Capital Gains:

Capital gains tax is levied on the difference between the sale/redemptions price of a asset ant the purchase price of asset.

Capital Gains Test:

If: $i^{(p)} > \frac{D}{R}(1 - t_1)$, then there is a capital gain, where

$i^{(p)}$ = the nominal interest rate compounded pth-ly

D= Nominal value of dividend or coupon payments per annum

R= Redemption amount

t_1= income tax payable on coupon/dividend payments