

Original Purchase Price			\$300,000.00	
✓	Plus non-expensed improvements	+	\$50,000.00	
✓	Minus depreciation taken	-	\$30,000.00	
Equals Adjusted Basis		=	\$320,000.00	
Sales Price			\$500,000.00	
✓	Minus adjusted basis	-	\$320,000.00	
✓	Minus transaction costs	-	\$40,000.00	
Equals Total Gain from Sale		=	\$140,000.00	
✓	Multiply by state capital gain tax rate, if any (8% in this example)	=	\$11,200.00	(A)
Gain from Appreciation (Total Gain from Sales minus Depreciation)		=	\$110,000.00	
✓	Multiply by federal capital gain tax rate, if any (15% in this example)	=	\$16,500.00	(B)
Gain from Depreciation Recapture		=	\$30,000.00	
✓	Multiply by federal 25% tax rate	=	\$7,500.00	(C)
Total of Taxes (A) + (B) + (C) equals the Capital Gain Tax Exposure that is deferred through a § 1031 exchange.				
Total Capital Gain Tax Exposure Deferred = \$11,200.00 (A) + \$16,500.00 (B) + \$7,500.00 (C) = \$35,200.00				