How Do Capital Gains Work When You Have a 5-component Trust?

The proprietary Trust that is licensed by PTG is a Non-Grantor, Irrevocable, Discretionary, Complex, Spendthrift Trust (or "Beneficial Trust" for short). Each of these five components is essential in providing the Asset Protection and Tax Mitigation afforded by this type of Trust.

(To better understand what each element of this specialized Trust does, please ask for this information)

Quite often, our clients are real estate investors. One of their largest tax burdens are often Capital Gains Taxes. Therefore, many of these real estate investors inquire about whether they will still owe capital gains taxes (either short term or long term) if they invest in a Beneficial Trust.

The Beneficial Trust of written to comply with. Internal Revenue TITLE 26, Subtitle A, CHAPTER 1, Subchapter J, PART 1, Subpart A, Section 643.

If you read Section 643(a)(3), it states:

"(3) Capital gains and losses. Gains from the sale or exchange of capital assets shall be excluded to the extent that such gains are allocated to corpus and are not (A) paid, credited, or required to be distributed to any beneficiary during the taxable year."

Because the Beneficial Trust is a Non-Grantor, Irrevocable, **Discretionary**, Complex, Spendthrift Trust, the Trustee has the discretion to declare that gains from the sale of real estate shall be allocated to the Corpus of the Trust. As such, the gains are excluded from "income", based on Internal Revenue TITLE 26, Subtitle A, CHAPTER 1, Sub-chapter J, PART 1, Subpart A, Sec 643 (a)(3).

Likewise, section 643 (a)(3) cited and quoted above, provides that the gains on the sale of real estate shall not be considered "capital gains" if the gains are allocated to the Corpus of the Trust and therefore, no capital gains taxes shall be due for that tax year.

For real estate investors, the ability to treat gains on the sale of real estate as Extraordinary Dividends and therefore not have any short or long term capital gains taxes due in that tax year, gives the real estate investor the ability to invest in more properties, and therefore obtain more profits annually.

As discussed in the article mentioned above, taxes due on income from passive sources (such as real estate investing) are deferred in perpetuity as well. This gives the real estate investor even more capital to use in investing in new properties annually.

This is why most real estate investors will experience a return on their investment in a Beneficial Trust in well under a year!

For more information on how the Platinum Group's Proprietary Asset Protection and Tax Mitigation Trust can help you reduce your tax liability, prevent lawsuits, and leave a legacy of your own, schedule a Complementary Consultation at go.oncehub.com/nogainstax.

Sincerely,

Ginamarie Gaudio-Grace,

(*Signed Electronically)*

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