

TAX EXAMPLES AND PLANNING BENEFITS COMPARISON

Asset Information

Texas Legacy Ranch

 Sale Price
 \$9,000,000

 Real Estate Cost of Sale
 -\$450,000

 Non-Real Estate Cost of Sale
 \$0

 Net Sale Proceeds
 \$8,550,000

Original Purchase Price (Basis) -\$120,000
Capital Improvements -\$200,000
Real Estate Depreciation -\$5,000
Non-Real Estate Depreciation \$0
Individual Capital Loss Carry Forward \$0

Projected Taxes INDIVIDUAL		
Short Term Capital Gains / Ordinary Income Taxable Gain	\$0	\$8,235,000
Short Term Capital Gains / Ordinary Income Tax	\$0	\$0
Long Term Capital Gains Taxable Income	\$8,230,000	N/A
Long Term Capital Gains Tax	\$1,646,000	N/A
Depreciation Recapture Tax		
Real Estate - Residential	\$0	N/A
Real Estate - Investment	\$1,250	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	\$303,240	N/A
TOTAL INDIVIDUAL TAXES	\$1,950,490	\$0

Total Individual Taxes: \$1,950,490

SALE PROCEEDS

 Net Sale Proceeds
 \$8,550,000

 Debt
 \$0

 Total Taxes
 -\$1,950,490

 TOTAL NET SALE PROCEEDS
 \$6,599,510

Net After-Tax Profit: \$6,599,510

Alternative Sale TAX DEFERRAL STRATEGY

TAX DEFERRAL STRATEGY

Loan Distribution \$7,998,563

Debt (Non-Residential) \$0

All Taxes Deferred

Assumed Investment at 6.00% Annual Yield to Meet Deferred Tax Obligation* -\$339,600

*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 example purposes only.

Net Distribution: \$7,998,563
Increased Distribution Compared to Conventional Sale: \$1,399,053
Tax Reduction for Year of Sale: 83%
Total Available Funds (minus Tax Investment and Interest): \$7,658,962
Additional proceeds than conventional sale: 16%

This case study is calculated based on a client-provided set of parameters 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 should first be 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.