

Capital Gains Tax on Real Estate: What To Know Before Buying or Selling A Home

Buying or selling a home is an exciting time, but there's more to homeownership than just finding the perfect house and settling in. One aspect that often catches homeowners off guard is the capital gains tax for real estate. In this blog, we will explain everything you should know including what it is, how it works, and how much it can be. It is important to make sure you understand capital gains tax on real estate before moving forward with a purchase or sale.

What is Capital Gains Tax for Real Estate?

When you sell a property that has appreciated in value, you may be subject to a capital gains tax. This tax is imposed on the profit made from the sale of the property, which is the difference between the purchase price and the selling price. Capital gains tax applies to investment properties, vacation homes, rental properties, and even inherited real estate, but not to your primary residence.

Capital gains tax for real estate is calculated by subtracting your adjusted cost basis from the selling price of the property. The adjusted cost basis includes the original purchase price, plus any improvements made to the property, such as renovations or additions. The resulting amount is considered the capital gain.

How Much is the Capital Gains Tax for Real Estate?

The capital gains tax rate for real estate can range from 0% to 20%, depending on your income level and the length of time you owned the property. Generally, higher-income individuals may face a higher tax rate. It's important to consult with a tax professional or real estate attorney to understand the specific tax implications based on

your circumstances.

Essential Considerations for Homeowners

1. 1031 Exchange

One strategy to defer capital gains tax is through a [1031 exchange](#), which allows you to reinvest the proceeds from the sale of one property into the purchase of another “like-kind” property within a specified timeframe.

2. Exemptions and Deductions

Homeowners who meet certain criteria may be eligible for exemptions or deductions, such as the primary residence exclusion, which can help reduce or eliminate the capital gains tax liability.

3. Seek Professional Advice

Given the complexities of the tax code and the ever-changing regulations, it’s crucial to consult with a real estate attorney or tax professional who specializes in real estate to ensure compliance and explore strategies to minimize tax burdens.

Understanding capital gains tax for real estate is essential for homeowners looking to buy or sell their properties. By grasping the concepts of how it works, the potential tax rates, and available exemptions, you can make informed decisions and maximize your financial outcomes.

The experienced legal team at [DaMore Law](#) can help you navigate the intricacies of real estate law and tax implications. Your peace of mind is our top priority as we guide you through the complexities of real estate transactions. [Contact us to set up an appointment.](#)

The Difference Between a Revocable and an Irrevocable Trust

You've worked hard your whole life, accumulating assets and wealth. Naturally, you want to ensure that your loved ones are well taken care of in the future. This is where trusts come into play in the process of estate planning. In this blog post, we will discuss the distinctions between revocable and irrevocable trusts, helping you make a decision about which one aligns with your specific needs and goals.

Revocable Trusts

A revocable trust, also known as a living trust, is a flexible estate planning tool that allows you to retain control over your assets during your lifetime. You can amend or revoke the trust at any time, making it adaptable to changing circumstances. It offers benefits such as avoiding probate, maintaining privacy, and ensuring continuity in the event that you become incapacitated.

Irrevocable Trusts

Irrevocable trusts cannot be modified or terminated without the consent of the [beneficiaries](#). Once assets are transferred into an irrevocable trust, they are no longer considered part of your estate. While this relinquishes control, it provides advantages such as asset protection, tax planning opportunities, and shielding assets from creditors.

Choosing the Right Trust for You

To determine the best trust for your needs, consider factors such as your goals, estate size, asset protection needs, family situation, and tax planning objectives. Take into consideration the following aspects of revocable vs. irrevocable trusts.

- **Control:** Revocable trusts allow you to retain control over your assets, while irrevocable trusts involve relinquishing control in favor of added benefits like asset protection and tax planning.
- **Asset Protection:** If asset protection is a priority, an irrevocable trust can shield your assets from potential creditors and legal claims. However, a revocable trust offers no asset protection benefits.
- **Tax Implications:** Both types of trusts offer potential tax advantages, but the specific implications vary. Consult with a qualified attorney or tax professional to understand how each type may impact your tax planning goals.
- **Privacy:** Revocable trusts offer the advantage of maintaining privacy as they bypass the public probate process. Irrevocable trusts can also offer privacy, but it depends on the specific circumstances and state laws.

Understanding the differences between revocable and irrevocable trusts is crucial for creating an estate plan that aligns with your unique circumstances. Consulting with an experienced estate planning attorney will provide invaluable guidance in making this decision.

To explore your options further and receive personalized legal advice, contact [DaMore Law](#). Our dedicated team is ready to assist you in making the right choices to protect your assets and provide for your loved ones.

How to Amend Corporate Bylaws in 4 Simple Steps

One of the most important aspects of forming a corporation is creating corporate bylaws. As companies grow and change, the corporate bylaws will evolve. Changing bylaws isn't complicated, but here are some general guidelines to follow when making amendments. We'll cover how to amend corporate bylaws in 4 simple steps.

Corporate Bylaws and Articles of Incorporation

Articles of Incorporation are the official formation documents you must file with the state to start a new business. Once those are filed, you can write the corporate bylaws, which are a set of internal rules that outline how to run day-to-day operations and the rights and responsibilities of the owners and managers. Most states require bylaws, but even if your state does not, it is good business practice to have them so that you have structures and procedures to follow.

Some of the items commonly covered in corporate bylaws include:

- The company's purpose
- Basic details such as location of the headquarters
- The procedure for amending corporate bylaws and articles of incorporation
- The names of the officers and directors of the corporation, as well as the number of board members
- How officers and directors are selected and removed
- Record keeping and meeting procedures
- Procedure for resolving internal disputes
- How your corporation issues stock, as well as the classes of stock and number of each class
- The responsibilities of each officer

Once the corporate bylaws are written, the board will hold a vote to approve them and they become official.

4 Steps to Amending Corporate Bylaws

Changing bylaws isn't complicated, but here are some guidelines to follow when making amendments.

Step 1: Call a Meeting

Most bylaws with amendment procedures require calling a meeting of

the board of directors and holding a vote on the amendment.

Step 2: Distribute the Proposed Amendments

Distribute a copy of the proposal to all board members so they can take time to review before a vote is made. Familiarize yourself with the current requirements for amendments as stated in your current bylaws, including what voting majority is needed for the proposed amendments to be passed.

Step 3: Call a Second Meeting

During the second meeting, a vote will be held to approve or disapprove the amendments. The bylaws should state how many votes are needed, but a majority is generally the rule. If the vote is in favor of the amendments, you must provide a written resolution detailing the changes. This resolution should be prepared prior to the second meeting so that it can be given to all board members at the end of the meeting.

Step 4: Amend the Bylaws

If the amendment passes, you must then change the bylaws to reflect the new information and, if required by your state, file the amended bylaws with the appropriate state agency.

Your corporation's bylaws are a map for how your corporation does business. It's important to make sure that they are written clearly and updated as needed to ensure operations run smoothly.

Protect your assets and your reputation with a reliable legal team behind you. Contact DaMore Law to schedule a consultation with a dedicated business law expert.

All About Business Law: A Guide for Business Owners

Entrepreneurs wear many hats, learning a little bit of everything when starting and operating a business. It's important to know about business law to ensure your business is abiding by the laws of the government. This helps you avoid costly lawsuits and legal battles that could affect your reputation. Here's a basic overview of what you should know about business law.

What is Business Law?

Business law refers to the laws that govern the dealings between people and [commercial businesses](#). As a legal code, it protects liberties and rights, maintains orders, resolves disputes, and establishes standards for business' interactions with the government and individuals.

Every state has its own set of regulations and laws for business organizations. It is the responsibility of owners to know about business law and understand the existing rules and regulations applicable to them.

There are two separate areas to be aware of when learning about business law. The first is regulation of commercial entities through laws of partnership, company, bankruptcy, and agency. The second is regulation of the commercial transactions through the laws of contract.

The Importance of Business Law

Business law regulates business practices and helps prevent lawsuits and other damages to a company. Here are areas of the areas it covers:

Compensation Issues – Business law handles compensation issues, including salary management, nonpayment or underpayment for overtime work, denial of benefits, or rejection of employee requests for time off from work for medical issues.

Safeguard the Rights of Shareholders – An important aspect about business law is that it plays a vital role in protecting the rights of a company's shareholders. A business law attorney will handle any conflicts related to minority shareholders, constitutional documents, resolution by arbitration, and more.

Business Formation – Establishing business includes a lot of legal processes, leasing, and permits. A business law attorney is well-versed with all the relevant regulations, and can help owners successfully operate their business from the start.

Business law also contains guidelines relating to:

- Taxation
- Competition and antitrust
- Employee rights, wage laws, and workplace safety
- Business ethics, substantive law, procedural law, and court system structure
- Environmental regulations
- The establishment or sale of an organization
- Contracts, transactions, and agreement violations
- Business partnerships, entities, sole proprietorships, liability companies, and corporations
- Rules regarding physical property
- Technology regulations

DaMore Law: Experienced Business Attorneys

Our experienced business attorneys provide legal advice that covers every aspect of a company. Whether you're starting or selling a business, or anything in between, we can make sure everything is

above board. [Contact us to schedule an appointment.](#)

Capital Gains Tax Rate Explained

Have you ever wondered what happens to your investment profits? Profits you make from selling most assets are known as capital gains, and they are taxed at different rates depending on how long you have held the asset. This blog will help you better understand the rules and how to calculate capital gains tax rate for 2022 and 2023.

What is the capital gains tax?

A capital gains tax is a tax that investors pay on the profit from the sale of an asset. How the capital gain is taxed depends on filing status, taxable income, and how long the asset was owned. This type of tax applies to capital assets, which can include investments such as stocks, bonds, cryptocurrency, real estate, cars, boats and other tangible items.

How does the capital gains tax rate work?

When stock shares or other taxable investments are sold, the capital gains are referred to as being “realized.” The capital gains tax rate does not apply to unsold investments or “unrealized capital gains.” For example, stock shares will not incur taxes until they are sold, no matter how long the shares are held or how much they increase in value.

The time between the purchase of the asset and its sale, also called the holding period, will determine how the profit is classified for tax purposes. Profits made on assets held for a year or less before sale are considered short-term capital gains, while profits made on assets held for longer than a year are long-term capital gains.

What is the capital gains tax rate for 2023?

The current long-term capital gains tax rates for the 2022 and 2023 tax years are 0%, 15%, or 20% of the profit, depending on the income of the filer. The income brackets are adjusted annually.

Most taxpayers pay a higher rate on their income than on any long-term capital gains they may have realized. That provides a financial incentive to hold investments for at least a year, after which the tax on the profit will be lower.

You can use this tool to estimate your after-tax investment gains: [2022 Capital Gains Calculator](#).

To recap, the capital gains tax rate ranges from 0% to 20% for long-term gains and 10% to 37% for short-term gains. Capital gains taxes only apply after you sell an investment or asset, and those assets held for more than a year are considered long-term.

Experts in Capital Gains Tax at Your Assistance

If you're wondering about the tax rates for an investment or piece of property, [DaMore Law](#) can help. Our team of experts are prepared to answer your questions and guide you through the process. Visit our website for more information on all the ways DaMore Law can assist you.

Understanding the Basics of a Purchase and Sale Agreement

There's a lot of paperwork involved when it comes to buying a home. Understanding what you're filling out and signing is especially important because of the magnitude of the purchase. The purchase and

sale agreement is a main document you'll come across in the home buying process. In this blog, we'll cover what the purchase and sale agreement is and everything you need to know to move forward confidently.

What Is A Purchase And Sale Agreement?

A purchase and sale agreement, or [PSA](#), is a document that will be produced and signed after the buyer and seller agree on the price and terms of their real estate transaction. Typically a real estate agent or attorney will be the one to prepare a purchase and sale agreement.

The document addresses a variety of terms including the agreed-upon purchase price, personal items to remain on the property, closing conditions, earnest money, and other financial contingencies

What Is Included In A Purchase And Sale Agreement?

Here are some items you will typically find in a purchase and sale agreement.

1) Purchase Price

The document will establish the sale price that the buyer and seller have agreed on. However, this can be changed or negotiated later on.

2) Earnest Money Details

Earnest money, also known as the good faith deposit, is what the buyer puts down to solidify the sincerity of the PSA. The agreement outlines how much the deposit will be, information about due diligence, a deadline, and any contingencies.

3) Closing Date

The purchase and sale agreement states the planned closing date, which sets the sale process in motion. A home inspection, a title search, an appraisal, and mortgage underwriting all things need to occur before the closing date.

4) Title Insurance and Escrow Company Details

The document contains information on the title and escrow company that you're using, including the address of the company and the names of the agents involved.

5) Title Condition

The PSA contains the information on how the property title is transferred, including who pays for the title policy, how the title is insured, and how the title is conveyed.

6) Contingencies

Contingencies are the reasons a buyer or sellers can legally back out of the transaction without losing money.

7) Addendum

Addendums are additional documents added onto the standard PSA. They contain requests from the buyer to the seller to help keep the sale on track.

Are Purchase And Sale Agreements Legally Binding?

PSAs are legally binding contracts. If either the buyer or the seller does not uphold the terms of the agreement, the other party has the right to take legal action. It's important to note that signing a PSA does not indicate the finalization of a home sale.

DaMore Real Estate Law Services

Buying or selling a home is a significant undertaking. Our team ensures that everything moves as smoothly as possible, from checking the title is free and clear to the exchange of keys on closing day. [Request a consultation](#) and one of our skilled attorneys will be happy to discuss your real estate closing.

Business Law: A Quick Comprehensive Guide

When you're running a business, it's important to be aware of the laws that apply to your industry. Business law is a complex and ever-changing field, so it can be difficult to stay up-to-date on all the latest regulations. In this blog post, we will provide a quick and comprehensive overview of business law in the United States. We'll discuss the different types of business entities, common legal issues faced by businesses, and how to find qualified legal representation.

Types of Business Entities

Businesses in the United States are governed by various laws, including federal, state, and local regulations. The most common type of business entity is the sole proprietorship, which is owned and operated by one person. Partnerships, limited liability companies ([LLCs](#)), and corporations are also popular business entities in the US. Each type of business entity has its own set of rules and regulations.

Legal Issues Faced by Businesses

There are many common legal issues faced by businesses, such as contracts, employment law, intellectual property, and business taxes. It's important to have a qualified lawyer on your side who can help you navigate the complex legal landscape.

DaMore Law

If you're looking for qualified legal representation, [DaMore Law](#) can help! DaMore Law's team of skilled lawyers has plenty of experience in protecting the rights and interests of businesses. They're able to offer expert advice on structuring your business optimally and help with any issues that may come up during its formation or termination.

– be it amending agreements or terminating them altogether if necessary.

The Importance of Contracts

It is imperative to have a contract for every business relationship. Every time you form an agreement with your customers, vendors, or other businesses it will be judged based on the initial document that was agreed upon between all parties involved in order to avoid any future problems down the line due to missing clauses and outdated laws which can lead them into legal issues later when conflicts arise over these agreements so at DaMore Law we know what specific words need added/removed from boilerplate templates because there is no one-size-fits-all solution however each term should adhering closely depending if it is meant as protection against unforeseen circumstances.

How To Pick The Right Business Law Attorney

Business Law Attorney

Every business needs an expert attorney to navigate complicated laws. Their guidance will help your business with everything from handling taxes to signing leases so you can make the right decisions. There are a few things to look for when choosing your attorney. Here is how to pick the right business law attorney.

Experience

When trying to find a business law attorney, remember to treat it like a job interview. You are the one hiring them for the job, so make sure to come prepared with important questions to gauge the quality of their service.

The first thing is to determine how much experience they have. How long have they practiced business law? Have they handled situations similar to your own? Always be sure to pick a business law attorney that is equipped with the proper experience to meet your needs.

Communication

Next, ask them questions regarding communication. Are they available when you need them? How often can you expect updates on their end? The right business law attorney will be willing to accommodate your needs with open and clear communication whenever it is needed.

Fees

Understanding [attorney fees](#) is crucial before hiring a business attorney. Ask them what their fees are and what they include. The last thing you want is to find unexpected costs that you weren't aware of initially. A trustworthy business attorney will be ready to answer these questions immediately.

Red Flags

Thoroughly questioning potential business law attorneys on these issues will alert you of any red flags before hiring them. If their answers are not satisfactory, consider it a warning sign that you should look elsewhere. Your business needs professional experience to handle complicated legal issues, so it is important not to settle for the first attorney you speak with.

Family, Business & Real Estate Law

DaMore Law is here to help you, your family, and all aspects of the community. Whether it's Real Estate, Business or Family Law, we have experts ready to handle the hard work to make life easier for you. [Contact us today to learn more.](#)

Understanding Bylaws Of A Corporation

Bylaws

The bylaws of a corporation determine the regulations and rules that affect how a corporation functions. This legal document is made so that a corporation runs the way it is intended and to its full potential. Moreover, these can differ from state to state. Typically, the bylaws of a corporation are drawn up when the corporation is created. However, these legal documents are not public files. With that said, here is your guide to understanding the bylaws of a corporation and what they include.

Identification

First off, the [bylaws](#) include basic identifying information about the corporation. This includes the name, where their office is located, and where they primarily operate their business. Moreover, it also includes their fiscal year and determines whether the company is a public or private corporation.

Statement of Purpose

Next, corporate bylaws include their statement of purpose. Essentially, this gets right to the core of the corporation. Why was it founded? Who are their customers, and how do they meet their needs? Stating their purpose is valuable for future business partners, managers, and investors to determine if they are the right fit.

Board Of Directors & Officers

The next section must include information regarding their board of directors and officers. The board of directors oversees and governs the activities of the organization. This section states the number of directors, their qualifications, their duties, how long their terms

are, and how they handle vacancies. Officers facilitate the day-to-day functions of the corporation. This section states the chief executive officer (CEO), chief operations officer (COO), and chief financial officer (CFO).

Shareholder Information

The bylaws of a corporation also state when shareholder meetings are held, what their requirements are, and how the meetings themselves function.

Protection Against Threats

When a corporation is faced with threats such as hostile takeovers, they need a plan of protection. The bylaws of a corporation state its strategies and defenses when such threats occur.

Conflict Of Interest

If conflicts of interest occur within the company, the corporation needs to address how these conflicts are settled. The bylaws of a corporation state these regulations.

Amendments

Finally, a corporation and its bylaws may change over time. When amendments are needed, there needs to be regulation on how it's handled. The bylaws of a corporation determine how amendments are handled as well.

Over 25 Years Of Experience

We're here to help you, your family and all aspects of the community. Whether it's Real Estate, Business or Family Law, we have experts ready to handle the hard work to make life easier for you. [Contact us today to learn more.](#)

What You Need To Know About Business Law As A Business Owner

Business Law

When you own your own business, it is crucial to have a firm understanding of business law. Without that knowledge, you are at risk to make avoidable, costly mistakes. However, knowing a few key items will go a long way in benefitting your business. With that said, here is a quick guide on what you need to know about business law as a business owner.

The Definition

First off, it's important to know what business law refers to. Primarily, business law is centered around five areas. These areas are Contract Law, Labor Law, Accounting Law, Environmental Law, and Tax Law. Essentially, business law covers the legal codes and regulations of these main areas. These laws often differ from state to state. In the end, it is wise to learn these ahead of time.

Startup Laws

When a business is in its earliest stage of operating, it is called a "startup." Most often, this is defined by having a certain number of employees. However, a startup cannot progress without a solid business plan and the funding that comes with it. Essentially, you need to form a business plan that will attract investors, giving you the proper funding to get started.

Business Taxes

A business will be taxed differently than an individual citizen. In a nutshell, you must keep track of all your expenses as a business.

This means that anything that is required for your business to operate can be written off on your taxes. Moreover, there may be tax credits and other deductions that can apply to your business. However, this greatly depends on the type of industry your business operates under. Learning business law for your taxes will be immensely valuable to you in the long run. We also recommend hiring a business tax professional to assist with this process.

Over 25 Years Of Experience

[DaMore Law](#) is here to help you, your family and all aspects of the community. Our team consists of skilled lawyers who have plenty of experience in protecting the rights and interests of businesses. Whether it's Real Estate, Business or Family Law, we have experts ready to handle the hard work to make life easier for you. [Contact us today to learn more.](#)