

- Taxes are charged on the **nominal** interest and on the **nominal** Capital Gain and **not** on the **real** interest and the **real** Capital Gain

- The higher inflation is, the larger is the difference between your **real** interest/capital gain and your **nominal** interest/capital gain

- The higher inflation is, the larger is the difference between the tax you **should** pay and the tax you **actually** pay

3

3

Inflation

Unfair Tax: Individuals whose incomes mainly come from Interest Income and capital gains, **lose** (pay more taxes than they should)

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Inflation does no special harm to the poor