

## Annual Tax Budget

For each portfolio, users can specify the maximum amount of [taxes](#) (not capital gains) that should be generated by trading during the calendar year. The annual tax budget may be entered as either a dollar amount or a percentage of the portfolio holdings, but not both.

Smartleaf additionally supports the proration of that yearly maximum in four intervals:

- ▶ Annually (default)
- ▶ Semi-annually (half-year)
- ▶ Quarterly
- ▶ Monthly

Regardless of the interval used for proration, users still enter the dollar amount or percentage of the portfolio that may be used over the course of the entire year. Smartleaf will then divide that amount according to the interval of proration selected. For portfolios with quarterly proration, for instance, Smartleaf will divide the annual tax budget entered by the user into four equal parts. Throughout the year, any unused portion of the tax budget from one period will be added to the tax budget for the following period, as illustrated for a \$10,000 annual tax budget in the example below:

	Q1	Q2	Q3	Q4
Prorated Portion of Budget	\$2500	\$2500	\$2500	\$2500
Tax Budget Carried Forward	N/A	\$0	\$1,500	\$500
Tax Budget for Quarter	\$2,500	\$2,500	\$4,000	\$3,000
Tax Budget Used	\$2,500	\$1,000	\$3,500	N/A

Users should note that if a tax budget is set, Smartleaf may sometimes use up the entire tax budget at the beginning of a given period, and thereby limit its recommendations for remainder of that period (subject to any realized losses).

## Filtering on Tax Budgets

There are three tax budget filters, which can be found in the Portfolio Attributes section of the Edit Filter page. These are the Has Tax Budget Filter, the Tax Budget Proration Period filter, and the Tax Budget Remaining This

Period filter.

The tax budget filters on the Edit Filter page

Using the Has Tax Budget Filter, users can filter accounts on whether or not they have a tax budget. The Tax Budget Proration Period filter allows users to select any combination of Annual, Semi-Annual, Quarterly, and Monthly, and choose to either exclude or include only accounts with the selected proration period(s). Users can also filter accounts based on what percentage of their annual tax budget is left, using the Tax Budget Remaining This Period filter.

## Setting the Annual Tax Budget

### For Single Accounts

From the Edit Profile page:

1	Expand the Taxes section.	
2	In the Annual Budget field, enter dollar amount or a percentage. Keep in mind that this is the budget for the entire year, regardless of how the budget is set to be prorated.	
3	Select the desired interval of proration from the drop-down menu labeled "To Be Prorated".	
4	Click the Update button to review the changes in the summary table.	
5	When finished editing the profile, press the Save and Re-Analyze button to apply the changes and re-analyze the portfolio.	

### For a Filtered Set of Accounts

The Annual Budget setting can also be changed for all of the portfolios in a filtered set.

From the Overview of Portfolios Page:

- 1 Press the Update All button.
- 2 Select the Taxes option and press the OK button.
- 3 To update the Annual Budget setting with a dollar amount, fill in the Update checkbox to the left of the \$ field and enter a value into the field. To update the Annual Budget setting with a percentage amount, fill in the Update checkbox to the left of the % field and enter a value.
- 4 To update the tax-budget proration period, fill in the Update checkbox to the left of the proration period drop-down menu, and select the desired interval of proration from the dropdown menu labeled "To be prorated."
- 5 Press the Apply to All button to apply the change to all accounts in the filtered set.

