Sprague & Associates
CERTIFIED PRACTISING ACCOUNTANTS

Capital Gains Tax

Capital Gains Tax (CGT) is the tax you pay on a capital gain. The most common way you make a capital gain (or loss) is by selling assets such as real estate, shares or managed fund investments. It is not a separate tax but from part of your assessable income therefore income tax.

In simple terms, the net profit of the sale of the assets gets added to your ordinary income and the tax you pay is on the total assessable income.

Eg:

Salary	$70,000
Net profit/(Gain) on sale of rental property	$50,000
Total income	$120,000

The tax is on the total income $120,000.

This is a basic calculation and there are many rules invoiced in the calculation of the gain/loss.

If the sale of the asset results in a loss this loss is not included in assessable income but is carried forward to future years until it is offset against a capital gain made in a future year.