How Capital Gains Tax Rates Affect Investment Sales

Without a 1031 Exchange

Up to 30\% Current Taxes

- 15\% Cap Gains tax - OR - 20\% Cap Gains tax IF taxable income is $441,451+ (single) or $496,601+ (joint)
- 3.8\% net investment income tax IF adjusted gross income is $200K+ (single) or $250K+ (joint)
- 4.54\% - 4.9\% state tax
- 25\% Depreciation recapture

With a 1031 Exchange

0\% Taxes

1031 Guidelines

1. Held for Investment
   Owned & treated as investment property.

2. Identification Rules
   - 45 Days to identify.
   - 3 Property Rule
   - 200\% Rule
   - 95\% Rule

3. Closing Rules
   - 180 days to close on one or more of the identified properties.

4. Qualified Intermediary Requirements
   Must use QI who is neutral party not advising client in last 2 years. All monies held until exchange closes.

5. Reinvestment Requirements
   To have no taxes, buy equal-or-greater in value and reinvest all proceeds.

6. Title Requirements
   Both relinquished and replacement properties must use same taxpayer ID.

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