Case Study

Tax Returns and Capital Gains to a UK-based CPA Firm

Service(s) offered: **Tax Return Services**

Sector/Industry: **Professional Services**

Managing Tax Returns and Computing Capital Gains for a UK Firm

Context

Our client is a leading Certified Public Accountant (CPA) firm in the UK that provides a full range of tax, accounting, and business advisory services.

Nexdigm was roped in to handle their UK tax returns and capital gains calculation for the firm's clients. They wanted us to calculate capital gains for their clients with individually managed huge portfolios.

Challenge

- It was difficult to compute the capital gains without a broker

- It was not possible for the client to maintain the transaction trail and the purchase/sale history of the securities

- Complex capital gains rules of Section 104 Pool Rules had to be applied for computing the capital gains

- There were certain purchases/sales in multiple currencies other than reporting currency (GBP), and hence had to apply conversion rates for each transaction

Case Highlights

- Generated 100% error-free output

- Designed standard output template

- Developed a macro in-house to compute capital gains for all clients

- Multiple portfolios of different currencies could be processed using the macro

- Prepared process manual to use the macro for capital gains computation

- Significant time savings with minimum manual intervention

- Reorganizations, stock dividends, and Dividend Re-Investment Plan (DRIP) had to be considered while computing gains

- There were incorrect tax calculations due to manual intervention

Solution

- Nexdigm developed a capital gains tax macro in-house

- Nexdigm tested various capital gain tax scenarios on the macro to compute capital gains to ensure desired output is generated

- After several rounds of testing, it was concluded that the macro is a flexible solution to meet our client's unique requirements. It can also be used for all clients to compute the UK capital gains/losses.

- Nexdigm prepared a standard input template that served as input for the macro, the basic details had to be updated that is simple and self-explanatory, such as purchase date, sale date, cost, proceeds, and quantity

- Nexdigm tested the macro for various scenarios like multiple portfolios with multiple currencies

Impact

- The macro saved several processing hours

- Correct and error-free capital gain/loss is computed as there is no manual intervention

- Capital gain tax output template is generated in a standard format

- The above helped to deliver the output in an efficient and timely manner

- The macro can be used across functions

For more information on this case study, please write to us at:

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www.nexdigm.com

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