



QUICK TIPS

1031 Exchanges

DEADLINES

Deadlines are essential to any 1031 exchange.

45 day

IDENTIFICATION PERIOD

From the closing date of the sale of your relinquished property, you have 45 days to identify any replacement properties you plan to purchase.

180 day

EXCHANGE PERIOD

From the closing date of the sale of your relinquished property, you have 180 days to close on replacement property.

OTHER CONSIDERATIONS

Additional items to consider for your 1031 exchange:

If an identification form has been submitted, the only way to withdraw funds from your exchange is to close on identified properties or wait for the expiration of the full 180-day exchange period.

Some exchangers may choose to not identify if they do not find a suitable property. If the 45-day identification period ends and no replacement properties were identified, the exchange closes and funds are returned to the exchanger as taxable boot.

1031 EXCHANGE

QUALIFYING FACTORS



Property must be like-kind, nearly all real estate is like-kind to other real estate.



Property cannot be a personal primary residence or vacation home.



The same taxpayer who sells must also purchase.



The 1031 Exchange needs to be disclosed to both the buyer of the relinquished property and the seller of the replacement property.



The exchange period could be shorter than 180 days if the individuals' tax return is due prior to the 180th day, if that is the case an extension on filing the tax return would be necessary.



The price of the replacement property must be equal to or greater than the sales price of the relinquished property to avoid taxable gains. Any amount/debt not re-invested is considered "Boot" and is taxable.



The Fact Pattern and intent of the relinquished and replacement properties must support being held for investment or use in business.



If the seller of the replacement property is related to you by familial or business association, their eligibility as a seller requires special attention to potentially qualify.