

TAX PROJECTIONS AND PLANNING BENEFITS COMPARISON

Asset Information

Sale of Commercial Property Located in CA

Sale Price	\$3,750,000
Real Estate Cost of Sale	-\$225,000
Non-Real Estate Cost of Sale	\$0
Net Sale Proceeds	\$3,525,000
Original Purchase Price (Basis)	-\$475,000
Capital Improvements	-\$150,000
Real Estate Depreciation	-\$67,000
Non-Real Estate Depreciation	\$0
Individual Capital Loss Carry Forward	\$0

Projected Taxes

INDIVIDUAL	FEDERAL	CA
Taxable Gain	\$2,900,000	\$2,967,000
Short Term Capital Gains / Ordinary Income Tax	\$0	\$370,035
Long Term Capital Gains Tax at 20%	\$580,000	N/A
Debt Over Basis Tax		
Real Estate - Residential	\$0	\$0
Real Estate - Investment	\$0	\$0
Asset / Equipment	\$0	\$0
Inventory	\$0	\$0
Good Will / Intangibles	\$0	\$0
Depreciation Recapture Tax		
Real Estate - Investment	\$16,750	N/A
Asset / Equipment	\$0	N/A
Inventory	\$0	N/A
Good Will / Intangibles	\$0	N/A
Net Investment Tax (3.80% above the \$200,000 Threshold)		
Income Surtax	\$102,600	N/A
TOTAL INDIVIDUAL TAXES	\$699,350	\$370,035

Total Taxes: \$1,069,385

Conventional Sale

SALE PROCEEDS

Net Sale Proceeds	\$3,525,000
Debt	-\$875,000
Total Taxes	-\$1,069,385

Net After-Tax Profit: \$1,580,615

Alternative Sale

TAXWEALTH STRATEGY

Loan Distribution	\$3,296,419
Debt	-\$875,000
All Taxes Deferred	Deferred
Assumed Investment at 6.00% Annual Yield to Meet Tax Obligation at Year 30*	\$186,191

*TaxWealth, Inc is a tax analysis and solutions research company only and does not recommend individual investments. Please discuss any investments with your independent, 3rd party, investment advisor. This calculation is used for projection purposes only.

Net Distribution: \$2,421,419

Increased Distribution Compared to Conventional Sale: \$840,804

Total Available Funds (minus Tax Investment): \$2,235,228 (37.6% additional proceeds compared to conventional sale)

This case study is built on a calculated return that is specific to this client and transaction only. All transactions are unique and their tax benefits are calculated on a case by case basis. All documents pertaining to each case are first reviewed by the Seller's own CPA and attorney, and that any decision made by the Seller to implement this or any other planning strategy being considered is based solely on the Seller's own CPA's and attorney's advice.