

# How Capital Gains Tax Rates Affect Investment Sales

## Without a 1031 Exchange

up to

**30%** Current Taxes

- 15% Cap Gains tax - OR - 20% Cap Gains tax IF taxable income is \$441,451K+ (single) or \$496,601K+ (joint)
- + 3.8% net investment income tax IF adjusted gross income is \$200K+ (single) or \$250K+ (joint)
- + 5.75% Georgia state tax
- + 25% Depreciation recapture

## With a 1031 Exchange

**0%** Taxes

## 1031 Guidelines

### 1 Held for Investment

Owned & treated as investment property.

### 2 Identification Rules

45 Days to identify.  
• 3 Property Rule  
• 200% Rule  
• 95% Rule

### 3 Closing Rules

180 days to close on one or more of the identified properties.

### 4 Qualified Intermediary Requirements

Must use QI who is neutral party not advising client in last 2 years. All monies held until exchange closes.

### 5 Reinvestment Requirements

To have no taxes, buy equal-or-greater in value and reinvest all proceeds.

### 6 Title Requirements

Both relinquished and replacement properties must use same taxpayer ID.

**Rachel Hollinger Chapman**

National Title Insurance Company

Direct 678-492-5776

rachel.hollinger@nticny.com

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