

GainsKeeper® FundTaxPro Straddle Functionality

Ease the Burden of Straddle Tracking.

As a fund tax manager, you worry about portfolio transaction losses that may be subject to mandatory deferral under tax rules—every day. Particularly concerning is the straddle rule in Internal Revenue Code (IRC) Sec. 1092, that can require tracking of positions over multiple tax years to determine the amount of book losses that may be subject to required deferral, and when all or only a portion of such losses may be released in subsequent years. This can be further complicated because your loss deferrals are determined on both excise tax and fiscal year end cycles.

How do you manage straddle tracking? Manual tracking of straddles and their deferred losses can be extremely tedious, time consuming and prone to error risk. That's why fund tax managers and administrators are increasingly relying on automation to ease the burden of complex tax reporting, including straddle tracking.

Automate Straddle Tracking.

GainsKeeper FundTaxPro is a powerful automated tax reporting solution already relied upon by more than 3,000 U.S. mutual and hedge funds. This solution includes sophisticated straddle tracking functionality that applies both of the distinct loss deferral rules for straddles and then tracks positions in future periods to determine whether all or only a portion of such deferred losses are 'released' or 'reversed' in future tax years. By automating this process, you can reduce the risks of inaccurate fund distributions and associated IRS penalties.

Automate Straddle Linking.

A critical but tedious aspect of reviewing an investment portfolio for potential straddles is 'linking', or identifying the particular positions in a portfolio that make up each straddle. Using client-provided logic for selecting and matching positions, GainsKeeper FundTaxPro automates this linkage. Because the straddle rules are so complicated and the published guidance from code and regulations is minimal, this approach provides you with maximum flexibility and customization, as well as a clear documentation for auditors.

Account for Short Sales & Modified Short Sales.

In addition to deferral of losses, the straddle rules include the modified short sale rules affecting holding periods related to the short sale rules of IRC Sec. 1233. In turn, holding period adjustments may affect whether gains or losses are long- or short-term and result in book/tax differences. GainsKeeper FundTaxPro automates accounting for short sale and modified short sale rule holding period adjustments and can also track the related book/tax differences for you.

Account for Wash Sales & REITs.

GainsKeeper FundTaxPro's straddle capabilities complement additional fund tax processing functionality including tracking, calculating and reporting tax adjustments related to wash sales and to Real Estate Investment Trusts (REITs). By automating these complex portfolio tax reporting issues, you'll have accurate adjustments for gain/loss tax reporting, and you'll reduce your tax processing efforts & error risks. Customized reports also provide a detailed adjustment audit trail.

Flexible Implementation.

GainsKeeper FundTaxPro is compatible with most industry-standard portfolio accounting systems and flexible enough to work with your organization's infrastructure with minimal implementation hurdles.

GainsKeeper FundTaxPro Benefits

- Save time & increase tax reporting accuracy with automated straddle, short sale & wash sale algorithms – integrated into one solution
- Reduce wash sale & straddle sale reconciliation errors
- Minimize production delays - process up to 10,000 transactions a second
- Facilitate tax provision completion

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