

# How Capital Gains Tax Rates Affect **Your** Investment Sales

## With A 1031 Exchange

0%  
taxes

## Current Taxes

up to  
40%  
taxes

- 15% Cap Gains tax - OR - 20% Cap Gains tax *IF taxable income is \$400K+ (single) or \$450K+ (joint)*
- + 3.8% Affordable Healthcare tax *IF adjusted gross income is \$200K+ (single) or \$250K+ (joint)*
- + 0% to 13.3% state tax
- + 25% Depreciation recapture

## 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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