A brief guide to Fidelity capital gains tax reports

The Capital Gains Tax (CGT) reporting tool has been designed to make it easier for you to understand any CGT liabilities you may have to declare on your tax return.

If you have any queries about this tool or any of the terms used, please call us at 0800 41 41 61 between 8.30am to 5.30pm Monday to Friday, and 9am to 12.30pm on Saturday except public holidays.

This material is directed only at persons who are resident, ordinarily resident and domiciled for UK tax purposes and is not to be regarded as any form of tax advice. Tax treatment depends on individual circumstances and all tax rules may change in the future. We recommend that you always seek appropriate expert advice in relation to your tax affairs.

The rules concerning the calculation of capital gains can be complex and contain many exceptions and particular treatments for which we cannot allow. Our calculations take account only of the basic rules of calculating gains and are not intended to produce a definitive statement of your capital gains tax position and are not a substitute for tax advice specific to your circumstances.

All information shown is based on transactions processed and fund prices at the close of the previous business day. The only exception to this is for investments purchased through our dealing services via our dealing partners. For exchange traded assets the amount of unrealised gains/losses is calculated on the intra-day market price not the market price at the close of the previous business day. There will often be some delay before certain transactions are included within the CGT report and any transactions that take place or are processed after the report date may cause the figures to become inaccurate. Costs and gains for CGT purposes can change over time due to, for example, changes in fund prices, equalisation payments, notional distributions and re-purchases of the same fund previously sold.

Acquisition date and share pooling

Shares or units of the same class of the same fund, held by the same person, in the same capacity (for purposes of reports 'capacity' is dealt with as meaning the same account number) generally become part of a 'share pool' and the date of acquisition is not relevant in the calculation of gains and losses. These holdings are displayed as 'Pool'. An exception to this is where following a disposal, the investor, in the same capacity, within 30-days repurchases the same class of the same fund and here the acquisition will show either "same day" or "30-day" shown to match the disposal in accordance with the same day/30-day rule. Shares or units of a different class of the same fund are pooled separately. Shares or units of the same class of the same fund held by the same person but in a different capacity (account number) are not linked within the reports and are reported separately (see section: 'Personal circumstances').

Acquisition cost

Reports are based on the contract purchase price paid by you that is directly applied to purchase funds as shown within our records. This will include any charges, commissions and duties inherent in the fund unit price itself but does not include any external fees or other costs (including explicit platform fees). Equalisation payments are treated as a return of capital and reduce acquisition cost. Notional distributions under accumulation units are treated as allowable expenditure and increase acquisition cost. Monthly savings plans contributions and re-invested income from shares/units are treated as separate further acquisitions.

Disposal proceeds

Reports are based on the contract sale price amount payable to you (either as cash or as a switch) from the sale of the funds as shown within our records. This will include any charges, commissions and duties inherent in the fund unit price itself but does not include any external fees, or other costs (including explicit platform fees). The only exception to this is for investments disposed through our dealing services via our dealing partners. For such 'brokerage' assets the amount of the disposal proceeds will include a deduction for directly incurred dealing costs. For the unrealised gains report, the 'estimated disposal proceeds' do not include any potential dealing costs that may apply on sale

Funds charging an entry or exit levy/fee on purchase or sale (e.g. Vanguard, Troy)

For the purposes of our CGT reports, we treat any fund manager levy that has been explicitly charged and passed to you on purchase or sale as an allowable cost of acquiring or disposing the fund. For unrealised holdings we do not take account of any exit levy that may apply on future sale unless and until the holding is disposed. Acquisition costs, for both the unrealised gains report and the realised gains report will include the purchase cost levy. For example, if the levy was £50 and the purchased units amounted to £9,950 the CGT acquisition cost will be shown as £10,000. Disposal proceeds for the realised gains report will show the net amount after the levy. For example, if the unit sale proceeds were £10,000 from which a levy of £50 was deducted, CGT disposal proceeds will be shown as £9,950. For the unrealised gains report, the 'estimated disposal proceeds' do not include any potential levy that may be applied on sale and where necessary the figures should be adjusted to take account of any exit levy that the fund manager may be applying at any particular point in time.

Other fees (including explicit fixed or ad valorem platform fees and dealing costs

As explained above, with the exception of dealing costs charged in relation to investments purchased or disposed through our dealing services via our dealing partners. ('brokerage assets'), the reports do not take into account other fees. Where relevant figures within the reports should be adjusted to take account of any additional allowable expenditure incurred. Generally, the legal test for what is allowable is very strict and must be restricted to costs that are wholly & exclusively incurred to acquire or dispose of an asset.

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Fund or commission or other rebates:

Any reinvested fund or commission or other rebates are treated simply as new investments for CGT purposes. The acquisition cost being the amount actually invested into the new units (that is, the amount net of any amount that may have been deducted from the gross rebates in respect of any income tax at source). Rebates emanating from funds are not treated as disposals from that fund and do not alter the acquisition cost of the fund from which they emanate.

General rules of identification and matching

The calculation process follows primary legislation and HMRC practice at April 2021. Disposals are matched in chronological order against the pool unless required in whole or part to be matched in chronological order under the same day/30-day rule against subsequent acquisitions.

Moving between different share classes of the same fund

If you exchange units or shares of one class of a fund for units or shares of another class of the same fund this is not generally treated as a disposal for the purposes of CGT. This will apply to most exchanges between different AMC share classes of the same fund and/or exchanges between accumulation and income classes of the same fund or combinations thereof. However, it is a requirement that the fund assets and your rights to share in capital and income of those assets are the same immediately before and immediately after the event (ignoring any changes as a result of a variation in management charges). Therefore, exchanges which involve some change in fund assets or your rights, such as switching from an unhedged class to a hedged class (or vice versa) are treated as disposals. Where exchange is undertaken at the behest of you through a 'switch' process (that is a sell transaction followed by a corresponding buy transaction) it must involve only a single instruction from you and there must be no time interval between the two events beyond the minimum ordinarily necessary to achieve the transaction.

The CGT reports operate on the basis above and do not treat relevant switches as a CGT disposal event and the base cost from the old share class fund will be rolled-over into the base cost for the new share class fund. For the purposes of our CGT reports same 'capacity' is dealt with as meaning the same account number. Where the transfer between share classes is not done by a straightforward switch or the process for switches between hedged and unhedged classes of a fund is not followed, it will report as a disposal and also treat the new fund as a new fund for CGT purposes (i.e. the base cost from the old holding will not be rolled over to the new holding). This will occur where a fund is sold from one of your accounts and the repurchase takes place on another separate account. Similarly, this will apply where a circular route to transfer is adopted. For example, Fund A (bundled) is switched to Fund C. Separately, Fund B is switched to Fund A (clean). Obviously, in these scenarios there is not a simple direct switch, within a single account. In these circumstances you will need to track and calculate CGT information outside the reports and should not use the information within the reports.

Important note concerning switches between hedged and unhedged classes of a fund

If your account holds both a hedged and unhedged share class of the same fund and you intend to switch to a share class of that fund that is not in your account, or your account holds a fund and you intend to switch from this fund into both a hedged and an unhedged share classes of the same fund then you must execute the trades as simple one to one switches only, otherwise the CGT report may become inaccurate.

Excluded holdings and transactions

There are some holdings and disposals for which we cannot produce CGT figures because we do not hold a complete record of all transactions. Additionally, there are some holdings and transactions where we cannot calculate figures where partial disposals took place prior to April-2008 or where holdings have been transferred in-specie (stock transfer or re-registration) or where there have been fragmented adjustments or corrections during the purchase or disposal or other process. No account is taken of any transaction that is cancelled or where payment is not made (but such transactions may be shown until such a time they are cancelled) or any compensation payment paid externally to the fund holding. Cash funds are also excluded.

Offshore Funds – funds not resident in the UK

The capital gains tax reports are aimed primarily for use in connection with UK resident investment funds. Where figures are provided for any particular offshore or non-UK based fund, which will not always be the case, they should be treated only as a very rough guide and should not be treated in the same way as figures shown for UK based funds. This is because there are differences in the way non-UK based funds (offshore funds) are taxed compared to UK based funds. Capital gains made from some offshore funds are subject to UK capital gains tax in much the same way as UK based funds and these are known as 'reporting-funds' (previously distributing funds). However the capital gains made from other offshore funds, known as 'non-reporting' funds (previously non-distributing funds) are not subject to capital gains tax but are subject to income tax at the investor's marginal rate of tax. Whether a fund is a 'reporting fund' will depend upon the way that it operates and more specifically whether it has been approved and registered (and continues to maintain its registration) as a reporting fund with HMRC. If it is not approved and registered with HMRC as a 'reporting fund' it is by that fact a 'non-reporting' fund. The reports do not distinguish the current reporting status of a fund and inclusion of a fund on the report should not be taken to indicate either a 'reporting fund' or a 'non-reporting fund'. HMRC maintains the current list of registered funds which can be found on their website.

Corporate actions

Corporate actions include, but are not limited to, mergers, takeovers, schemes of arrangement, bonus issues and capital distributions. Where holdings are involved in a corporate action the rules are complex both in terms of calculating any gain or loss arising from the event and any gain or loss on subsequent disposals of existing or resulting holdings. There will be therefore occasions when we are not able to provide a gain or loss for holdings involved in or arising from such transactions

Personal circumstances

Our calculations assume for all purposes, including operation of the same day/30-day rule and switches between share classes of a fund, a solitary holding of a fund in a solitary account. They take no account of any other holding of the same fund outside of Fidelity or multiple holdings of the same fund spread across more than one Fidelity account or of any repurchases that take place outside the account from which the disposal was made. Joint investors should apportion gains/losses in accord with their respective proportions of beneficial ownership. No account is taken of any matter individual to you, including; tax allowances, tax rates, connected transactions, connected persons, of any losses carried forward, or of holdings held on behalf of another beneficial owner. Capital Gains Tax Reports are generated at the primary 'Account Name' level but the information within is produced at 'Account Number' level only. If you have more than one account there is no interaction or cross calculation between holdings across the differing account numbers, as these are often held in different capacity. If applicable, suitable adjustment to the figures should be made where appropriate.

Disclaimer

The rules about calculating capital gains can be complex with many exceptions and treatments that we can't make allowances for.

Our calculations only take the basic rules of calculating gains into account and aren't intended to produce a definitive statement of your capital gains tax position.

These reports are not individually error-checked, but fully automated based on what Fidelity currently understands of your investment history. They don't consider information from outside of the platform and shouldn't be relied upon as your sole source of gains information.

For further details please refer to the additional notes that accompany the calculations.

The CGT reporting service is designed to apply to investors who are ordinarily resident and/or domiciled for tax purposes in the UK and it is not to be regarded as any form of tax advice. We recommend that investors always seek appropriate expert advice in relation to their taxation situation.

We (Financial Administration Services Limited) use all reasonable skill and care in providing this information for you. However, errors or omissions in the information may occur because of several factors, most of them not within our reasonable control.

We can't accept any responsibility or liability for the inaccuracy or incompleteness of this information, or for losses resulting from its use.

These reports do not act as a substitute for maintaining records yourself to substantiate any tax return or filing you may make.

These reports are solely based on information which you have provided or which we have available to us from other sources in relation to your investments with us.

The calculations can't take into consideration (among other things):

- Any legislation changes made after 06 April 2023.
- Investments bought prior to 31 March 1982.
- Any investments you also hold outside your Fidelity account.
- Any data, transactions or other information about which we have no complete history, for example, if you've transferred an investment to us from elsewhere - we can't provide capital gains information as we don't know the full history of the asset.
- Any interaction of investments that you may hold across more than one account with Fidelity.
- Investments that have undergone a complex transaction such as a corporate action. In many cases we will stop calculating capital gains as our report is unable to consider the effect of the corporate action without looking at your personal circumstances.
- Investments that have been transferred from one holder to another holder on Fidelity. We won't know the relationship between the old holder and the new or the reason for the transfer, and therefore can't know what the correct capital gains treatment is. A possible exception is where we know that the old holder and the new holder are the same person with two different accounts. In this case we'll assume there has been no capital gains disposal.
- Investments that have undergone a deal correction. Although, depending on the nature and complexity of the correction this may sometimes be possible.
- Investments transferred from one share-class or unit type into another of the same fund before March 2017. These transactions don't normally count as a disposal for tax purposes - however, our system before March 2017 didn't know how to recognise this and would stop calculating gains.
- Offshore funds - these are more complicated than onshore funds, and we do not currently hold all the required information to undertake calculation. In addition, in certain circumstances, gains on offshore funds are subject to income tax rather than capital gains tax. Due to this we exclude offshore funds from the report as they require a more detailed analysis.

The capital gains calculation looks at what your asset is worth compared to what it cost you. 'What it cost you' (acquisition cost) - is calculated as follows:

- When you buy units for the first time, the acquisition cost is the total cost of buying the investment, including transaction charges like brokerage fees and stamp duty, but not platform fees or advice fees.
- If you buy more of the investment, this adds to your acquisition cost in the same way.
- When you sell all or part of an investment, and there are no repurchases within 30 days the whole acquisition cost is taken as an average. We don't value units separately at the prices you paid for them at the time.
- When you sell all or part of an investment and a purchase of the same investment occurs within 30 days of the sale the purchase is matched to the sale.
- When an accumulation share receives a 'notional dividend' the value of the dividend is added to the acquisition cost, this avoids double taxation of the same amount as income and then as capital gain on disposal.
- If you receive an equalisation payment, the value of the payment is deducted from your acquisition cost as it is treated as a part repayment of your original purchase.

These follow the rules published by HMRC which can be found here:
click here

The Fidelity online terms of business apply:
fidelity.co.uk/onlineterms.