

TAX PROJECTIONS AND PLANNING BENEFITS COMPARISON

Asset Information

Sale of a Four-Plex Investment Property Located in Phoenix, AZ

Sale Price	\$3,000,000
Real Estate Cost of Sale	-\$150,000
Non-Real Estate Cost of Sale	\$0
Net Sale Proceeds	\$2,850,000
Original Purchase Price (Basis)	-\$185,000
Capital Improvements	-\$75,000
Real Estate Depreciation	-\$97,000
Non-Real Estate Depreciation	\$0
Individual Capital Loss Carry Forward	\$0

Projected Taxes

INDIVIDUAL	FEDERAL	AZ
Taxable Gain	\$2,590,000	\$2,687,000
Short Term Capital Gains / Ordinary Income Tax	\$0	\$120,915
Long Term Capital Gains Tax at 20%	\$518,000	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	\$24,250	N/A
Asset / Equipment	\$0	N/A
Inventory	\$0	N/A
Good Will / Intangibles	\$0	N/A
Net Investment Tax (3.80% above the \$250,000 Threshold)		
Income Surtax	\$88,920	N/A
TOTAL INDIVIDUAL TAXES	\$631,170	\$120,915

Total Taxes: \$752,085

Conventional Sale

SALE PROCEEDS

Net Sale Proceeds	\$2,850,000
Debt	-\$625,000
Total Taxes	-\$752,085

Net After-Tax Profit: \$1,472,915

Alternative Sale

TAXWEALTH STRATEGY

Net After-Cost Proceeds Retained by Planning Entity Controlled by Client	\$2,030,000
Annual Distributions (Based on 5% of Planning Entity Value Annually)	\$101,500
Added First Year Federal/State Income Tax Savings	\$190,922

Net Distribution: \$2,030,000
Increased Distribution Compared to Conventional Sale: \$557,085 (37.8%)
First Year Federal/State Income Tax Savings: \$190,922

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.