Capital gains and wealth tax

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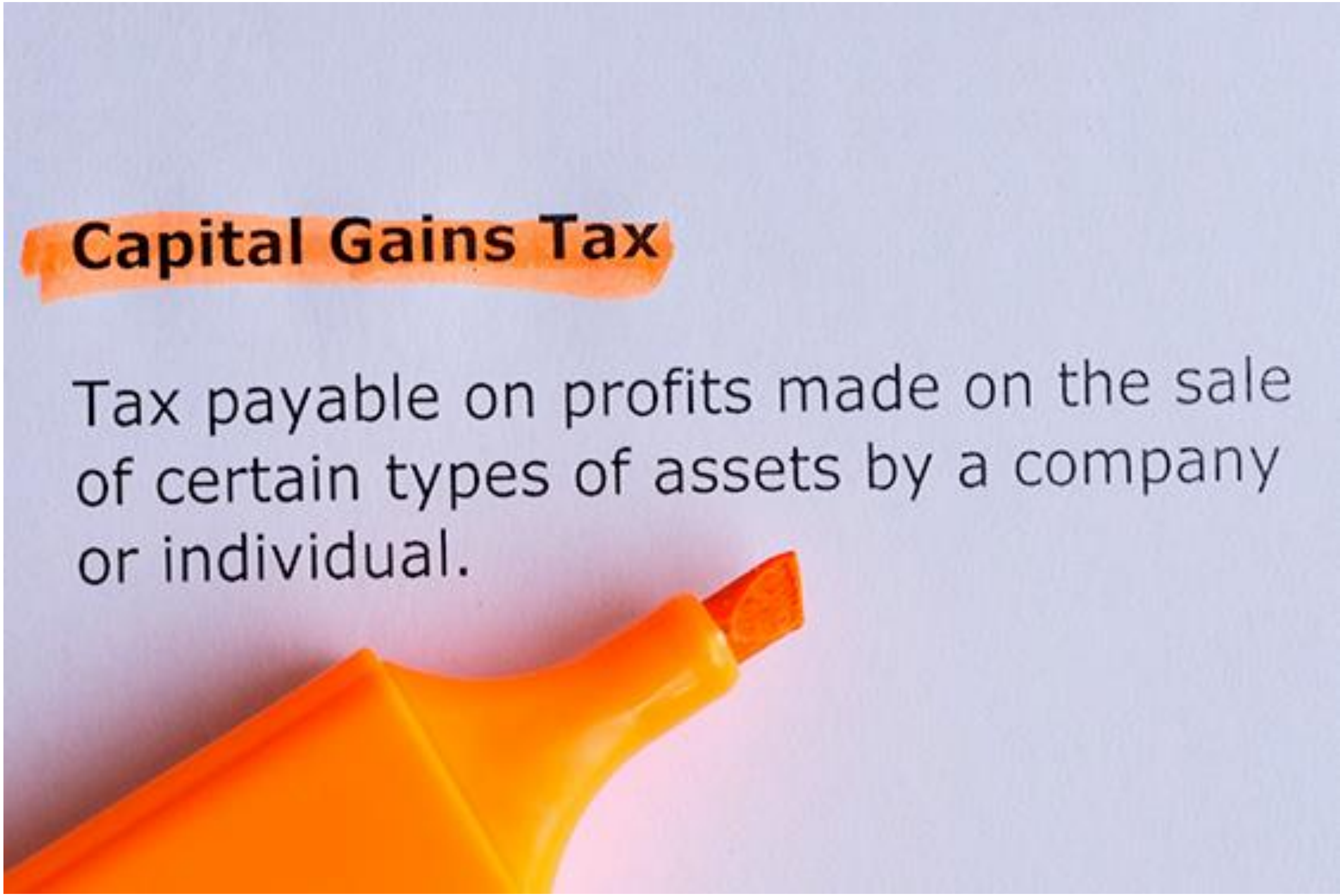
In collaboration with Deakin University and ESSCA


Capital Gains Tax
Tax payable on profits made on the sale of certain types of assets by a company or individual.

Short term vs Long term

- long term and short term are distinguished by whether the investor has held the stock for more or less than one year.
- Long-term capital gains are taxed at a lower rate than short-term gains.

Tax drift

- Tax drift occurs often in the event of a capital gain, whereby individuals or firms avoid the capital gains tax through loopholes in the system

- VIDEO

Australia

- The average age of the top wealthiest people in Australia is 57 years of age, which indicates that this is commonly due to inheritances of extreme wealth
- Currently in Australia there is an extreme housing bubble, which could be due to the capital gains tax being at a low rate, creating a high demand because it is more accessible to own real estate

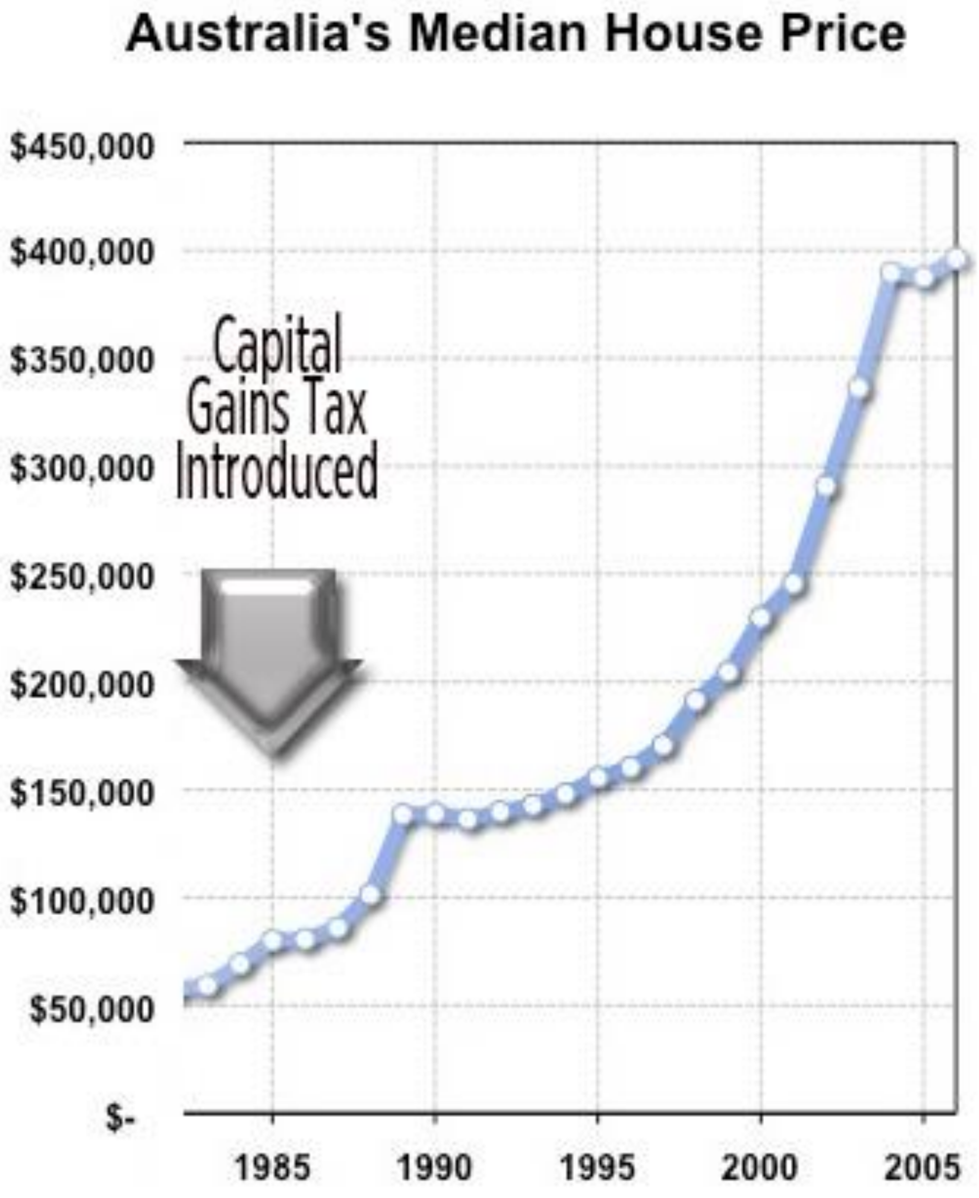

Australia's Median House Price
$450,000
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$-
Capital
Gains Tax
Introduced
1985
1990
1995
2000
2005

Chart 14: Estimated tax on net capital gains, by entity type, 2010–11 to 2014–15 income years

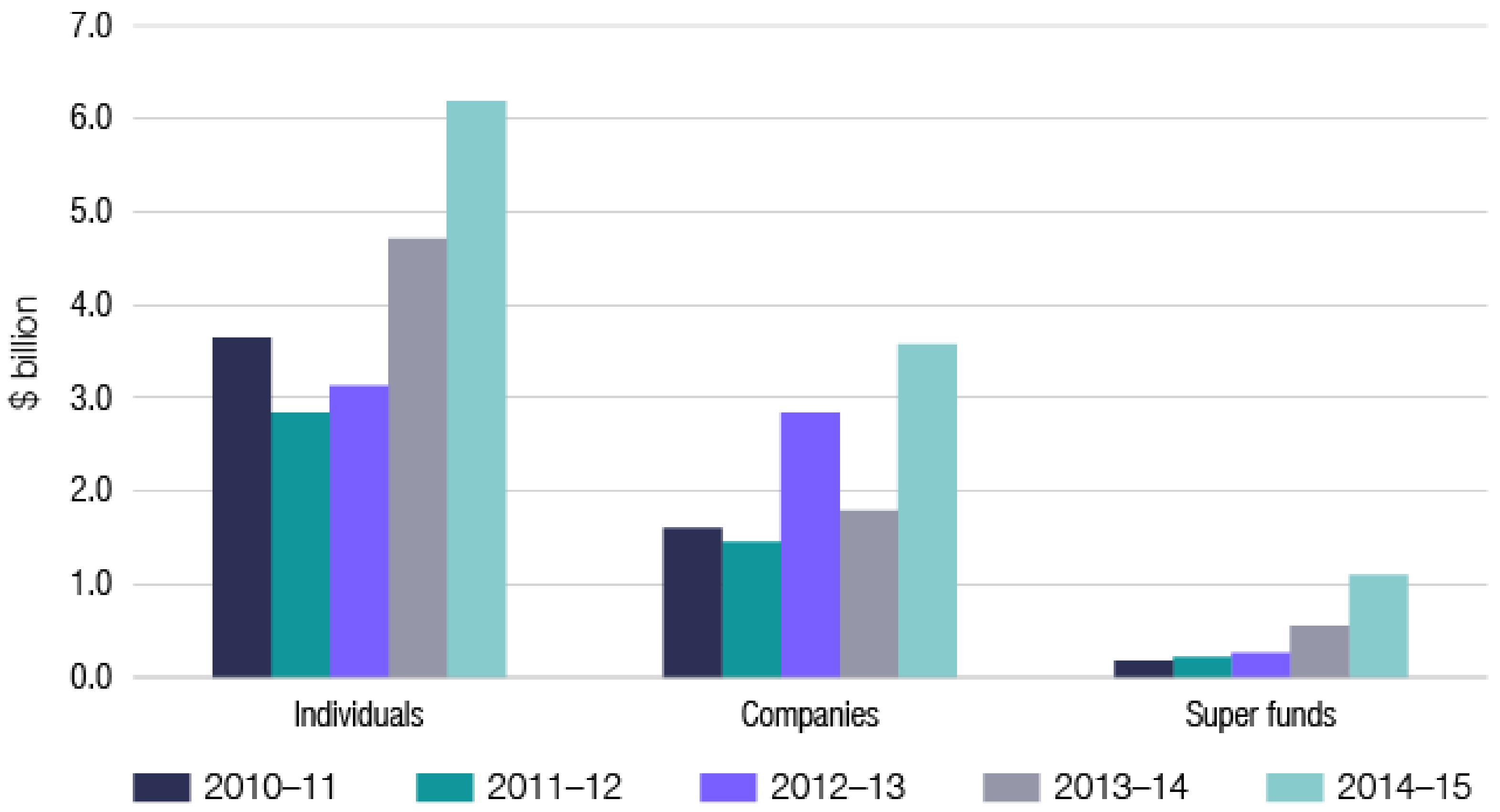
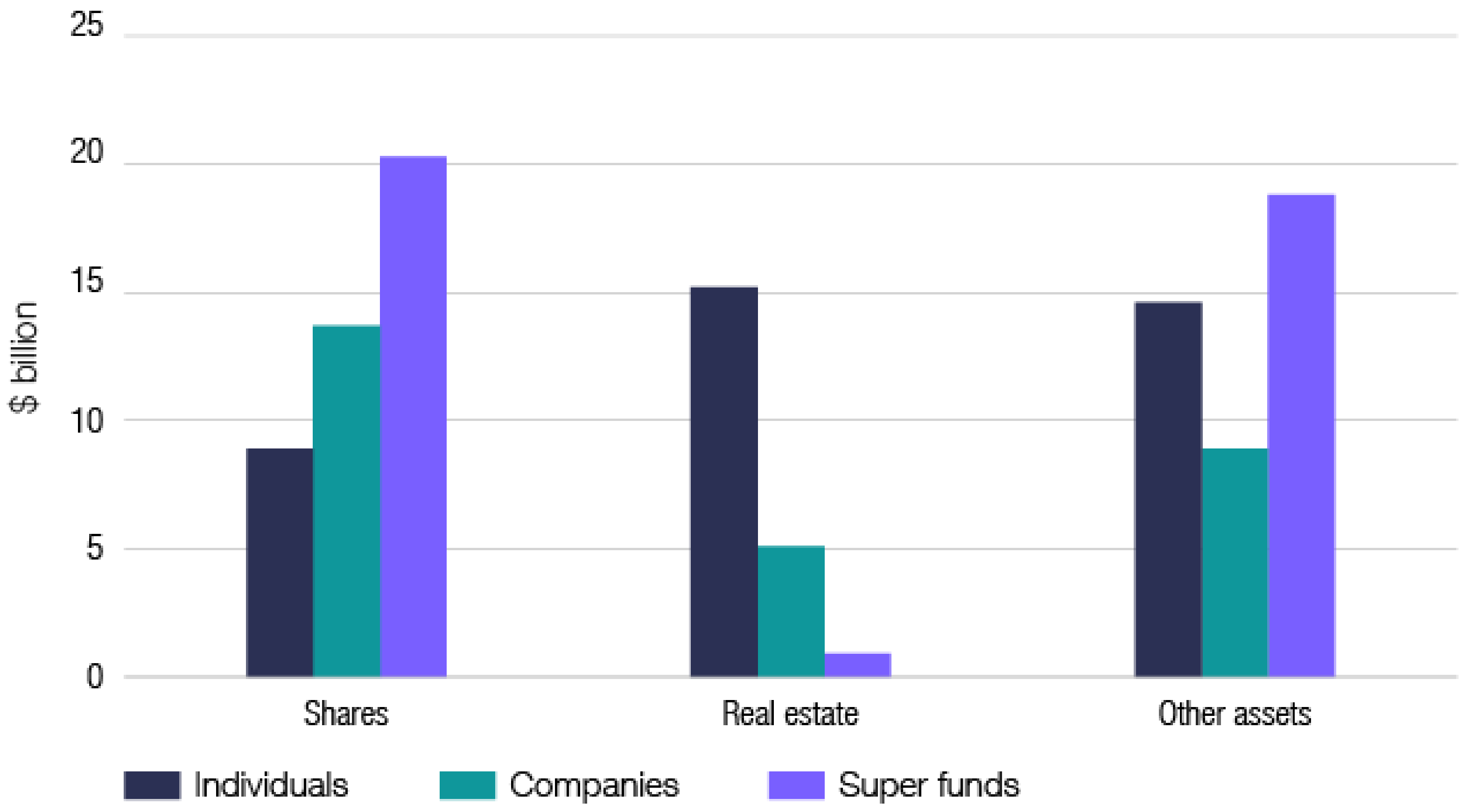


Chart 15: Source of current year capital gains, by entity type, 2014–15 income year



USA

Marginal Tax Rate (Tax Bracket)	Long-Term Capital Gains Tax Rate
10%	0%
15%	0%
25%	15%
28%	15%
33%	15%
35%	15%
39.6%	20%

Capital Gains Tax on Shares

The difference between what you paid and what you sold them for.

Deakinland Proposal:

What we propose for Deakinland!

20% tax should be incurred to the beneficiaries of the capital gain on their second property

This creates a healthy incentive to invest in real estate

For a short term share less than 12 months, a 20% tax has to be paid, for a longer term share a 10% tax rate will be paid.

Thank you!