

Calculation of taxable gains upon transfer of membership of a building association

FORMULA FOR CALCULATING TAXABLE GAINS UPON TRANSFER OF MEMBERSHIP OF A BUILDING ASSOCIATION

sales price – acquisition cost – costs directly related to sale = gains taxable with income tax

The Income Tax Act does not provide tax exemptions for the gains derived from the transfer of membership of a building association (including garages).

As with other immovable property transactions, only gains are taxed when transferring membership, i.e. the difference between the selling price and the acquisition cost. The acquisition cost also includes the money actually paid by a member of the former garage cooperative for the acquisition of shares and the construction of the garage box.

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