



Q EXCHANGE
1031 SOLUTIONS



THE SALE OF HIGHLY APPRECIATED ASSETS

ADVANCED TAX-EFFICIENCY
& LEGACY STRATEGIES

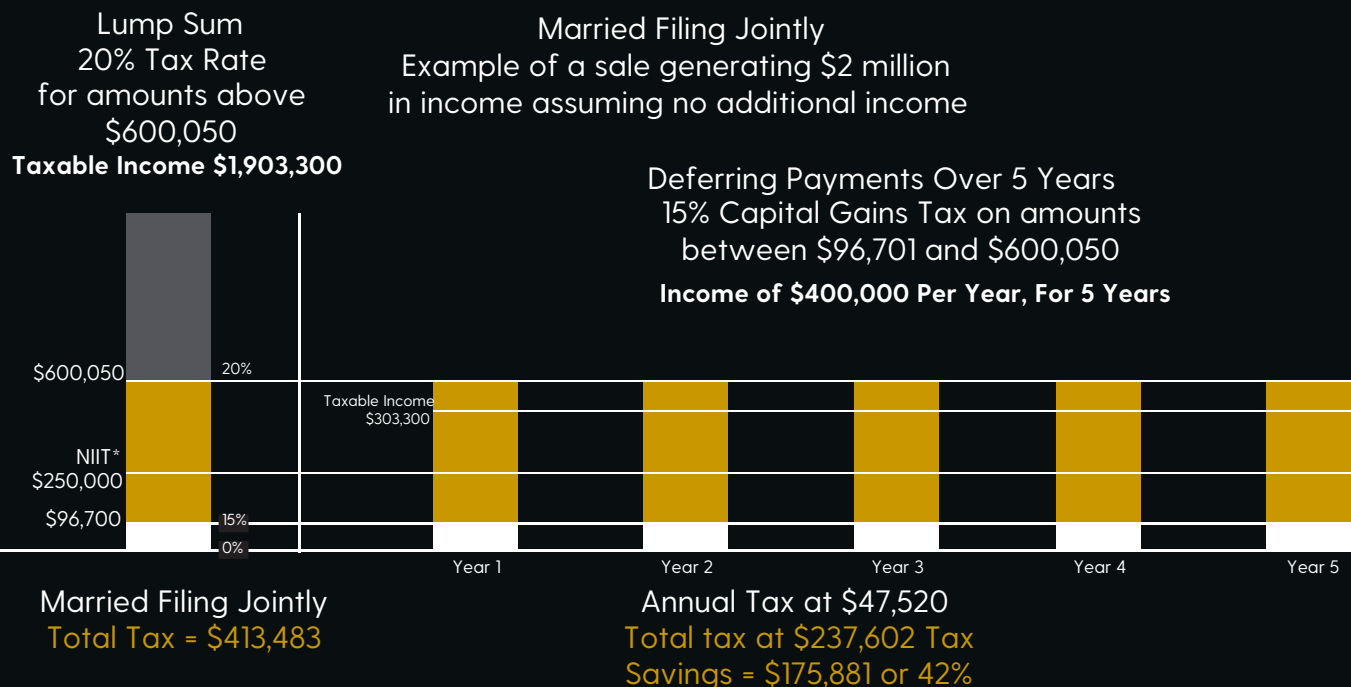




ADVANCED TAX-EFFICIENCY & LEGACY STRATEGY PLANNING FOR THE SALE OF HIGHLY APPRECIATED ASSETS

There are a variety of techniques to potentially reduce capital gains and help realize tax savings on the sale of highly appreciated assets. Some of the key strategies are covered in this document. Several of them are designed to spread the taxable income into future years in order to take advantage of lower capital gains tax rates, as illustrated below.

2025 CAPITAL GAINS TAX RATES



*Amounts over \$250,000 would also be subject to the additional 3.8% net investment income tax (NIIT). This is included in the total tax amount shown. The tax rate thresholds shown here apply to married couples. For singles, the 15% tax rate kicks in for amounts over \$48,350 and the 20% tax rate is for amounts over \$533,400. The NIIT threshold for singles is \$200,000.

This is a hypothetical example provided for illustrative purposes only; it does not represent a real-life scenario, and should not be construed as advice designed to meet the particular needs of an individual's situation.

Tax Foundation. October 22, 2024. "2025 Tax Brackets," <https://taxfoundation.org/data/all/federal/2025-tax-brackets/>. Accessed Jan. 9, 2025.

IRS. Sep. 13, 2024. "Questions and Answers on the Net Investment Income Tax." <https://www.irs.gov/newsroom/questions-and-answers-on-the-net-investment-income-tax>. Accessed Jan. 9, 2025.

Strategy #1: 537 Installment Sale Trust

For use with these asset types: business, real estate

The 537 Installment Sale Trust (IST) is a tax-deferral strategy based on IRC Section 453, allowing sellers to defer capital gains tax by receiving payments over time. It follows the installment method in IRS Publication 537 and adheres to Treasury Regulations to ensure compliance. This trust structure provides flexibility in managing proceeds while maintaining tax efficiency.

Strategy #2: Exchanges

For use with this asset type: real estate

This strategy allows sellers to defer capital gains resulting from a real estate sale by using the proceeds from the sale to purchase another like-kind property for personal, business or investment purposes.

- IRC 1031 Exchange
- IRC 721 Exchange
- DST - Delaware Statutory Trust

Strategy #3: Charitable Remainder Unitrust

For use with these asset types: securities, business, real estate

Using this strategy, tax-deferred sale proceeds are used to establish a trust that spreads taxable income to beneficiaries over a specified term, with the assets remaining at the end of the term paying out to qualified charitable organizations.

Strategy #4: Qualified Opportunity Zone Fund

For use with these asset types: securities, business, real estate Investing sale assets in economically distressed regions can result in preferential tax treatment.

Strategy #5: IRC Section 1202

For use with C corporations.

For founders of C corporations, up to \$10 million may be excluded for income taxation on the sale of qualified small-business stock held for more than five years.

Strategy #6: Employee Stock Ownership Plan (ESOP)

For use with this asset type: business

A tax-deferred way to sell a business to employees using a specific type of tax-qualified retirement plan that can use commercial banks to lend money for the purchase, if needed.

Strategy #7: Tax Deductible Accredited Investments in Oil, Green Energy and Real Estate

For use with these asset types: business, real estate, securities

These investments may allow up to 90% of the initial investment to be used as a deduction in the year of investment. If used in the year of the sale of another asset, this may offset or reduce the taxes due.

Important Questions to Consider When Selecting an Appropriate Strategy

Which is the ideal strategy for you? Here are some of the questions to consider as you and your financial professional identify the appropriate option:

1. What type of assets will be sold?
2. Are there any outstanding liabilities attached to the asset?
3. How much of the sale represents depreciation recapture, capital gains and cost basis?
4. How much capital is needed in year one, and how much could be deferred into future years?
5. What will be the ongoing annual adjusted gross income (AGI), excluding the income or assets, from this sale?
6. Is there a need to replace the income lost from the sale of the asset? If so, how much income needs to be replaced?
7. If the asset is a business, how is the entity taxed (e.g., C corp, S corp. etc.)?



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