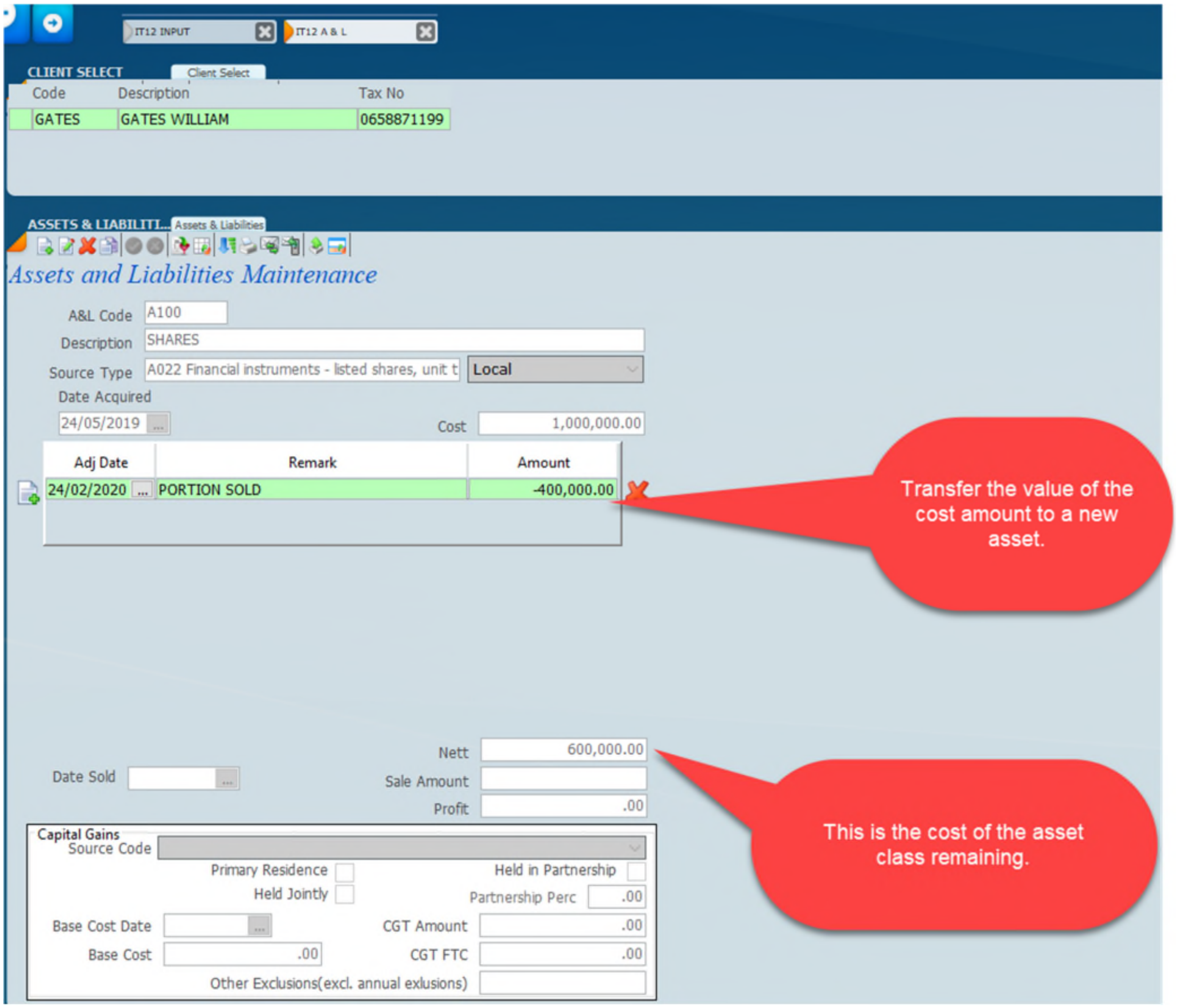
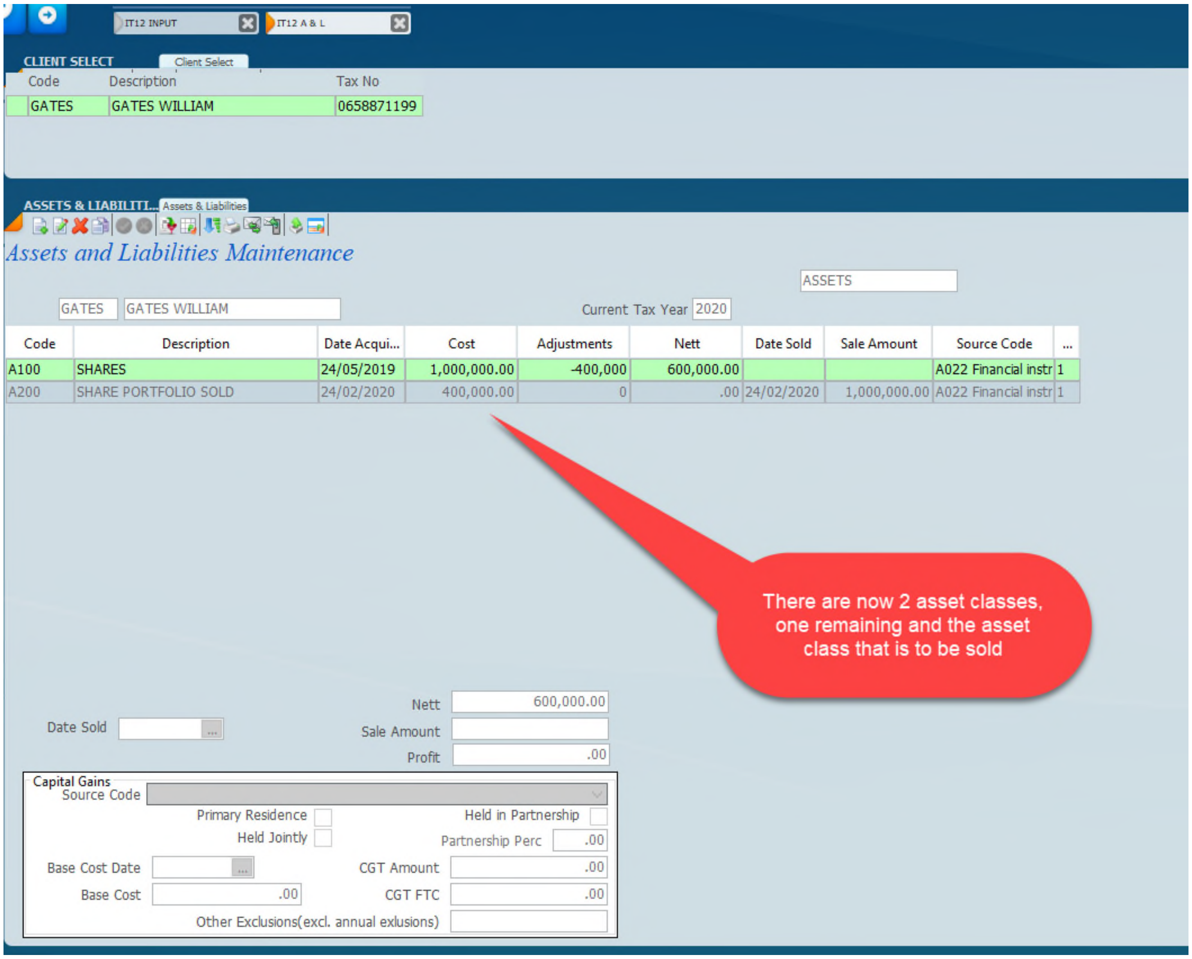
SELLING A PORTION OF AN ASSET TO TAX A CAPITAL GAIN

The procedure below shows how to tax a capital gain where its not necessary to submit the statement of assets on the tax return where a portion of an assets is sold.

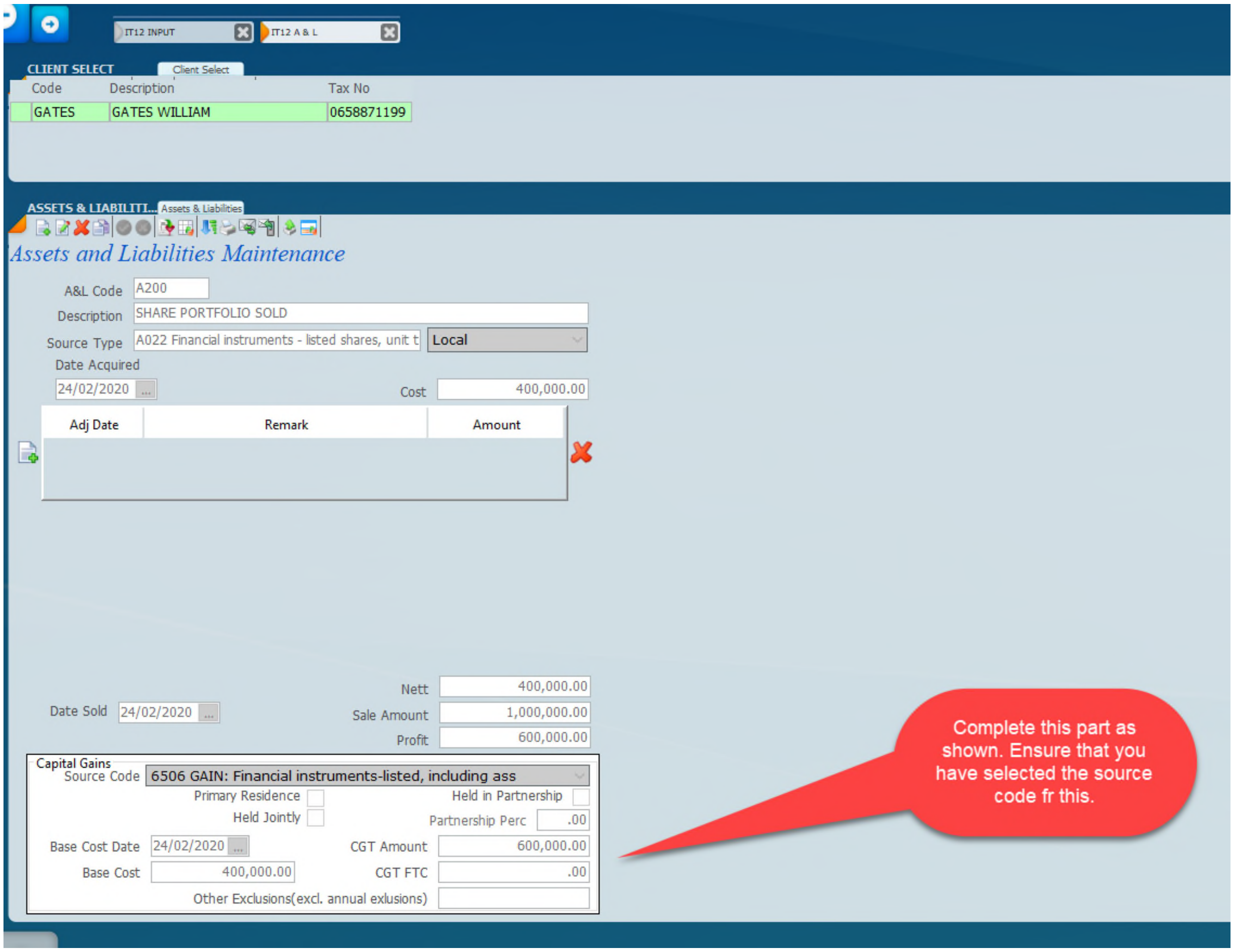
In the example below the taxpayer has an asset portfolio of R1,000,000 which they acquired some time back and then sells 40% of the portfolio. In order to handle the capital gain position of the sold portion the asset portfolio it should be split from the remaining assetson Sky. The remaining or unsold assets to be shown separately and the sold assets to be transferred to a new account to process the transaction. We show the portfolio as one asset on the statement of account even though there may be multiple shares. The detail of the assets should be kept in a spreadsheet and stored against the taxpayer.



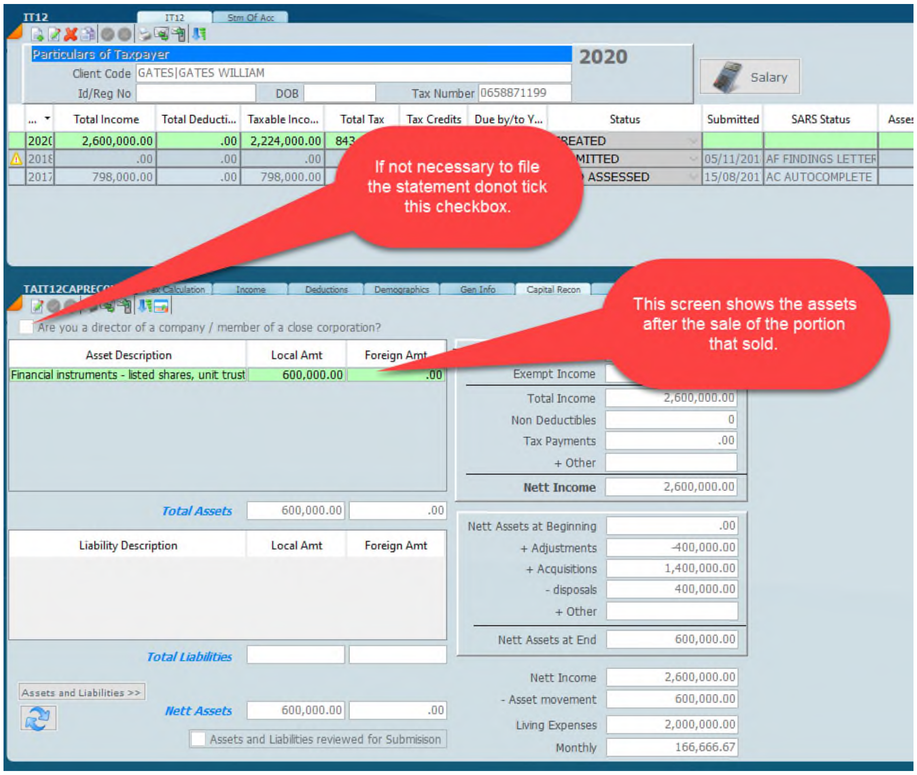
In the above screen the portfolio has been reduced by R400,000 and we create a new asset at a cost of R400,000 and the asset portfolio left over remains at R600,000.



The screen below shows the sale of the assets of R400,000 for R1,000,000 making a profit of R600,000. Enter the sale details and the base cost in the screen below.



The asset screen below shows the assets remaining after the sale.



The screen below shows the end result of the capital gain with the taxable amount being included in the tax calculation.