

3

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You purchased Google stock at \$200 in 2022 and sold it for \$600 in 2023

Tax on Capital Gains is 20%

Tax you owe

$$\$400 \times 0.20 = 80$$

$$\text{Capital Gain} = 600 - 200 = \$400$$

CPI = 200

2022

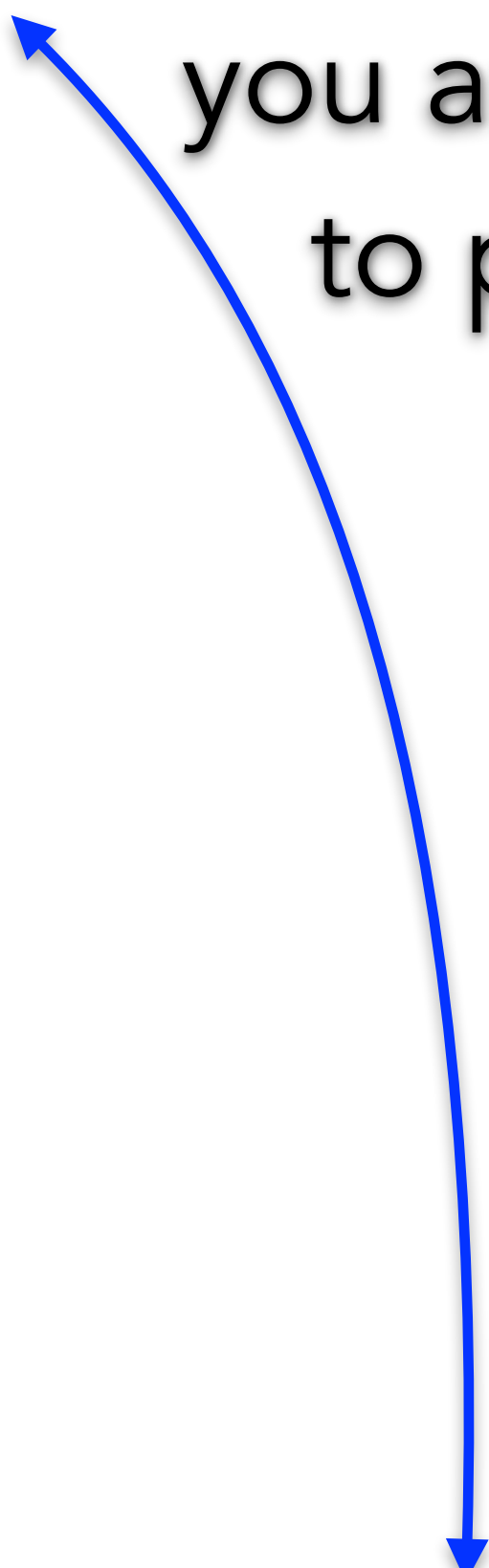


CPI = 210

2023

$$\text{Real Value} = \frac{400}{210} \times 100 = 190.5$$

You pay 42%
instead of the 20%
you are supposed
to pay by law



$$\frac{80}{190.5} \times 100 = 42\% \text{ effective tax!}$$

Even though your **Real** Capital Gain was only
\$190.5 the government still makes you pay **\$80**

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