

## Taxable Income, Investments, and Capital Gains Calculations

A banker purchased a condominium in downtown Toronto as an investment property. They have been renting out the property for eleven years. They purchased the property for \$347,000.00 and just recently sold it for \$863,000.00.

1. The banker's total income is \$83,465.00. Using the Ontario Tax table, calculate how much they will pay in income tax.

<b>Total employment income</b>	\$83,465.00
<b>Income tax paid at 5.05%</b>	\$
<b>Income tax paid at 9.15%</b>	\$
<b>Total income tax paid</b>	\$

2. In Canada, 50% of capital gains is taxable and added to your total income amount. Calculate the amount of capital gains that the banker will be responsible for paying taxes on due to the sale of the investment property.

<b>Purchase price</b>	\$347,000.00
<b>Selling price</b>	\$863,000.00
<b>Difference (selling price – purchase price)</b>	\$
<b>Capital gains</b>	\$

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3. Does the taxable capital gains added to the banker’s income move them to a higher tax rate?

4. What will the banker’s new taxable income be?

Income due to employment	\$83,465.00
Income due to capital gains	\$
New taxable income	\$