Calculation of differences between the old and new capital gains tool

Adviser initial fee

Previous capital gains calculator	New capital gains tool	Impact
Adviser initial fees are included as allowable expenditure. This means the initial fee amount is proportioned across all assets purchased as part of the initial investment and increases the acquisition cost of each asset.	Following updated tax advice, adviser initial fees are not included and do not affect the acquisition cost of any assets. Further details of why we have made this change can be found in the factsheet, 0376 - Removal of initial advice fees from capital gains calculations. Fees/charges that directly relate to buying an asset, such as initial fund charges or stockbroker fees, are still included as allowable expenditure.	Approximately 2/3 of general accounts have adviser initial fees that will no longer be included. This will result in a lower acquisition cost for affected assets and a larger realised gain or loss if/when the asset is sold. The difference will be most noticeable where there is a large adviser initial fee and there have been no/very few subsequent transactions.

Transaction data

Previous capital gains calculator	New capital gains tool	Impact
Calculations use certificate data to derive unit holdings, valuations and transaction information. These values are then used to calculate the capital gains information such as acquisition costs, realised gain/loss and unrealised gain/loss.	Calculations use transactions information directly to calculate the same capital gains information. Transactions is a more accurate source of information and is also used in the transactions screen and Narrate.	Small differences (a couple of pence) are likely due to rounding being applied at different points in the two calculators.

Inter account transfers

Previous capital gains calculator	New capital gains tool	Impact
When assets are transferred from one Nucleus account to another that are both owned by the same client (either individually or jointly), the existing acquisition cost is not carried over with the asset. Instead the acquisition cost of the asset within the new account is based on the market value on the date of transfer.	When an asset is transferred to another Nucleus account owned by the same client (either individually or jointly) the existing acquisition cost is also transferred. This will ensure that any gain or loss that has built up within the asset is not lost when it is transferred to the new account.	This will affect any account that has received an inter account transfer. Where the acquisition cost of the transferred asset is different, the realised gain or loss will also be different if/when the asset is sold. There is no change to the account that the asset was transferred from.

In progress trades

Previous capital gains calculator	New capital gains tool	Impact
The unrealised gains report includes the impact of any in progress trades once they have reached the confirmation stage. However, the realised gains report does not include disposals until the buy/switch out trade has settled.	In all cases, the impact of a trade will be taken into account only once the trade has settled. This will ensure consistency across the unrealised and realised views within the capital gains tool.	During the period between confirmation and settlement of a trade, the unrealised gains values for an asset will differ between the two tools.

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Invalid calculations

Previous capital gains calculator	New capital gains tool	Impact
Provided there are no missing acquisition costs relating to re-registered assets, results will be calculated even if the underlying data causes an invalid result. These are results such as current holdings having a 0 or negative acquisition cost or a realised gain larger than the value of the assets. Invalid data for capital gains purposes can be caused by credit or debit adjustments (often used to correct processing errors) or users overriding the transaction history used within the capital gains calculator.	Assets that produce an invalid calculation result, such as a 0 or negative acquisition cost, are excluded from capital gains reports and any account and client totals. When editing transactions within the capital gains tool, users will not be able to enter changes to the unit price that produce an invalid calculation result. There is no other validation when the user edits the unit price of the transaction, the update will be saved unless it produces an invalid result.	Accounts that previously produced a capital gains report including all assets may now have assets excluded due to invalid calculation results. If this occurs, a jira message needs to be raised to investigate the underlying data issue. Users may also be prevented from editing the unit price of transactions to certain values if the change causes an invalid calculation result. This scenario is most likely to occur if the unit price of a transaction or the acquisition cost for a re-registered asset is changed to £0.00.