

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 \$425,800K+ (single) or \$479K+ (joint)
- + 3.8% Affordable Healthcare tax IF adjusted gross income is \$200K+ (single) or \$250K+ (joint)
- + 0 - 6.9% 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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