



Ways DST Can Help Sell a Historic Property

1. The Unique Tax Situation of Historic Inherited Properties

When you inherit a property, the IRS typically allows a step-up in basis. This means you inherit the property without all the appreciation. The cost basis for the property reverts back to the fair market value it had when the previous owner passed away. If you've held the property for some time after inheriting it or invested in restorations, additional appreciation can occur.



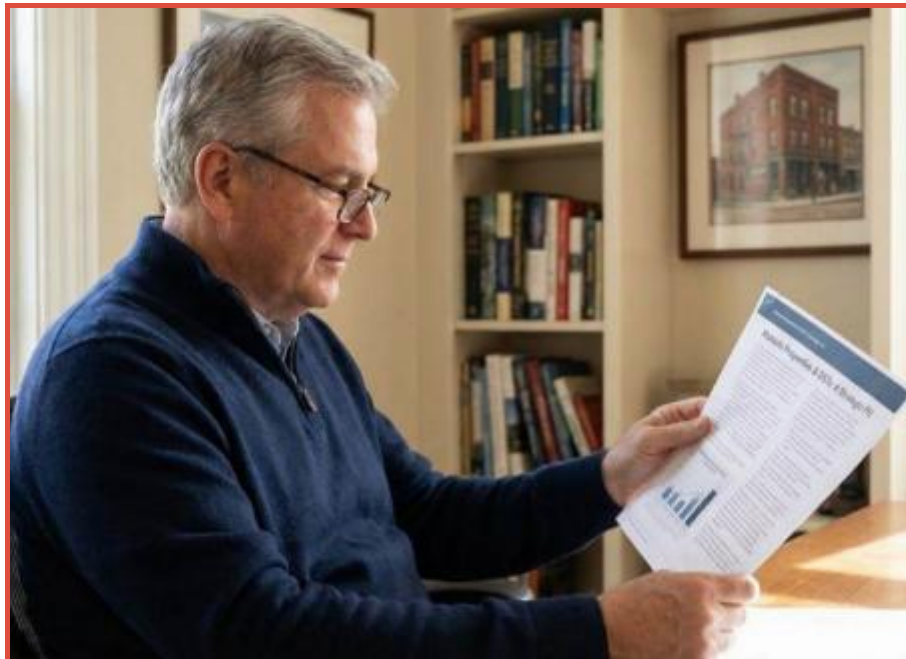
2. What Is a DST and Why Does It Work?

A DST is a legal tool that allows you to sell high-value assets, such as historic properties, without immediately triggering capital gains tax. Instead of paying taxes on the entire gain all at once, you pay over time as you receive principal from the trust. This structure creates powerful opportunities for reinvestment and preserving generational wealth.



3. Why Historic Properties Are a Perfect Fit for the DST

Selling historic real estate quickly at fair value can also be difficult due to restoration regulations and preservation rules. This is where a DST provides significant flexibility. It gives you the breathing room to exit this unique, high-value asset without rushing the sale out of concern for taxes.



4. Turning a Burden Into a Financial Asset

Imagine you inherit a Victorian mansion in a historic San Francisco district. While beautiful, it's also very outdated and requires city-approved contractors for any work. You hold onto it for a few years, during which time the value increases from \$2.5 million to \$3.2 million. By using a DST, you could defer that gain and the taxes on it and reinvest the full \$3.2 million through the trust.



5. Structuring a DST for Historic Real Estate

To use a DST effectively with historic real estate, you must set up the trust well in advance of any sale. If you wait until you line up a buyer or they sign the purchase agreement, the opportunity to defer taxes is past. Establishing the trust early allows you to coordinate all the moving parts and structure the sale in compliance with IRS tax codes.



6. Benefits Beyond Tax Deferral

While tax deferral is the primary appeal, DSTs also offer estate planning flexibility, asset protection, and portfolio diversification. For families inheriting multiple properties or passing down a generational portfolio, this strategy enables smoother, less emotionally fraught decisions about what to keep or sell, and how to maximize the legacy you've been given.



7. Honor the Past, Invest in Your Future

Inheriting a historic property places you at the crossroads of legacy and financial responsibility. A DST can offer the tax-smart path to do just that. By deferring the capital gains on your sale, you retain the full value of your inheritance and position yourself to reinvest in ways that honor your family's vision.



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