



What to Know About Selling a Property

Do you have an investment property you're thinking of selling? Or are you thinking of downsizing soon?

It's important to understand the costs associated with selling a property. Specifically, how will this step impact your taxes?

If you're planning to sell soon or just wondering how it will work when you do, here are a few things to keep in mind.

Preparing to Sell

Whether you're selling your primary residence or an investment property, gearing up for sale has a price. Some properties may need maintenance and repairs before you list them. You also may need to invest in professional staging to attract buyers.

Capital Gains Taxes

Short-term and long-term capital gains taxes have the potential to come into play, depending on how long you have owned the investment property. If you are flipping the property, you will likely pay a short-term capital gains tax on the profit from the sale. Any short-term capital gains from your investment property sale are taxed as regular income.

If you own the property for more than a year, you can expect to incur long-term capital gains taxes; the rate will be determined by your tax bracket.

Depreciation Recapture

When you own an investment property, you have the option of claiming a depreciation deduction when you file your taxes each year. The IRS can recapture those deductions when you sell; the rate of this tax will vary and depends on several factors.

While the sale of your investment property does come with tax implications, you can take a few different paths to reduce or defer your taxes. For example, you can defer capital gains taxes by rolling the proceeds of the sale into a similar investment via a 1031 exchange.

Do you have questions or need assistance? Reach out today.

The highest Compliment you can give your ROI Financial Advisor is to refer them to someone special like yourself. We thank you for your business & most recent consideration.



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