

Capital Gains

$$\text{Selling price} - \text{Purchase price} = \text{Capital Gain}$$

- You purchased Google stock at \$200 in 2012 and sold it for \$600 in 2014.

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- You bought a house in 2011 for \$800K and sold it for 1M in 2014.

$$\text{Capital Gain} = 1M - 800K = \$200K$$

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**Today: you buy a
house for \$100K**