

TAX PROJECTIONS AND PLANNING BENEFITS COMPARISON

Asset Information

Sale of an Event Services Company Located in CO

Sale Price	\$2,500,000
Real Estate Cost of Sale	\$0
Non-Real Estate Cost of Sale	\$150,000
Net Sale Proceeds	\$2,350,000
Original Purchase Price (Basis)	\$0
Capital Improvements	\$0
Real Estate Depreciation	\$0
Non-Real Estate Depreciation	\$0
Individual Capital Loss Carry Forward	\$0

Projected Taxes

INDIVIDUAL	FEDERAL	CO
Taxable Gain	\$2,350,000	\$2,350,000
Short Term Capital Gains / Ordinary Income Tax	\$0	\$108,805
Long Term Capital Gains Tax at 20%	\$470,000	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	\$0	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	\$79,800	N/A
TOTAL INDIVIDUAL TAXES	\$549,800	\$108,805

Total Taxes: \$658,605

Conventional Sale

SALE PROCEEDS	
Net Sale Proceeds	\$2,350,000
Debt	\$0
Total Taxes	-\$658,605

Net After-Tax Profit: \$1,691,395

Alternative Sale

TAXWEALTH STRATEGY	
Loan Distribution	\$2,196,913
Debt	\$0
Taxes	Deferred
Assumed Investment at 6.00% Annual Yield to Meet Tax Obligation at Year 30*	-\$114,670

*Lael Tax, LLC is a full service accounting & tax practice 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: \$2,196,913

Increased Distribution Compared to Conventional Sale: \$505,518

Total Available Funds (minus Tax Investment): \$2,082,243 (24.3% additional proceeds compared to conventional sale)

TAX ELIMINATION STRATEGY

Net After-Cost Proceeds Retained by Planning Entity Contolled by Client	\$2,227,750
Annual Distributions (Based on 5% of Planning Entity Value Annually)	\$445,550
Added First Year Federal/State Income Tax Savings	\$105,750

Net Distribution: \$2,227,750

Increased Distribution Compared to Conventional Sale: \$536,355 (31.7%)

First Year Federal/State Income Tax Savings: \$105,750

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.