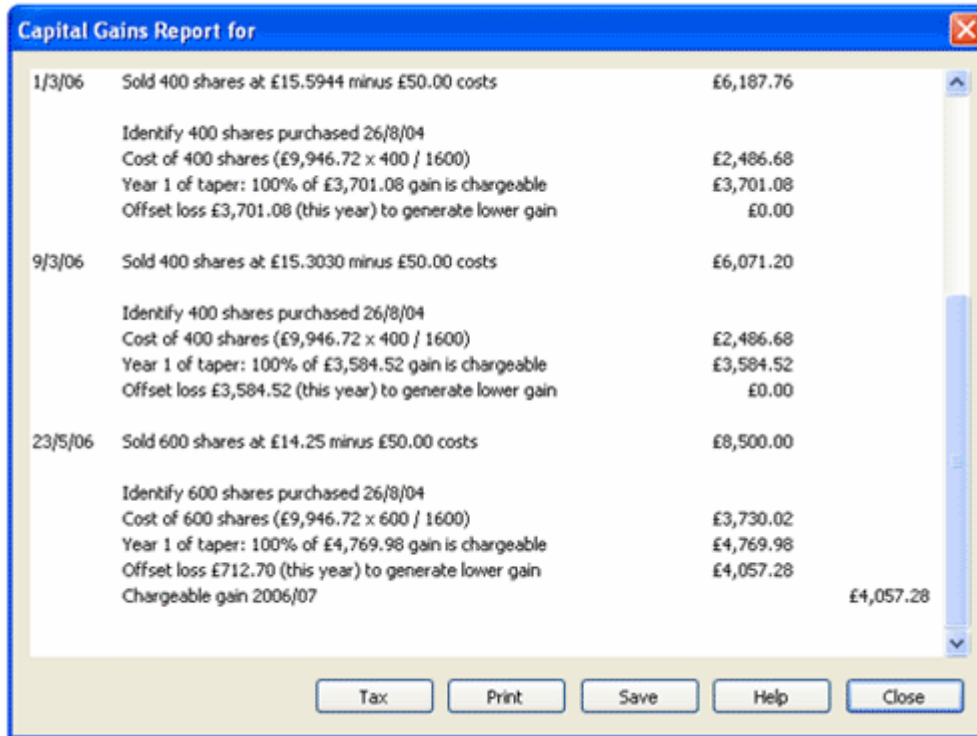
For details please refer to an accountant.

To ignore the entire transaction or just part of it from the CGT calculations, select the appropriate box.

On your transactions view you can view a running total of your Capital Gains before or after losses are applied:

Trans. type	Num. shares	Cost / Value	Taxable gain - before losses	Taxable gain - after losses
Buy	1,600	£9,946.72		
Sell	200	£2,592.47	£1,349	-
Sell	400	£6,187.76	£3,701	-
Sell	400	£6,071.20	£3,585	-
Sell	600	£8,500.00	£4,770	£4,057 ← Double click

To see how these amounts are calculated, simply double left click on one of the values. A dialog similar to the one below will be displayed:



Note: Losses used to generate lower gains in the example above are generated from other transactions within the portfolio. Gains on your own reports may also be reduced using losses carried forward from previous years.

For shares that you still have a current holding in, the report for the share will show you your potential gain or loss based on the latest closing price for that share, as in the example below. This can be useful when considering selling shares; you can see your likely gain or loss.

Capital Gains Report for		
	Sale value of 520 shares (£4,813.79 x 520 / 1580)	£1,584.28
	Cost of 520 shares (£2,026.84 x 520 / 520)	£2,026.84
	No taper or indexing for losses	-£442.56
	Chargeable loss 1999/00	-£442.56
1/2/01	Bought 700 shares at £4.2675 plus £44.82 costs	£3,032.07
24/12/05	Sold 70 shares at £0.00 minus £0.00 costs	£0.00
	Identify 70 shares purchased 1/2/01	
	Cost of 70 shares (£3,032.07 x 70 / 700)	£303.21
	No taper or indexing for losses	-£303.21
	Chargeable loss 2005/06	-£303.21
Balance	Potential chargeable gain on 630 shares valued at £9.08	
	Value 630 shares at £9.08 minus £0.00 costs	£5,720.40
	Identify 630 shares purchased 1/2/01	
	Cost of 630 shares (£3,032.07 x 630 / 700)	£2,728.86
	Year 7 of taper: 75% of £2,991.54 gain is chargeable	£2,243.65
	Potential chargeable gain	£2,243.65

£2,243.65

To view a report for the entire portfolio, right click in the transaction screen and go to Capital Gains on the menu:

Show Dividends since last update	
Dividend report	
Capital Gains	▶
Value at a date	
Graph value	
Graph profit	
Company/Sector analysis	
Current Portfolio:	- or F11
Portfolio management	
View Cash Account	▶
Share's Directors' Dealings	.
Share's Dates	>
Share's Price List	

Current share	<
Tax year 06/07	
Tax year 07/08	, (comma)
Tax year 08/09	
Other tax year	
Full CGT report	
Adjust losses	
Index table	
1998 Indexation table	
Taper tables	
Exemption tables	

The keyboard shortcut for the current years' report is the comma key (,) on your keyboard. As you can submit your CGT report for the last financial year up until 31 January of the following year, the 'current year' will automatically change on the 1st February each year to the next year that is due. For example, the menu above shows the current year as 2007/2008 – this will remain until 1 February 2009 when it will change to 2008/2009.

In the CGT report for a particular tax year, all transactions are listed in date order. The report (as can be seen below) shows how each calculation is made – from identifying the appropriate purchase, calculating purchase and sale costs, applying taper relief and/or indexation and offsetting gains against any losses incurred. For more information on how CGT is calculated, please see the separate ShareScope Guide to CGT.

Capital Gains Report for year 2007/08 - Portfolio CGT

Date	Description	Intermediate calculation	Chargeable Gain
6/4/07	<u>Carry £1,500.00 loss forward</u>		
28/10/07	Vodafone Group PLC Sold 1,000 shares at £1.4150 minus £0.00 costs	£1,415.00	
	Identify 1,000 shares purchased 28/2/05 Cost of 1,000 shares (£1,362.50 x 1000 / 1000)	£1,362.50	
	Year 2 of taper: 100% of £52.50 gain is chargeable	£52.50	
	<u>Don't apply losses to first £52.50 as below CGT allowance</u>		
	Chargeable gain 2007/08		£52.50
28/2/08	BP PLC Sold 1,000 shares at £5.6150 minus £0.00 costs	£5,615.00	
	Identify 1,000 shares purchased 28/2/04 Cost of 1,000 shares (£3,750.00 x 1000 / 1000)	£3,750.00	
	Year 4 of taper: 90% of £1,865.00 gain is chargeable	£1,678.50	
	<u>Don't apply losses to first £1,865.00 as below CGT allowance</u>		
	Chargeable gain 2007/08		£1,678.50

Tax Print Save Help **Summary**

In the example above we can see a loss that has been carried forward from a previous tax year. Taper relief is being applied where applicable and this has reduced the chargeable gain on the BP transaction. The losses carried forward are not applied to either transaction as these are still below the annual exemption amount.

We can now click on the Summary button to view the CGT summary for this portfolio for this tax year:-

Tax for year 2007/08

Tax for year 2007/08 - Portfolio CGT

Capital losses from previous years £1,500.00

Share name / date	Sold	Loss	Gain	After Losses
BP PLC				
Thu 28/2/08	1,000	£0.00	£1,678.50	£1,678.50
Vodafone Group PLC				
Sun 28/10/07	1,000	£0.00	£52.50	£52.50
Totals		£0.00	£1,731.00	£1,731.00
After CGT exemption £9,200				£0.00
Tax starting at Saving rate (20%)				£0.00
Tax at Higher rate (40%)				£0.00

Capital losses carried forward £1,500.00

Current year losses are offset against current year gains, making most effective use of taper relief. Remaining gains above the annual exemption will be offset by any previous losses that have been carried forward before being taxed.

More detail Ignore CGT exemption
 Double exemption

Print Save Help Close

Note that the 'More detail' option is selected. This shows the individual transactions under each share within the summary. Choose the 'Ignore CGT exemption' option to calculate the tax on the full gain amount. If the portfolio is, for example, for a husband and wife, you can select the 'Double exemption' option as each spouse is entitled to their own annual exemption.

The other options on the Capital Gains sub-menu are:

Current share <	Shows the report as displayed above, outlining CGT for the selected share only.
Tax year 06/07 Tax year 07/08 , (comma) Tax year 08/09	Select to view a CGT report for a specified year.
Other tax year	Select to view a CGT report for a user selected year.
Full CGT report	Includes all transactions in the portfolio, regardless of the tax year they belong to.
Adjust losses	To manually alter the amount of loss to be carried forward – useful if you start using ShareScope and have an existing loss to use as you do not have to enter old transactions.
Index table	Displays the RPI figures used when calculating gains on shares held in an s104 holding, sold before 1998.
1998 Indexation table	Displays the indexation ratio to use on shares held in an s104 holding, sold after 1998.
Taper tables	Displays the percentages of taper relief to be applied for both business and non-business assets (note that the non-business asset taper is not applied to AIM shares in ShareScope's CGT calculator).
Exemption tables	Displays the annual exemption amounts and income tax rates since 1990 (ShareScope's CGT will not calculate CGT for tax years prior to 1990).

Note: The CGT calculator is updated in line with any legislative changes as part of Ionic Information's policy of free program upgrades to all customers. A principle ShareScope follows is to show clearly how a CGT calculation is derived. It is your responsibility to check that CGT calculations are correct in every respect. For more detail please refer to your accountant, the Inland Revenue (020 7438 6276) or a detailed book.

Remember, if you have any trouble finding or using any of these features, please don't hesitate to call our Customer Support team. They will be delighted to help.

From outside London: 0845 045 0111
From London: 020 7749 8504
Email: support@sharescope.co.uk