

# How Capital Gains Tax Rates Affect Investment Sales

Without a  
1031 Exchange

up to  
**40%** Current  
Taxes

- 15% Cap Gains tax - OR - 20% Cap Gains tax IF taxable income is \$441,451K+ (single) or \$496,601K+ (joint)
- + 3.8% net investment income tax IF adjusted gross income is \$200K+ (single) or \$250K+ (joint)
- + 9.3% - 13.3% California 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.

### Offices Nationwide

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