

Tax *Strategies* for Investors



Every investor's tax situation is unique. Tangible Wealth Solutions works alongside your CPA, tax advisor, and estate attorney to explore strategies that may help reduce current tax exposure, whether from a business sale, a real estate transaction, or high earned income. The right combination of tools depends on your goals, your income profile, and the nature of the gain or income you are trying to offset. All investments involve risk including potential loss of principal.

Who This Is For

- Capital gains offset: business sale, real estate sale, or asset sale.
- Earned income offset strategies for W-2, K-1, and 1099 income.
- Investors seeking to potentially reduce Adjusted Gross Income.
- Roth Conversion planning and execution strategies.

Potential Tools & Strategies

- **Leveraged Bonus Depreciation**
 Programs that pair investor capital with leverage to accelerate depreciation deductions, potentially offsetting a meaningful portion of active or passive income in the year of investment.
- **1031 Exchange into a DST**
 A successful 1031 exchange into a Delaware Statutory Trust replacement property may defer capital gains taxes and depreciation recapture taxes from the sale of investment real estate.
- **Tax Equity with Charitable Donation**
 Strategies that combine tax-advantaged investment positions with charitable contribution mechanics, potentially reducing Adjusted Gross Income while supporting a donor's giving goals.
- **Oil & Gas Working Interests (IDCs)**
 Working interest investors may deduct Intangible Drilling Costs, which often represent 60–80% of total well costs, in the year they are incurred, subject to individual tax circumstances.
- **Opportunity Zone Funds**
 Qualified Opportunity Zone funds may allow deferral of capital gains from a prior asset sale, a potential step-up in basis on deferred gain, and potential exclusion of appreciation on the QOZ investment when long-term holding requirements are met. Speculative, illiquid, long-term.

Key Takeaways

There is no single tax strategy that fits every investor. The right approach depends on whether you are offsetting capital gains, earned income, or looking to reduce Adjusted Gross Income, and on your long-term financial goals.

Several of these strategies work in combination, for example pairing a 1031 exchange into a DST with Opportunity Zone deferral on non-real-estate gains, or layering IDC deductions against high earned income in the same tax year.

Tax strategies involve complex planning and depend on individual circumstances. There is no guarantee of tax savings, and tax laws may change. Always consult your tax advisor and legal counsel before implementing any strategy.

Disclosures

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REAL ESTATE INVESTMENTS RISK DISCLOSURE

- There is no guarantee that any strategy will be successful or achieve investment objectives including, among other things, profits, distributions, tax benefits, or exit strategy.
- Potential for property value loss: All real estate investments have the potential to lose value during the life of the investments.
- Potential for foreclosure: All financed real estate investments have the potential for foreclosure.
- Reduction or elimination of monthly cash flow distributions: Like any investment in real estate, if a property unexpectedly loses tenants or sustains substantial damage, there is potential for suspension of cash flow distributions.
- Illiquidity: Real estate investments are commonly offered through private placement offerings and are illiquid securities. There is no secondary market for these investments.
- Impact of fees/expenses: Costs associated with the transaction may impact investors' returns and may outweigh the tax benefits.

1031 EXCHANGE RISK DISCLOSURE

- Tax deferral is not guaranteed. Improper exchange structure, missed identification or closing deadlines, or early receipt of cash proceeds can disqualify the exchange and trigger immediate tax liability.
- Change of tax status: The income stream and depreciation schedule for any investment property may affect the property owner's income bracket and/or tax status. An unfavorable tax ruling may cancel deferral of capital gains and result in immediate tax liabilities.
- Stated tax benefits: Any stated tax benefits are not guaranteed and are subject to changes in the tax code. Speak to your tax professional prior to investing.
- DST replacement properties are illiquid, long-term investments and investors have no control over day-to-day operations or disposition decisions of the underlying property.
- Potential for property value loss, foreclosure, and distribution suspension applies to all real estate-based 1031 replacement investments.

OIL & GAS RISK DISCLOSURE

- Political Risk: Federal or local governments could enact regulations or legislation that could adversely affect the oil and gas industry, thereby negatively affecting your investment.
- Geological Risk: Oil and gas production can be negatively affected by the difficulty of extraction and the possibility that the accessible reserves in any deposit will be smaller than estimated. There is no guarantee that any drilling operation will be successful.
- Supply, Demand, and Price Risk: A reduction in oil and gas prices, a decrease in demand, or a surplus of available supply can reduce or even eliminate investment returns.
- Cost Risk: Unexpected or increased operating expenses, and potential capital calls on working interests, can reduce or even eliminate investment returns.
- Dividend/Distribution Cuts: Any distribution payments can be reduced or eliminated if the program is unable to earn enough revenue to fund payments to investors.
- Environmental and Operational Risk: Oil spills, equipment failures, or other operational incidents can result in cleanup costs, fines, and litigation that reduce or eliminate investment returns.
- IDC deduction eligibility and treatment depend on individual tax circumstances and are not guaranteed.

OPPORTUNITY ZONE FUNDS RISK DISCLOSURE

- Qualified Opportunity Zone Funds are speculative, illiquid, and long-term investments. Investors must be prepared to hold their investment for 10 years or longer to realize full potential tax benefits.
- There is no guarantee of investment return, appreciation, or that any designated Opportunity Zone will experience economic development or revitalization.
- Tax benefits of Opportunity Zone investments, including deferral of prior capital gains and potential exclusion of appreciation on the QOZ investment, depend on strict compliance with Internal Revenue Code Section 1400Z-2 and related Treasury regulations. Failure to meet these requirements may result in loss of tax benefits.
- Opportunity Zone legislation and related Treasury guidance are subject to change, which could reduce or eliminate the tax benefits described.
- QOZ Funds typically invest in early-stage or development-stage real estate or operating businesses, which carry higher risk than stabilized investments.
- There is no secondary market for QOZ Fund interests, and early withdrawal may trigger immediate taxation of deferred gains and loss of other tax benefits.

TAX STRATEGY RISK DISCLOSURE

- Tax strategies involve complex planning and depend on individual circumstances. There is no guarantee of tax savings, and individual results will vary based on income, filing status, and applicable law.
- Changes in tax law: Federal and state tax rules may change at any time and may reduce or eliminate the benefits described herein. Stated tax benefits are not guaranteed.
- Bonus depreciation and leveraged depreciation programs carry investment risk, leverage risk, and potential recapture of prior deductions upon disposition.
- Impact of fees and expenses: Costs associated with an investment may impact investor returns and may outweigh the tax benefits.
- Consult your tax advisor, CPA, and legal counsel before implementing any strategy. Tangible Wealth Solutions does not provide tax or legal advice.