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Calculating capital gains or losses on employee savings



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To calculate the capital gain or loss of an FCPE (employee mutual fund) held by an employee at a given date "t", HSBC Epargne Entreprise calculates a Weighted Average Acquisition Price (PMPA) for that FCPE. That PMPA corresponds to the weighted mean of all the purchased Net Asset Values (NAVs) of the FCPE.

For each FCPE, HSBC Epargne Entreprise calculates the potential capital gain/loss within a single employee savings plan, by finding the difference between the net asset value at a given moment "t" and the PMPA of your units held in the FCPE multiplied by the number of units as of that date.

Calculation formule

$$\text{Capital gain/loss for a FCPE} = (\text{NAV}_t - \text{PMPA}) \times N_t$$

NAV_t = Net Asset Value of the FCPE on t

PMPA = Weighted Average Acquisition Price

N_t = number of units held on t

t = valuation day of the gain or loss

Example

You acquired units of an FCPE calculated three times:

- 50 units at a NAV =€ 10 in 2010,
- then 100 units at a NAV =€ 12 in 2018,
- then 20 units at a NAV =€ 9 in 2021.

The FCPE has a NAV of € 13 as of 31/12/2022

> Weighted average acquisition price of the units:

$$(50 \times \text{€}10 + 100 \times \text{€}12 + 20 \times \text{€}9) / 170 \text{ units} = \text{€}11.0588$$

> Capital gain: $[13 - \text{€}11.0588] \times 170 \text{ units} = \text{€}330$

A sale of units within the period (redemption or switch between FCPEs) will affect the calculation of the relevant weighted average price.

Phase-out of the historical rate mechanism

All capital gains realised as part of your employee savings from payments made on or after 1 January 2018 are exempt from income tax but are subject to the social security contributions in force, currently the CSG (9,2%), CRDS (0,5%) and the solidarity levy (7,5%) for a total rate of 17,2%.

The historical rate mechanism remains in force in some situations for capital gains realised on amounts paid before 1 January 2018 (see the Taxation of Your Employee Savings document). In this circumstance, in order to apply the correct contribution rates, HSBC Epargne Entreprise calculates, for each FCPE, a PMPA for each period corresponding to a different social security contribution rate.

When a redemption occurs, if capital gains are recognised in each period (the difference between the period's PMPA and the NAV at end of period), the appropriate social security contribution rate is applied as shown by the example in this table.

Social security contributions for investment products are collected by HSBC Epargne Entreprise after your employee savings assets are cashed out.

In other words

Capital gains acquisition period		Contribution rate applied by period
PMPA 0	Before 01/01/1996	0%
PMPA 1	From 01/01/1996 To 31/12/1996	0,5%
PMPA 2	From 01/01/1997 To 31/12/1997	3,9%
PMPA 3	From 01/01/1998 To 30/06/2004	10%
PMPA 4	From 01/07/2004 To 31/12/2004	10,3%
PMPA 5	From 01/01/2005 To 31/12/2008	11%
PMPA 6	From 01/01/2009 To 31/12/2010	12,1%
PMPA 7	From 01/01/2011 To 30/09/2011	12,3%
PMPA 8	From 01/10/2011 To 30/06/2012	13,5%
PMPA 9	From 01/07/2012 To 31/12/2012	15,5%
PMPA 10	From 01/01/2013 To 31/12/2017	15,5%
PMPA 11	Beginning 01/01/2018	17,2%

Example

An employee requests redemption for employee savings assets at the 30/09/2023 NAV for a given FCPE. He acquired the units of that FCPE in six instalments:

on 30/09/2012, 31/12/2012, 31/03/2013, 15/12/2013, 30/06/2014, 17/08/2015

Two PMPAs will therefore be determined. This is because, at the time of redemption, two periods corresponding to a different social security contribution rate will actually be applied. The contributions from the corresponding period are applied in the case of capital gains at the time of the redemption, based on the in-between capital gains/losses.

The contribution rates applied will be 15,5% on capital gains between 01/07/2012 and 31/12/2017 (PMPA 9 &10), 17,2% on capital gains since 01/01/2018 (PMPA 11).

Offsetting your capital gains/losses when you cash out

If the cash-out comes from multiple FCPEs, the capital gains or losses for each FCPE that is part of the employee savings plan are first set off against each other.

This means that when units from multiple FCPEs are cashed out, the capital gains or losses from each FCPE are combined, and the social security contributions are levied based on the total gains.

Example

The employee cashes out units from two FCPEs at once:

> FCPE 1: Capital gain of €100

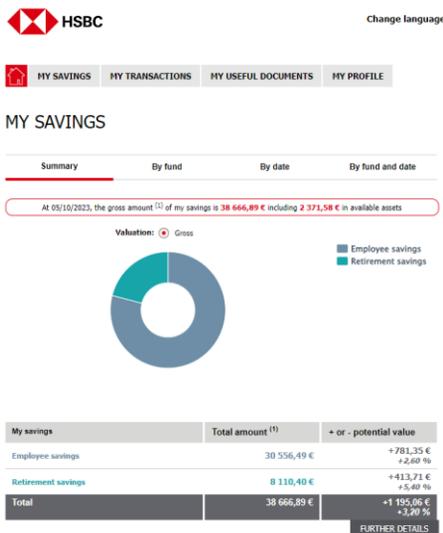
> FCPE 2: Capital loss of €80

Calculation of contributions: The total gains are €20, corresponding to a gain of €100 minus a loss of €80. Contributions will be levied on the €20 figure.

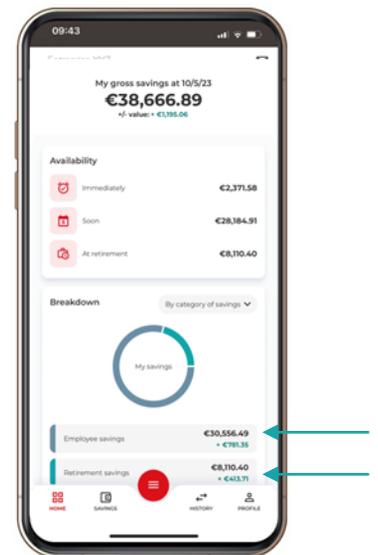
You can check whether you have made any gains or losses on your employee savings by going to your secure saver's space

On the website www.epargne-salariale-retraite.hsbc.fr

On the mobile app



+ or - potential values appear in the last column of the table in the By device and By fund tabs.



Potential gains and losses appear in blue in the Home and Savings tabs

and on your **transaction statements**

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