

For adviser, paraplanner and administrator use only.

Capital Gains Scenario Tool (CGST)

Wrap platform user guide

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Overview

Capital Gains Tax (CGT) is generally payable when chargeable assets are sold for more than they cost and the cumulative total of gains and losses is above the HMRC annual allowance. For clients with significant unrealised gains, taking advantage of the annual allowance could be financially beneficial. For this reason we have developed a tool to assist you with your clients' tax planning and maximising the use of their CGT allowance.

Our Capital Gains Scenario Tool (CGST) displays all you clients current holdings, including Managed Portfolios, within their Personal Portfolio account allowing you to understand their potential capital gains position based on 3 scenarios:

- Manually disinvesting funds and understanding the potential liability
- Disinvesting funds to reach a particular capital gain¹
- Disinvesting funds to reach a required cash amount

For the last two scenarios, you are able to set a target and choose how to reach it, either:

- Proportionately across all holdings
- Utilising assets with the largest percentage gains first
- Utilising assets with the smallest percentage gains first

Should you wish to, you are able to exclude particular assets from these calculations.

The tool then displays the sells required, based on your chosen scenario. Once you are happy that you have optimised your client's position, you are able to choose to place the sell deals, with the proceeds going to the cash account, new funds or Managed Portfolios. Or invest the monies via the PP to S&S ISA tool.

¹ Managed Portfolios are excluded from this option at present.

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1. How do I access the tool?

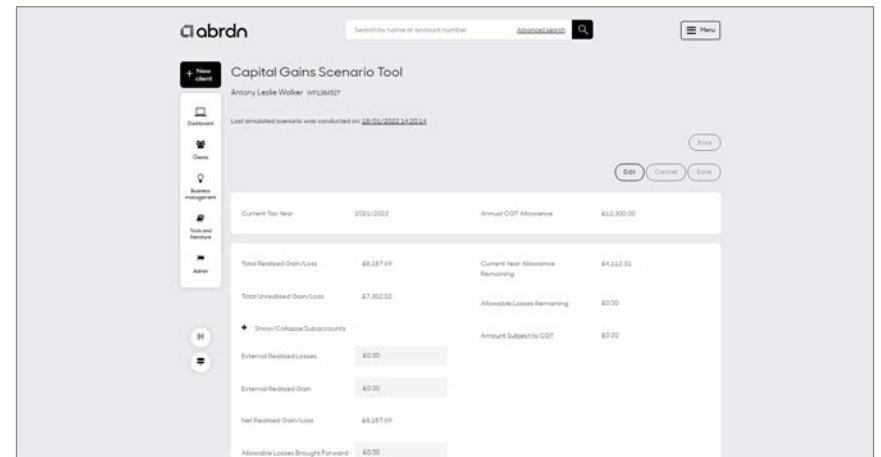
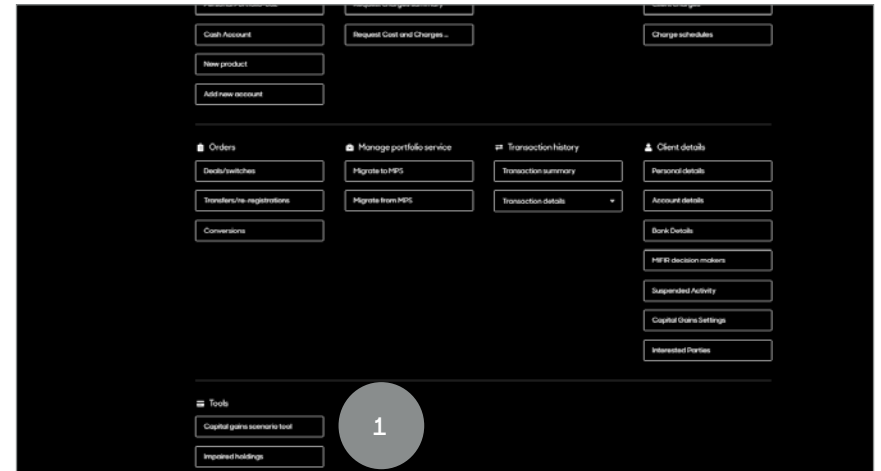
You need to open the customer account on WRAP and then the tool can be found using the menu – Clients>Menu System>Tools>Capital Gains Scenario tool

1 Click to access

2. Disclaimer

On your first access to the tool for each client, within a tax year, you will be asked to accept the conditions under which this tool has been made available. Accordingly the current disclaimers that apply to our WRAP CG Report will generally apply to the CGST.

You are encouraged to update any missing book cost information that is relevant to client PP holdings.



3. The current tax year

On acceptance of the conditions and entering the tool you will note that it displays the current tax year and annual CGT allowance that is applicable. See example.

Underneath that we provide details of any realised gains and losses that have been incurred on the on the platform and within Managed Portfolios, during the current tax year. You can configure the annual cgt allowance to a figure between 0-100% on the **Client>Menu System>Client details>Capital gains settings**. This allows you to use the tool for trust accounts. On pressing the "Edit" button, you are able to record any external (non-platform) gains and losses and any allowable losses brought forward from previous tax years that have been reported to HMRC. All of these figures will be totalled and the overall position displayed in the right hand column.

Please note that you should "Save" any data in this section if you wish to use it at a later date as it will not save automatically.

Total Realised Gain/Loss	£8,187.69	Current Year Allowance Remaining	£4,112.31
Total Unrealised Gain/Loss	£7,302.02	Allowable Losses Remaining	£0.00
+ Show/Collapse Subaccounts			
External Realised Losses	£0.00	Amount Subject to CGT	£0.00
External Realised Gain	£0.00		
Net Realised Gain/Loss	£8,187.69		
Allowable Losses Brought Forward	£0.00		

Field	Explanation
Platform realised gain/loss	The net current tax year gain/loss position for sales already crystallised in Personal Portfolio.
External realised losses	Any current tax year losses incurred on non-platform assets.
External realised gains	Any current tax year gains incurred on non-platform assets.
Net realised gain/loss	The total of platform and external gains and losses.
Allowable losses brought forward	Any losses from previous years that have been recorded with HMRC.
Current year allowance remaining	The current tax year allowance minus net gain/loss. Any excess losses will not increase the annual CGT exemption.
Allowable losses remaining	If the current year's allowance has been used and brought forward allowable losses have been input, any gain above the allowance will be deducted and the remainder shown here.
External realised losses	Any current tax year losses incurred on non-platform assets.
Amount subject to CGT	If both the current year's allowance and brought forward allowable losses have been used, this will show any outstanding liability.

- 1 External (non-platform) realised losses and gains can be added
- 2 Allowable losses from previous years (reported to HMRC) can be added

4. The “What if?..” scenarios

As set out in the overview, this feature enables you to manipulate the account in line with your client’s needs by;

- a. Disinvesting funds by manually inputting a sell value and/or a sell quantity figures for any asset. Please note for Managed Portfolios, you can only specify a sell value.
- b. Disinvesting funds to reach a ‘Specific Capital Gain’ target by²
 - i. Selling assets proportionately across client holdings based on gain/loss or
 - ii. Selling assets with maximum percentage gains first or
 - iii. Selling assets with least percentage gains first
- c. Disinvesting funds to reach ‘Specific Proceeds Value’ (user input) by:
 - i. Selling assets proportionately across client holdings based on gain/loss
 - ii. Selling assets with maximum percentage gains first
 - iii. Selling assets with least percentage gains first

The screenshot displays the 'What if?..' scenarios interface. At the top, there is a dropdown menu labeled 'For this Personal portfolio:'. Below this, the interface is divided into two main sections: 'I would like to...' and 'By...'.
Under 'I would like to...', there are three radio button options:
1. 'Disinvest funds manually' (selected with a black dot).
2. 'Disinvest to reach Capital Gains Target' with an input field containing '£24,600.00'.
3. 'Disinvest to reach Specific Proceeds Value' with an empty input field.
Under 'By...', there are three radio button options:
1. 'Selling assets proportionately'.
2. 'Selling assets with maximum % value gain first'.
3. 'Selling assets with least % value gain first'.

² not currently available for Managed Portfolios.

5. The calculation screen

When the CGST is launched, please select the personal portfolio you wish to include in the calculations by selecting from the dropdown. All PP asset holdings are initially selected but show nil values in the tax adjusted unit cost, sell value, quantity and gain/loss sections. For manually selected disinvestment you need to:

- Ensure that all holdings required are selected
- Then enter either a sell value or unit amount for disinvestment on each investment line
- Once satisfied all investment values are entered, you need to hit 'calculate'
- Upon refresh (automatic) the tax adjusted unit cost and notional gain/loss position for each investment selected will be shown

1

As you can see you have the option to exclude assets from the scenario by unticking the box in the right hand column.



The Tax Adjusted Unit Cost will not appear until the calculate button is selected.



Please note that the overall gain/loss position is directly related to the price used by the tool and does not include associated dealing charges. When the user uses the switch function to disinvest, the price fetched may differ slightly and accordingly the gain/loss position may be subject to change.

Column	Explanation
Current Holdings	Number of units held in the individual asset.
£ tax adjusted cost	The tax adjusted cost of the current holding takes into account share matching rules, all buy/sell activity together with adjustments for equalisation and accumulation unit distributions.
£ current price	The price of the asset at the last valuation point.
£ current value	Current holdings multiplied by the current price.
£ sell value	Can be used for manual disinvestment, in which case it will be used to prepopulate "Sell Quantity". For other disinvestment scenarios, this field will be automatically populated.
Sell Quantity	Can be used for manual disinvestment, in which case it will be used to prepopulate "Sell Value". For other disinvestment scenarios, this field will be automatically populated.
£ Gain/loss	This will be worked out automatically for the chosen scenario based on the number of units being sold.
% Gain/loss	This is calculated based on the current price of a unit compared to the average unit cost not tax adjusted unit costs.

6. Book cost

If the book cost is missing for any of the holdings this will be highlighted. This is likely to be as a result of an external transfer of assets where the book cost was not available or input at the time of transfer.

1 Clicking on the "Add book cost" button will bring up this screen. The input value should be the total cost of the assets in GBP. In this example, £3,844.58.

2 Once "saved", the book cost will reflect the change, as below.

3 You will note that in this example, the code for the asset that requires updating is not the same as the code for the current assets. This is because of a conversion (bundled to clean shareclass) from one fund class to another and it is the source fund that had missing book cost.

1

IPU LN - Invesco Perpetual UK Smaller Comp IT Ord 20p 8670.0000 0.0000 4.7888 41518.46 0.00 0.00%

2

As at	Security	Description	Quantity	Cost	Type
08.Aug.2014	IPU LN	Invesco Perpetual UK Smaller Comp IT Ord 20p	8670.0000	<input type="text" value="£2,568.4500"/>	Transfer In

3

IPU LN - Invesco Perpetual UK Smaller Comp IT Ord 20p	8670.0000	0.2962	4.7888	41518.46	<input type="text" value="41518.46"/>	<input type="text" value="8670.0000"/>	38950.41	1516.73%	<input checked="" type="checkbox"/>
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7. Printing

The outcome of each scenario can be saved to the client's Document library in PDF, Word or Excel formats by using the "Print" button. You can also view the report straight away by clicking on the "Complete" link under the client's name and account number.

[🔗](#) Please visit abrdn.com/adviser for a copy of the Capital Gains Tax Guide that fully explains the functionality for adding/amending book costs.

8. Switch

This feature will enable you to switch from one fund into another or Managed Portfolio and will adopt existing platform switch/deal functionality which will be replicated in this tool.



In order to sell down to cash, the user must enter 100% in the Estimated GBP Cash Weighting %

The screenshot shows a web form titled "Switch to" with a "Reset" button in the top right corner. The form is divided into two columns: "Instrument" and "Weighting (%)". Under "Instrument", there is a field for "Estimated GBP Cash" with the value "0.00" and an empty input field below it. Under "Weighting (%)", there is a field with the value "0" and an empty input field below it. A "Find" button is positioned between the two input fields. Below the form, the text "Total" is followed by "0%". A "Submit switch" button is located in the bottom right. A warning message box at the bottom contains the text: "Please remember that you are required to provide your client with the relevant information relating to this transaction, including the relevant SID(s), KID(s) and KIID(s), and that they have had a reasonable opportunity to read this information."

Frequently Asked Questions

'Does the Tool Account for Open Orders?'

Yes, where a client has an open, partial sell order for a particular fund, the units to be sold will be ringfenced and will not appear for inclusion in the scenarios.

For a full sell order, the fund will appear but with zero values and it will not be included in any scenarios.

'What happens if I put in a target value greater than the value available in the portfolio?'

Should the input gain or cash target be greater than that available in the portfolio, the tool will default to selling all included assets.

'How can I find out the total capital gain position for the Personal Portfolio?'

You should input a value equal or greater than the total value of the account. This will assume all assets are to be sold and produce a gain/loss figure on this basis.

'What happens if I forget to choose a "By" option for my scenario?'

If no choice is made in the 'by' section the user will receive a validation error asking them to select a 'by' option.

'How do sell transactions initiated through the tool appear on my client's account?'

As the CG scenario tool uses the existing platform switch functionality, but with the additional option to switch into cash, all transactions triggered through the tool will appear as switches and not as disposals.

'Does this tool work for joint accounts and Trusts?'

Yes it does, the allowance figure used defaults to 100% of the CGT allowance. Users can amend this % between 0% and 100% depending on the Trust allowance you require. Please see section 3 of this guide.

'How are Managed Portfolios treated on CGST?'

The Managed Portfolio is treated like a single asset, so sell values can only be requested at model level. The CGST will then take into account the withdrawal strategy for the Managed Portfolio (i.e. align to target or proportionately) to determine the individual sell values for the underlying assets within the Managed Portfolio.

'What is the purpose of the underlying asset look-through for Managed Portfolios?'

The look-through capability is available by clicking on the '+' sign next to the Managed Portfolio. This allows you to see the assets which are held within the Managed Portfolio and what the Gain / Loss figures are for information only. You cannot instruct individual sells at underlying asset level within the Managed Portfolio.

Report samples

Capital Gains Scenario Tool				18th January 2022						
Account Name Mrs		Account number WP1304527		Adviser EQUILIBRIUM-4						
JoanneCustomerGroup: 147464		HelenCustomerGroup: 147464		Scenario Disinvest to reach Specific Proceeds Value by Selling Assets Proportionately						
Current tax year 2021/2022		Annual CGT Allowance £12,300.00		Current CGT Position						
External realised gains £0.00		Platform realised gain/loss £8,187.69		Allowable Losses Brought Forward £0.00						
External realised losses £0.00		Allowable losses brought forward £0.00		Current Year Allowance Remaining £4,112.31						
Net realised gain/loss £8,187.69				Allowable Losses Remaining £0.00						
Security		Current Holdings	Tax Adjusted Unit Cost	Current price	Current value	Sell Value	Sell quantity	Gain/Loss	% Value Gain / Loss	Included ?
Multi Asset										
+ KIVS LN ASI Myfolio Managed II Inst 47,329.8310 0.8883 1.0240 48,465.54 207.23 202,3098 27.86 15.53% Yes										
Specialist										
237149 Cambridge Ethical Balanced 66,472.92 292.77 3.21 1.19% Yes										
Total				500.00		31.17				

Word and PDF

Disinvestment Scenario Report												
Asset Class	Instrument Code	Security	Current Holdings	Tax Adjusted Unit Cost	Current Price	Current Value	Sell Value	Sell Quantity	Gain/Loss	% Gain/Loss	Included?	
Multi-Asset	KSD1 LN	SLI Myfolio Market II Inst	25231.627	N/A	5.905	1,8005	224,913.1	29,991.31	1,575.185	-52.85	-6.02	Yes
Specialist	43219	Charles Stanley Dynamic Reserv3	N/A	N/A	149695.34	20,056.69	N/A	2,804.30	6.19	Yes	Yes	
Total						58,006.66		2,543.42				

Excel

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