

# Recording Share Off-Market Buybacks in Quicken

## Background

This paper discusses how to record a share off-market buyback in Quicken Personal Plus or Quicken Home & Business

## Versions

This paper was written using Quicken Home and Business 2008. The same procedures apply to Quicken Personal Plus 2008, and the same principals apply to earlier versions.

## Example

As an example, I will use the recent off-market buyback of share by Foster's Group Limited (FGL).

Assume we buy 800 shares on 28/8/07 @ \$6.25 (\$5000.00) with costs of \$19.95. The total cost base of the shares is \$5019.95.

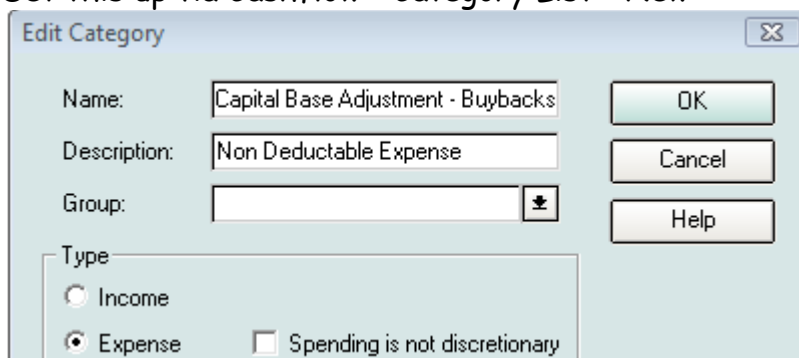
The FGL buyback was for \$5.82 per share, consisting of:  
Fully Franked Dividend of \$3.99  
Capital Component of \$1.83

For Capital Gains Tax Purposes, the ATO deemed the Capital Component to be \$2.27.

## Set-up

To record this transaction properly, you will need to set up a new expense category to record the difference between the Deemed Capital Component (\$2.27) and the actual capital component (\$1.83). This is a non-deductable expense. I have called mine "Capital Base Adjustment - Buybacks".

Set this up via Cashflow > Category List > New



The screenshot shows a dialog box titled "Edit Category" with the following fields and options:

- Name: Capital Base Adjustment - Buybacks
- Description: Non Deductable Expense
- Group: (empty)
- Type:  Expense,  Income
- Spending is not discretionary
- Buttons: OK, Cancel, Help

## Recording the Transaction

The first step is to record the fully franked dividend. The components are:

- Franked Dividend:  $800 \times \$3.99 = \$3192.00$
- Imputation Credit :  $\$3192 \div 0.7 \times 0.3 = \$1368.00$ .

Make sure that you leave the Transfer account blank as we want the money to stay in this account for the moment.

The screenshot shows the 'Record an Income Event' dialog box. At the top, it says 'Enter transaction: Record an Income Event' and 'Record an Income Event - Dividend Imputation.' Below this, the 'Record an Income Event' section contains the following fields:

Transaction date:	19/10/2007	Security name:	FGL Fosters Group
Account:	Quicken E*Trade	Unfranked Dividend:	
Transfer account:		TFN Amounts Deducted:	
Memo:	FGL Buyback Dividend \$3.99 Fully Franked	Franked Dividend:	3,192.00
Category for Miscellaneous:	Requires 'Misc' Amt	Imputation Credit:	1,368.00
		Interest/Coupon:	
		Fund/Trust Distribution:	
		Miscellaneous:	
		Total proceeds:	3,192.00

At the bottom of the dialog, there are buttons for 'Cancel', 'Clear', 'Help', 'Enter/New', and 'Enter/Done'.

The second step is to record the sale of the shares at the Deemed Capital Component amount of \$2.27. This amount needs to be used to correctly calculate the capital gain or loss on the sale.

Again, leave the money in the account by selecting Record Proceeds > To this account's cash balance.

**Edit Sell - Shares Sold**

Enter transaction: **Sell - Shares Sold** Enter the sale of shares of a security (add the proceeds to my cash balance).

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**Sell - Shares Sold:**

Transaction date: **19/10/2007** Security name: **FGL Fosters Group**

Account: **Quicken E\*Trade**  Sell all shares in this account

Number of shares: **800** Price received: **2.27** per share

Memo: **FGL buyback deemed disposal price for CGT**

Commission: **0.00** GST on Commission: **0.00**

Non-claimable: **0.00** Claimable: **0.00**

Stamp Duty: **0.00**

Record proceeds?  To this account's cash balance  To:

Total sale: **1,816.00**

Currency exchange rate  Exchange rate on 19/10/2007=1.00000  Set rate for this transaction **1.00000**

The Third step is to transfer the proceeds of the asset sale (800 x \$6.25 = \$4656) out of the investment account and into our real bank account.

**Edit Cash Transferred out of Account**

Enter transaction: **Cash Transferred out of Account** Enter the transfer of cash out of this account.

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**Cash Transferred out of Account:**

Transaction date: **9/11/2007**

Account: **Quicken E\*Trade** Amount to transfer: **4,656.00**

Transfer account: **ANZ Quicken E\*Trade**

Memo: **FGL Buyback Proceeds \$5.82 per share** Description: **FGL Buyback Proceeds \$5.82 per share**

The final step is to transfer the balance of the account. It should equal \$2.27 Deemed Capital Component less \$1.83 Actual Capital Component = \$0.44 x 800 shares = \$352.00.

You should now check your investment register to ensure that the Cash Balance is again zero.

19/10/2007	Div	FGL Fosters ...			+3,192.00	3,192.00
19/10/2007	MiscInCX	FGL Fosters ...	Imputation FGL Fosters Group AU\$1,368.00		Transfer	3,192.00
19/10/2007	Sold	FGL Fosters ...	800 shares of FGL Fosters Group @ AU\$2.27	-1,816.00	+1,816.00	5,008.00
19/10/2007	XOut		FGL Buyback Proceeds \$5.82 per share		-4,656.00	352.00
19/10/2007	MiscExp	FGL Fosters ...	Capital Base Adjustment - Buybacks		-352.00	0.00

Also, run some reports to check the recording of income and Capital Gains and income.

### Capital Gains - YTD

Date range: Year to date Subtotal by: Security

1/07/2007 through 9/11/2007 (in Australian Dollars)

Account	Security	Shares	Bought	Sold	Gross Proceeds	Cost Basis	Realised Gain/...
<b>FGL Fosters Group</b>							
Quicken E*Trade	FGL Fosters Group	800.000	28/08/2007	9/11/2007	1,816.00	5,019.95	-3,203.95
<b>TOTAL FGL Fosters Group</b>					<b>1,816.00</b>	<b>5,019.95</b>	<b>-3,203.95</b>
<b>OVERALL TOTAL</b>					<b>1,816.00</b>	<b>5,019.95</b>	<b>-3,203.95</b>

## Investment Income

Date range: Custom dates ▼

Subtotal by: Don't subtotal ▼

19/10/2007 through 19/10/2007 (in Australian Dollars)

Category Description	19/10/2007- 19/10/2007
<b>INCOME</b>	
_DivInc	
_DivIncFranked	3,192.00
_ImpInc	1,368.00
TOTAL _DivInc	4,560.00
_RlsdGain	-3,203.95
<b>TOTAL INCOME</b>	<b>1,356.05</b>
<b>EXPENSES</b>	
Capital Base Adjustment - Buybacks	352.00
<b>TOTAL EXPENSES</b>	<b>352.00</b>
<b>TRANSFERS</b>	
TO Imputation Credit	-1,368.00
<b>TOTAL TRANSFERS</b>	<b>-1,368.00</b>
<b>OVERALL TOTAL</b>	<b>-363.95</b>

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