

Gas Station and Convenience Store Official Newsletter

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**Selling Your Gas
Station/C-Store:**

**A Quick Guide to the
Most Important
Financial Considerations**

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SELLING YOUR GAS STATION/C-STORE

A Quick Guide to the Most Important Financial Considerations

Selling your business is obviously a hugely important life decision. It can result in a sizable financial windfall, but once it is sold, the annual cash flow from the business dries up. Also, for many business owners, they were able to (legitimately) run many expenses through the business that now have to be paid with after tax dollars...

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Feasibility Studies



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Sales & Acquisition
Diversify Portfolios



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Strategic
Partnerships



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Restructure, Reinvest,
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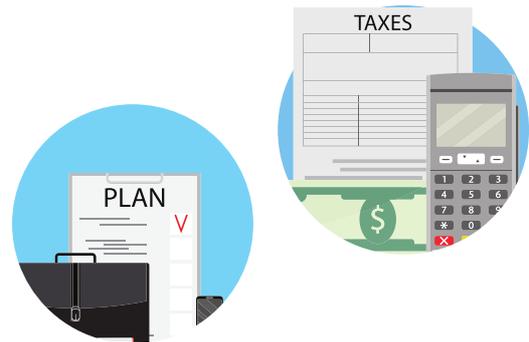
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On top of those two concerns, we need to add in the debt and tax implications. We often have clients who are overly focused on the number that they are going to get for their business, and not on the net proceeds from the transaction. When they were operating the site and had good cash flows, servicing the debt was not a problem, but when they sell it they often need to pay off a large chunk of debt all at once.



Taxes can reduce that payday considerably too. Often sellers have owned their gas station/c-store for many years, and will benefit from a good amount of appreciation of their asset. On the flip side, the buildings and equipment are likely fully depreciated, so the owner's basis in the property is diminished, resulting in a larger tax bill.

There are some strategies to mitigate the damage to your pocketbook that all these factors can cause. The easiest and most effective strategy that we know of is the **1031 exchange**.



The **1031 exchange** is named for the section of the federal tax code that provides for the exchange of one business property for another, while deferring taxes to a later date, when the exchanged property is sold. It was intended to keep real estate transactions flowing rather than have sellers take their money and put it on the sidelines. It has been an excellent resource for property owners and very helpful to the commercial real estate market.

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Start Building Your Strategy

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Convenience Store Investments

We help C-Store owners, oil companies, and investors maximize their sales proceeds, divest from poor-performing properties, and assist with mergers/acquisitions.

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An example: If Joe sells his gas station for **\$2 million**, he can take the entire net sales proceeds and buy another piece of real estate, and he will owe no taxes on the first sale. The taxes are deferred to if and when he sells the second piece of property. Joe can further shield himself from taxes by passing the property to his heirs in his estate.



A **1031 exchange** is a simple and elegant solution to at least a couple of issues that a gas station seller faces. It allows the seller to defer taxes for an extended period of time and if the seller buys a property with a good tenant, it can provide for a steady income stream into retirement.



There are some limitations on the **1031 exchange**. The exchanger needs to identify and purchase the property within a set amount of time and cannot handle the funds from the first transaction.

It all needs to happen through a Qualified Intermediary, who is an expert in the field and has a fiduciary duty to the person doing the exchange.



If you have any questions about **1031 exchanges** or other strategies to help you hold onto your hard-earned money, give us a call to discuss it. We have a great network of advisors and can help you get the process started.

Featured Listings

PRICE UPDATE [Eastern Coastal Maine \(Car Wash with Gas & Diesel\)](#)

[Conway, New Hampshire \(Convenience Store with Gas\)](#)

[Central New Hampshire \(Convenience Store with Gas & Diesel\)](#)

[Eastern Rhode Island \(Gas Station with Service Bays\)](#)

*Listing constantly changing
Be on the lookout & don't miss out!*

*Interested in talking to us more?
Contact us today at*

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