



CCH iFirm®

CGT Reporter

## Your return on investment explained



### What Is the True Value of CGT Reporter?

Accountants face several challenges in sourcing accurate tax data for income tax, capital gains tax, SMSFs, portfolio administration, estate planning and deceased estate work. Here are a few key pain points for accountants and portfolio administrators solved by CGT Reporter.

#### → Research time spent (& wasted)

For accountants and individuals alike, researching tax data can take hours/days/ weeks or simply be impossible. Sometimes, if you're looking for the tax-deferred components of a trust's distributions, you may run into a brick wall as it's not a legal requirement of the ATO for trusts to provide this information to the public. CCH solves this by either paying for the tax data and/or by investing in the security to ensure you have access to the information, whenever you need it.

#### → Figuring out capital changes

Sometimes dividend reinvestment plan (DRP) shares are taken up, sometimes they're not and sometimes, investors accept DRPs for particular periods of time but not for the life of the investment. On other occasions, corporate actions like cash issues, buy backs and purchase plans may have been taken up, changing the shareholdings substantially. Then you've got share consolidations, share splits, bonus issues, capital returns, demergers, takeovers - the list goes on. You need a tool that helps you quickly make sense of it all.

#### → Accurate tax data for income tax

Compliance work for income tax requires quick access to information on dividends and distributions paid, shares accumulated via DRPs, cash issues, bonus issues, purchase plans and income produced from selling shares. Having this information aggregated in one place equates to more efficient and productive work with less headaches. Clients are notorious when it comes to missing paperwork - accountants use CGT Reporter to quickly fill these gaps.

**The value of CGT Reporter is not only found in the most accurate and reliable database of CGT-related tax data since 1985, but the power of the Portfolio Worksheet Software to put the data to use, because it takes a LONG time to research, compile, calculate and report on this information and without CGT Reporter, you're doing it the hard way.**



### → **Calculating CGT**

Some of your clients may be holding on to shares acquired many years ago and in some cases, prior to CGT coming into effect in 1985. You need access to accurate unadjusted security prices for establishing cost bases for CGT calculation and often, missing paperwork from clients makes this a complex process.

### → **Prohibitive share registry costs**

It's common for share registries to charge around \$500 for each seven year period of tax data, per security. In fact, you can pay this amount for information about one historical acquisition. If a shareholding stretches back many years, then the first road block in your clients' eyes will be the cost of acquiring the tax data. How willing are your clients to cover these costs?

### → **Entities changing share registry**

Sometimes securities switch share registries and often, there's a lack of knowledge transfer. The new registry may simply keep records from the commencement date, causing an issue when looking for historical data.

### → **Missing entities**

Sometimes entities have failed, merged, delisted, changed names, been long suspended or simply disappeared – entities that no longer have websites or share registries to help you find the tax data.

### → **Data entry time (& errors)**

If you/your clients are lucky enough to come across the necessary tax data, there is often a huge amount of time needed for data entry, which of course carries the risk of data entry errors.

### → **Shareholding & portfolio reconstructions**

For income tax, CGT calculation and portfolio administration including SMSFs, estate planning and deceased estate work, you need a solution that allows you to quickly reconstruct a shareholding or an entire portfolio to get an accurate snapshot of a client's tax position. Something that allows you to instantly factor in years of tax data - dividends, distributions, DRPs and a host of corporate actions (cash issues, capital returns, mergers/ demergers, takeovers etc.). You'll need accurate unadjusted security prices, commentary on how to interpret corporate actions and access to source documents to understand complicated tax matters. Without this resource, you'll have to spend a significant amount of time figuring it out - time that's hard to bill for. CCH has a team of CGT experts doing this for you every day, so that you don't have to.

### → **SMSFs & portfolio valuation**

For SMSFs, historical tax data is important when setting up the fund, when transferring shares from the person's/peoples' name(s) to the fund; for administering the fund each year, including compliance reporting on the performance, growth and market value of the fund, realised/unrealised gain and loss, and ensuring new transactions conform to the agreed investment strategy; for SMSF auditors who need to validate the information presented in the compliance reports; and again for SMSF administrators who submit tax returns on behalf of the fund.

### → **Deceased estate work**

For deceased estates, you need the historical information PLUS the price of the securities on the date the deceased passed away to establish the CGT numbers that will apply to the beneficiaries when they eventually sell the securities.

# How much time can I save with the CGT Reporter Portfolio Worksheet Software?

We asked a CGT Reporter Data Analyst to see how long it would take to solve three common CGT scenarios. For each, we asked him to solve the problem without CGT Reporter; with CGT Reporter's data; and using CGT Reporter's Portfolio Worksheet Software.

Here are the results.

CASE	Without CGT Reporter	CGT Reporter Without Worksheets	Time Saved	CGT Reporter With Worksheets	Time Saved
1	8 minutes 30 seconds	7 minutes 30 seconds	1 minute	3 minutes	5 minutes
2	Unable to Complete (More than 60 minutes)	45 minutes	15+ minutes	2 minutes	60+ minutes
3	7 hours	6 hours	1 hour	6 minutes	5 hours

## Case 1

### National Australia Bank (NAB)

#### CRITERIA

- ✓ DRPs were NOT taken up.
- ✓ Discounted CGT available.
- ✓ Buy on 1/2/2004: 350 shares at price unknown.
- ✓ Buy on 1/5/2006: 200 shares @ \$37.61 with fees of \$29.95.
- ✓ Off-market purchase in December 2008 – paid \$3,994 to Computershare according to bank records.
- ✓ Buy on 1/9/2010: 150 shares @ \$23.45 with fees of \$29.95.
- ✓ Sell, FIFO on 1/4/2013: 825 shares @ \$34.15 with fees of \$220.00 – calculate CGT.
- ✓ Sell balance on 1/9/2013 for \$2,403.75 after fees – calculate CGT.

*There are not many transactions here but you need to estimate the price on 1/2/2004 and work out the number of shares purchased in 2008, then calculate the capital gains on the two sales which is all in the discounted CGT period.*

## Case 2

### Charter Hall Retail (CQR)

#### CRITERIA

- ✓ DRPs taken up.
- ✓ Discounted CGT available.
- ✓ Buy on 1/6/2005: 10,000 units at price unknown (bank records missing).
- ✓ Buy on 1/6/2009: 20,000 units at price unknown (bank records missing).
- ✓ Sell all on 1/6/2013: 8,552 units sold for \$34,998.72 after fees – calculate CGT (warning: there are tax-deferred components).

*There's about 12 DRP transactions to work out here. You need to estimate two prices; account for a share consolidation in 2010; calculate tax-deferred effect on cost base for about 16 tax-deferred components (each distribution's tax-deferred component is a different percentage!); then calculate the capital gain which is partially undiscounted CGT.*

## Case 3

### Westpac Banking Corporation

#### CRITERIA

- ✓ DRPs taken up.
- ✓ Discounted CGT available.
- ✓ Sell on 21/7/2014: 6,343 shares at closing price.
- ✓ Client thinks he purchased 2,625 shares on 30/01/98 - price unknown (bank records missing) – calculate CGT.

*There's about 33 DRP transactions to work out here. You need to estimate the acquisition and confirm the number of shares purchased in 1998 is correct, then calculate the capital gain which is partially undiscounted CGT.*

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**For more information or to request a demo,  
contact us today:**

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