

Landlording (Buy and Hold)

M: What is depreciation recapture?

A situation in which the owner is required to pay tax at normal rates of income to the extent of the excess accelerated depreciation. This occurs when a party sells real property at a gain and claimed accelerated depreciation while owning it. This is common when owning rentals in an appreciating market and then selling them.

Unique solution ID: #1742

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Last update: 2016-05-24 00:24