How Capital Gains Tax Rates Affect Investment Sales

Without a 1031 Exchange

up to 25% Current Taxes

- 15% Cap Gains tax - OR -
  20% Cap Gains tax IF taxable income is
  $425,800K+ (single) or $479K+ (joint)
- 3.8% Affordable Healthcare tax IF adjusted
  gross income is $200K+ (single) or $250K+
  (joint)
- 0% Texas 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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