

Attention Real Estate Investors! Real Estate Tax Tips and Traps Seminar

“What’s the matter, Bill? You look like you’re in shock!”

“Hi, Sharon. I got involved in real estate investment last year and just met with a tax advisor. I had no idea my tax situation would become so complicated.”

“What happened?”

“I learned some things about investing in real estate and decided to go for it. It seemed a lot less risky and to have better income potential than investing in the stock market. Right? The real estate prices in Silicon Valley are so high, I decided to buy and sell properties in Arizona and Colorado. I decided to ‘quick flip’ properties, holding them for less than three months. I set up some of the transactions as tax-deferred exchanges. I even invested in some rental property in an IRA.”

“How did you do?”

“The good news is, I made some pretty good profits. I even had net income from the rental property in the IRA. The bad news is, I invested most of the proceeds in more real estate, so I don’t have much cash. Now my tax advisor tells me I have to pay income taxes and self-employment tax on my profits. The tax-deferred exchanges didn’t qualify! I have to file income tax returns in three states. Even the IRA has to pay income taxes on part of the rental income for ‘unrelated business taxable income’, whatever that is! So I have big tax bills without having the cash to pay the taxes, plus a big tax return preparation bill to boot!”

“I wish I got some tax advice *before* buying and selling the properties. I sure would have done things differently.”

In this lunchtime seminar, Michael Gray, CPA will discuss real estate tax tips and traps. Having this information should help you avoid unpleasant surprises from your real estate transactions.

Here are some of the items to be discussed:

- Family limited partnerships and limited liability companies
- Multiple state tax issues, including working with out of state “joint venturers”.
- Tax problems of “quick turn” or “quick flip” real estate transactions – tax deferred exchanges and self-employment tax. Potential eligibility for a retirement plan.
- How a “tax deferred exchange” can result in taxable income.
- Passive activity loss limitations
- Should rehabilitation costs be capitalized or currently deducted?
- California income tax withholding for real estate sales
- Unrelated business income tax for real estate investments in IRAs and Roths

At the conclusion of the seminar, participants will have an opportunity to ask questions.

Michael Gray has worked continuously in public accounting since 1974. A significant part of his practice is helping clients plan real estate transactions and report them on their income tax returns. Michael is also licensed as a real estate broker in California.

Here are the details:

Date: Friday, January 27, 2006

Time: noon to 1:30 p.m.

Place: Hobeas Restaurant at The Pruneyard in Campbell. (1875 S. Bascom Ave., next to the Camera Theaters in the back of the shopping center.) 408-369-0575

Investment: \$50 per person. (Visa, Mastercard, American Express or Discover cards accepted. Make any payments to "Michael Gray, CPA.")

Guarantee: You must agree this is a valuable seminar experience or we will immediately issue a check for a 100% refund.

Please take action on this notice now. Seating is limited to 35. FAX the registration form to us at 408-998-2766 today or call Dawn Gray at 408-918-3166 on Monday, Wednesday or Friday to make your reservation.

I'm looking forward to seeing you at the seminar!



Michael C. Gray

P.S. Don't be blindsided by the IRS! There is a lot of misinformation floating around about the tax consequences of real estate transactions. This is your opportunity to get valuable information to be aware of the consequences of your actions. Isn't this the most important meeting you have to attend? Send in your registration form for the Real Estate Tax Tips and Traps Seminar today, or call Dawn Gray at 408-918-3166 to register!

Registration Form

Yes! Sign me up to participate in your luncheon "Real Estate Tax Tips and Traps Seminar". I want to avoid being blindsided by the IRS on the consequences of real estate transactions.

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Name _____

Name(s) of other person(s) attending _____

Company Name _____

Address _____

City _____ State _____ Zip _____

Home Phone _____ Business Phone _____

FAX _____ Email _____

_____ Payment is enclosed (mail orders only)

_____ Charge my Mastercard _____ Visa _____ American Express _____

Discover _____

Credit card number _____

Expiration _____ Card billing address zip code _____

Name on card _____

Signature _____

FAX to 408-998-2766

Call Dawn Gray at 408-918-3166 on Monday, Wednesday or Friday

or mail to Michael Gray, CPA

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