3 Capital Gains Tax Deferral Strategies

1. 1031 Exchange

A 1031 exchange is a tax strategy that only applies to investment real estate. It allows investors to sell an investment property and reinvest the proceeds into another "like-kind" property tax-deferred. It allows real estate investors to grow their wealth by continually reinvesting in more valuable properties.

2. Opportunity Zone Investments

When you invest in an opportunity zone through a Qualified Opportunity Fund, your capital gains taxes are deferred until 2026. If you hold your investment for at least five years, your capital gains taxes will be reduced by 10%. If you hold your investment for 10 years or more, you don't have to pay any taxes on the gains from the QOF.

3. Installment Sales

A seller-financed installment sale is a way of deferring taxes by receiving your payments over time instead of in one lump sum. In a traditional installment sale, you might sell an appreciated asset such as a business or property, but instead of paying the full amount at once, the buyer makes regular payments over years.

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