

Re: Simple question on tax on unearned income

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- *From:* Ron Peterson <ron@xxxxxxxxxxxxxxxx>
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Peder B. Pels wrote:

How is income from rent (typically called "unearned income") taxed? Is it added to the usual 6-step income taxation staircase, together with labor income, or is it taxed separately, like capital gains?

In the US, rent is taxed like short term capital gains. Long term capital gains have a lower tax rate, and stock dividends have a lower tax rate. Labor income is also subject to Social Security and Medicare taxes.

Of course, there are always exceptions.

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Ron