

Avoiding loss from capital gains tax

OFFSETTING capital gains has emerged as a key theme this financial year, says sharemarket commentator Wise-owl.com

“A common method of offsetting capital gains is to sell shares that are making a loss,” Wise-owl analyst Simon Guzowski says.

“The key to increasing your total wealth and not just reducing your tax bill is to sell your shares at the best possible price.

“After all, losing money to save on tax is counter intuitive, as the purpose of minimising tax is to leave as much money in your wallet as possible.”

“The wise-owl.com philosophy is to remove underperforming positions and maximise returns on winning positions by not selling too early.

“Ironically it is human nature to do exactly the opposite.

“Small losses easily turn into larger losses by holding on to a stock that has traded south and winners get sold early to realise a small profit.”