What Tax is Due Upon a Sale of Real Estate?

There are generally four taxes that may become due upon selling real estate:

1. Capital gains tax
    - Short term (property held less than one year) is at the taxpayer's ordinary income tax rate
    - Long Term (property held more than one year) is at 0%, 15% or 20% based on income brackets that are similar (but not matching exactly) to ordinary income brackets

2. Depreciation "Recapture" (technically unrecaptured)
    - 25% on improvements

3. Net Investment Income Tax (Affordable Care Act Medicare surtax)
    - 3.8% on net investment income over threshold of $200K for singles / $250K for married

4. State Tax
    - State level tax on capital gains

*Increased taxable income can cause phase out of certain deduction and exclusions
*C-Corp. taxpayers pay tax on gain at their corporate tax rate usually 21%

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