

Simply smarter: Tax on Wrap

Quick Reference Guide

About

The potential to improve your clients' after-tax investment returns can be a powerful way to cement a profitable long-term relationship.

Wrap's smarter tax functionality makes it much easier to enhance portfolio management on a whole range of levels. With a new default sale allocation method, automatic as-you-trade tax simulations and CGT estimates, it will save you time while helping you deliver a better service.

New tax information on Wrap

A better service, no extra work

Tips & Considerations

See the tax result

Wrap's enhanced trading screens provide automatic calculation of the estimated taxable gain/loss from proposed sell trades.

Tax Warnings

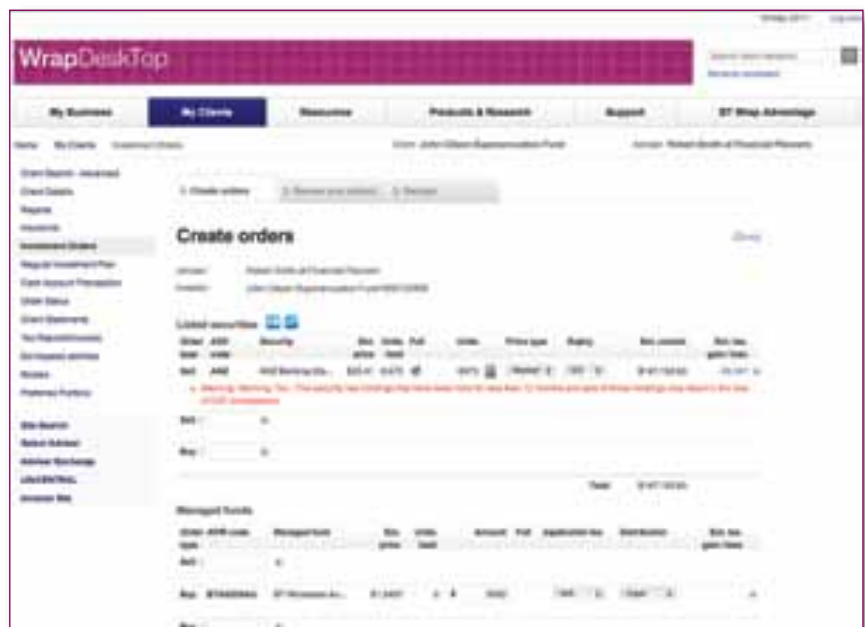
Wrap will automatically warn you if a proposed trade risks the loss of valuable tax concessions (12 month, 45/90 day and pre-85).

CGT management

A new CGT summary gives you daily information on the estimated realised YTD net capital gain as well as estimates of the impact of trades. You'll save time and help your clients manage their investments more effectively.

Wrap automatically estimates tax using the default Minimum Gain (Min Gain) sale allocation method. That means we first sell the parcels that are estimated to generate the **lowest** taxable gain for your client. For pension accounts the default sale allocation method is Maximum Gain (Max Gain) seeking a tax result which is generally appropriate for that environment.

If you choose to, you have the flexibility to alter this default allocation method in the **Tax Preferences** section on the 'Client Summary' screen. Click **My Clients» Client Details» Client Summary**.



Case Study

The potential benefits of a Min Gain default sale allocation method

Using a Min Gain sale allocation method in place of FIFO could increase your clients' after-tax investment returns as shown in the example below. The FIFO method allocates the sale to the first parcels purchased, whereas the Min Gain method allocates the sale to parcels that will create the **lowest estimated taxable gain** for your client. As the example below shows, because the Min Gain default is automatic, you deliver the benefit without extra work on your part.

Comparison of Min Gain and FIFO sale allocation methods

CGT gain or loss on sale of 2,000 units of security XYZ Limited in the 2011 income year.

Date Purchased	Units Purchased	Taxable gain per unit	Taxable gain or loss	
			Min Gain	FIFO
1/1/2000	1,000	\$2.00		\$2,000
2/2/2002	1,000	\$1.00		\$1,000
3/3/2003	1,000	\$0.75	\$750	
4/4/2004	1,000	\$2.50		
5/5/2005	1,000	\$0.10	\$100	
	5,000		\$850	\$3,000

This example is provided for illustrative purposes only.

The time-saving benefits of Wrap's tax simulations

These Wrap enhancements can save you time while helping you offer an enhanced service because the following steps to calculating the estimated taxable gain or loss are now done for you.

- There's no need to manually calculate the open tax parcels for securities to be sold.
- The latest prices for listed securities or latest redemption price for managed funds are automatically displayed.
- The sale consideration is automatically estimated — including relevant brokerage and fees.
- The taxable gain or loss for CGT purposes is automatically estimated.
- Instant warnings display if 12-month, 45/90 day and pre-85 tax concessions are at risk.
- The YTD estimated taxable gains or losses already realised are automatically displayed.
- Wrap automatically calculates the total estimated taxable gain/loss if the proposed trades were to be executed.

Using the Estimated realised tax gains and losses report

You can use the Estimated realised taxable gains and losses report to view the realised taxable gain or loss for all sales of CGT assets made during the selected reporting period. This will help your client manage gains and losses more effectively and budget for future tax payments.

Importantly, this tax information is accessible daily. There is no need to wait for EOFY tax statements for this information.

To use the Estimated realised taxable gains and losses report:

- 1_ Click **My Clients » Reports » Est. realised tax gains/losses**.
- 2_ Complete the Search criteria section.
- 3_ Click **Show report**.

Estimated realised tax gains and losses

Investment	Purchase date	Issue date	Units	Tax cost	Securities date	Units	Realised gain/loss	Balance
JPMORGAN	10/20/2017	10/20/2017	1,000	\$2,100.00	10/20/2017	1,000	\$2,100.00	\$2,100.00
MORGAN STANLEY	10/20/2017	10/20/2017	1,000	\$2,100.00	10/20/2017	1,000	\$2,100.00	\$2,100.00
MORGAN STANLEY	10/20/2017	10/20/2017	1,000	\$2,100.00	10/20/2017	1,000	\$2,100.00	\$2,100.00
Total							\$2,100.00	

Estimated realised taxable gains/losses

Category	Amount
Capital loss	(\$2,100.00)
Dividend gain	\$2,100.00
Interest gain/loss	\$2,100.00
Long-term capital gain	\$2,100.00
Short-term capital gain/loss	\$2,100.00
Total	\$2,100.00

Estimated unrealised tax gains and losses

To provide a better understanding of your client's tax position, the Estimated unrealised taxable gains and losses report shows the estimated unrealised taxable gain or loss for all CGT securities held at the start of the trading day.

The report displays the information for each tax parcel. All parcels are valued as at the previous close of day price for listed securities or latest redemption price for unlisted managed funds.

To use the Estimated unrealised taxable gains and losses report:

- 1_Click My Clients»Reports»Est. unrealised tax gains/losses.
- 2_Complete the Search criteria section.
- 3_Click Show report.

Estimated unrealised tax gains and losses

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MORGAN STANLEY	10/20/2017	10/20/2017	1,000	\$2,100.00	10/20/2017	1,000	\$2,100.00	\$2,100.00
MORGAN STANLEY	10/20/2017	10/20/2017	1,000	\$2,100.00	10/20/2017	1,000	\$2,100.00	\$2,100.00
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Need to know more?

To make the most of Wrap's new tax tools:

- **See the FAQs on the Wrap DeskTop, or**
- **Refer to the 'Wrap: Simply less taxing' User Guide sent to your office.**

To learn more about the business benefits of simpler and smarter trading, contact your Business Development Manager or Wrap Adviser Relations.

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