LAND 1031

Should I Do a 1031 Exchange?

To determine if a 1031 Exchange makes sense for your current situation, utlize these calculations to determine your taxable gain.

1. Calculate Net Adjusted Basis

		EXAMPLE		YOUR FIGURES
Original Purchase Price of Relinquished Property (Basis)		$200,000		
PLUS Capital Improvements	+	$20,000	+	
MINUS Depreciation	-	$50,000	-	
EQUALS Net Adjust Basis	=	$170,000	=	

2. Calculate Capital Gains

		EXAMPLE		YOUR FIGURES
Today's Gross Sales Price		$500,000		
MINUS Cost of Sale (Including commissions, fees, etc.)	-	$170,000	-	
MINUS Net Adjust Basis (Calculated above)	-	$30,000	-	
EQUALS Capital Gains	=	$300,000	=	

3. Calculate Taxes Due

		EXAMPLE		YOUR FIGURES
Recapture of Depreciation (Depreciation Value X 25%)		$12,500		
Federal and State Capital Gain Rate (Capital Gains X 27%	+	$81,000	+	
Net Investment Income Tax SF/HE (Capital Gains X 3.8%)	+	$11,400	+	
TOTAL TAX DUE	=	$104,900	=	

READY TO GET STARTED? | Info@Land1031.net | 864.766.7705

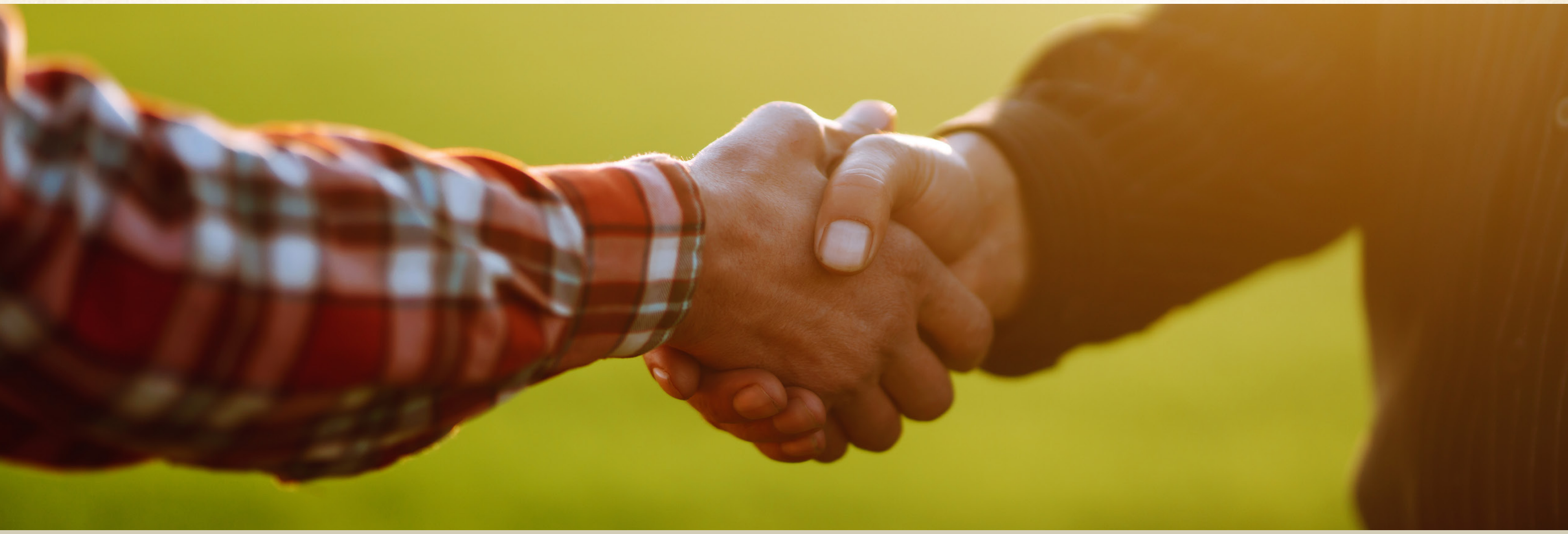
1031 exchange services are provided by a qualified intermediary that is a wholly owned subsidiary of Accruit LLC, an Inspira Financial solution.

LAND 1031

Sale Vs. Exchange

Utilizing the figures in our example, below illustrates the difference in the Proceeds through a traditional real estate sale compared to the proceeds available through a 1031 Exchange.

SALE	EXCHANGE
SALE PRICE: $500,000	SALE PRICE: $500,000
EXPENSES: - $30,000	EXPENSES: - $30,000
ADJUSTED BASIS: - $170,000	=
TAXABLE GAIN: $300,000	
NET AFTER TAX PROCEEDS: $365,100	GROSS PROCEEDS: $470,000 (1031 = TAX DEFERRAL)



READY TO GET STARTED? | Info@Land1031.net | 864.766.7705

1031 exchange services are provided by a qualified intermediary that is a wholly owned subsidiary of Accruit LLC, an Inspira Financial solution.