



Hypothetical Scenarios

California Taxpayers

HYPOTHETICAL SCENARIO



Primary Residence in Newport Beach

Mr. and Mrs. Taxpayer want to sell highly appreciated residential property in Newport Beach that they have lived in for 10 years.

Sales proceeds after commissions and closing costs \$4,000,000

Seller's Original Basis: \$1,000,000

Mortgage Balance at time of closing: \$ 800,000

IRC sec. 121 exclusion: \$ 500,000
(\$250,000 per owner residing there for two of the last five years)

Sellers Adjusted Basis: \$1,500,000
(purchase price + section 121 exclusion)

Taxable Gain: \$2,500,000
(net sales proceeds minus adjusted basis)

Federal Tax 20%
CA State Tax 13.3%
Medicare Tax 3.8%

Approximate Tax Due \$ 927,500

Approximate Tax Due with a Deferred Sales Trust™ \$ 0

HYPOTHETICAL SCENARIO



Business in Los Angeles

Mr. Taxpayer want to sell his prestigious car dealership he built over the past 25 years.

Sales proceeds after commissions and closing costs \$ 10,000,000

Seller's Original Basis: \$ 1,000,000

Business Loan Balance at time of sale: \$ 500,000

Taxable Gain: \$ 9,000,000
(net sales proceeds minus adjusted basis)

Federal Tax 20%
CA State Tax 13.3%
Medicare Tax 3.8%

Approximate Tax Due \$3,339,000

Approximate Tax Due with a Deferred Sales Trust™ \$ 0



Helping clients preserve their estate and protect their wealth

(866) 867-8633