39

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

# Tax on Capital Gains is 30%

$400 x 0.30 = 120

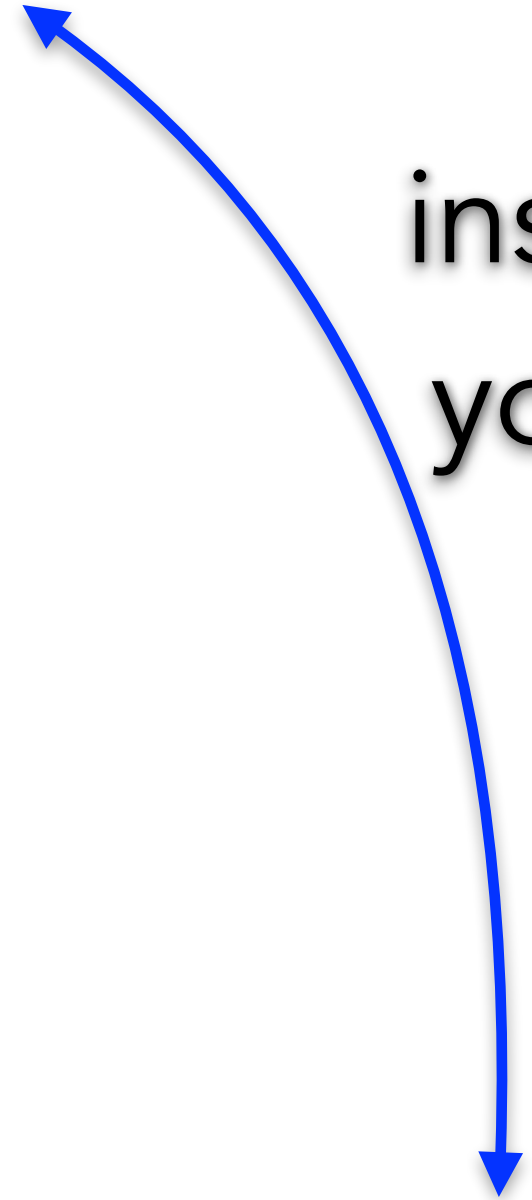
Capital Gain = 600 – 200 = $400

CPI = 200

2012

CPI = 250

2014

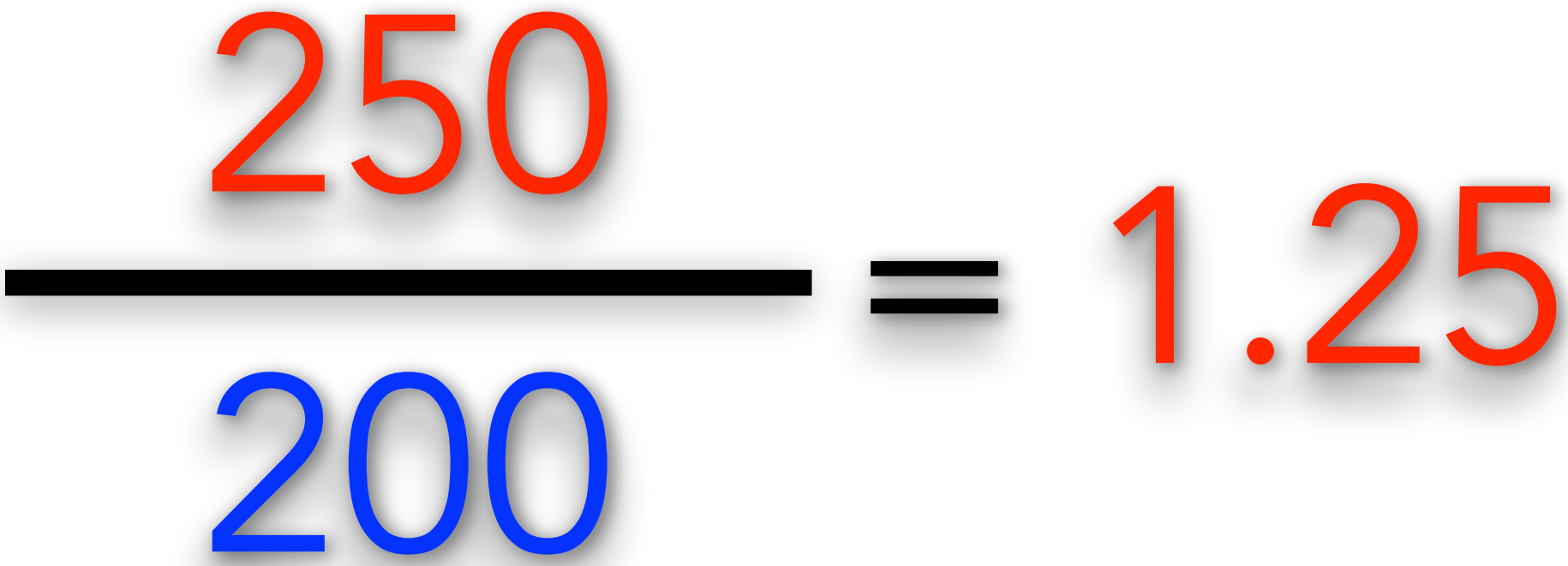


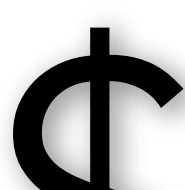
You pay 34%
instead of the 30%
you are supposed
to pay by law

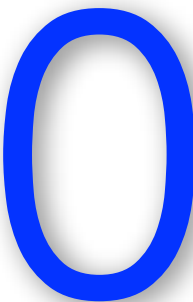
$$\frac{120}{350} \times 100 = 34\% \text{ effective tax!}$$

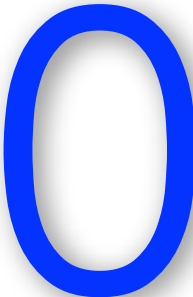
Your Real Capital Gain = 600 - 250 = $350

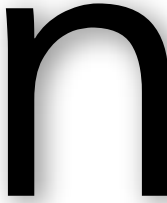
The government still makes you pay $120


250
200
= 1.25









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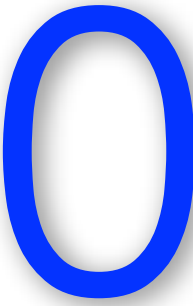

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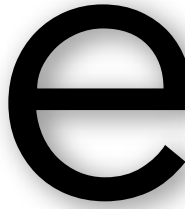

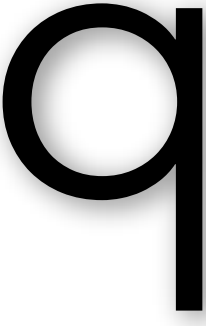

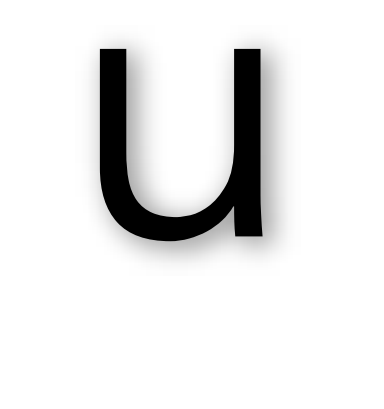

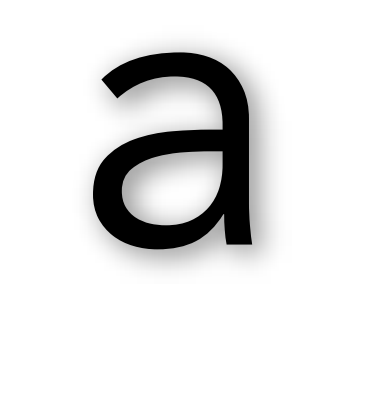
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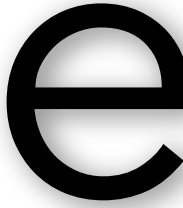

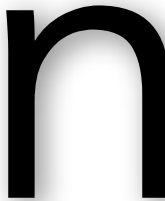

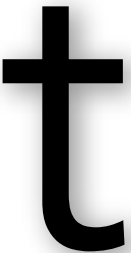

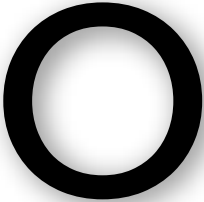

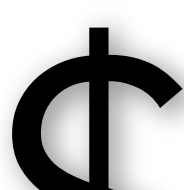

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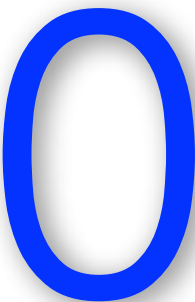

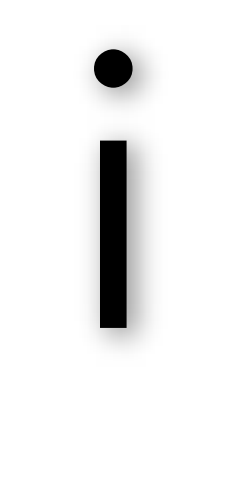

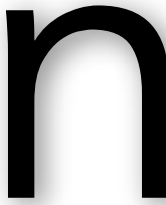

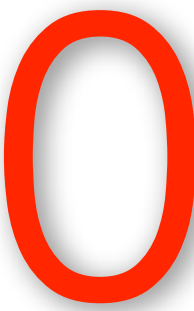

1

$200

$200x1.25=$250

$200 in 2012 is equivalent to $250 in 2014

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

Capital Gain = 600 – 200 = $400

Tax on Capital Gains is 30%

Tax you owe

$400 x 0.30 = 120

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