

PRE-SALE TAX ANALYSIS AND MONEY FLOW EXAMPLE™

TAX EXAMPLES AND PLANNING BENEFITS COMPARISON

Asset Information

	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
Texas Legacy Ranch	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

TAXES	FEDERAL	TX
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

Loan Distribution	\$7,998,563
Debt (Non-Residential)	\$0
All Taxes Deferred	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%