

GENERAL ASSET CLASSES (GAC) & NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEMS (NAICS) CODES

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IRC § 1.1031(a)-2 - LIKE-KIND DEFINITIONS

§ 1.1031(a)-2 Additional rules for exchanges of personal property.

(b) Depreciable tangible personal property –

(1) GENERAL RULE. Depreciable tangible personal property is exchanged for property of a "like kind" under section 1031 if the property is exchanged for property of a like kind or like class. Depreciable tangible personal property is of a like class to other depreciable tangible personal property if the exchanged properties are either within the same General Asset Class or within the same Product Class. A single property may not be classified within more than one General Asset Class or within more than one Product Class. In addition, property classified within any General Asset Class may not be classified within a Product Class. A property's General Asset Class or Product Class is determined as of the date of the exchange.

(2) General Asset Classes. Except as provided in paragraphs (b)(4) and (b)(5) of this section, property within a General Asset Class consists of depreciable tangible personal property described in one of asset classes 00.11 through 00.28 and 00.4 of Rev. Proc. 87-56, 1987-2 C.B. 674. These General Asset Classes describe types of depreciable tangible personal property that frequently are used in many businesses.

(3) Product classes. Except as provided in paragraphs (b)(4) and (5) of this section, or as provided by the Commissioner in published guidance of general applicability, property within a product class consists of depreciable tangible personal property that is described in a 6-digit product class within Sectors 31, 32, and 33 (pertaining to manufacturing industries) of the North American Industry Classification System (NAICS), set forth in Executive Office of the President, Office of Management and Budget, North American Industry Classification System, United States, 2002 (NAICS Manual), as periodically updated. Copies of the NAICS Manual may be obtained from the National Technical Information Service, an agency of the U.S. Department of Commerce, and may be accessed on the internet. Sectors 31 through 33 of the NAICS Manual contain listings of specialized industries for the manufacture of described products and equipment. For this purpose, any 6-digit NAICS product class with a last digit of 9 (a miscellaneous category) is not a product class for purposes of this section. If a property is listed in more than one product class, the property is treated as listed in any one of those product classes. A property's 6-digit product class is referred to as the property's NAICS code.

NOTE: Section 1.1031(a)-1(b) provides that the nonrecognition rules of section 1031 do not apply to an exchange of one kind or class of property for property of a different kind or class.

However, the above portions of section 1.1031(a)-2 contain additional rules for determining whether personal property has been exchanged for property of a like kind or like class.

Any exchange of properties of a like kind may qualify under section 1031 regardless of whether the properties are also of like class. In determining whether exchanged properties are of a like kind, no inference is to be drawn from the fact that the properties are not of a like class.

Outside of the like class regulations, care must be taken in determining if the exchanged properties are of like kind. Under these circumstances a nature and character test must be applied to the exchanged properties. Exchangers should always consult with an experienced tax advisor in order to make an informed decision.

The next few pages outline the general asset classes and some relevant NAICS codes.

GENERAL ASSET CLASSES

Table B-1. Table of Class Lives and Recovery Periods

(Reprinted from IRS Publication 946, "How to Depreciate Property")

Asset class	Description of assets included	Recovery Periods (in years)		
		Class Life (in years)	GDS (MACRS)	ADS
	<i>SPECIFIC DEPRECIABLE ASSETS USED IN ALL BUSINESS ACTIVITIES, EXCEPT AS NOTED:</i>			
00.11	Office Furniture, Fixtures, and Equipment: Includes furniture and fixtures that are not a structural component of a building. Includes such assets as desks, files, safes, and communications equipment. Does not include communications equipment that is included in other classes.	10	7	10
00.12	Information Systems: Includes computers and their peripheral equipment used in administering normal business transactions and the maintenance of business records, their retrieval and analysis. Information systems are defined as: 1) Computers: A computer is a programmable electronically activated device capable of accepting information, applying prescribed processes to the information, and supplying the results of these processes with or without human intervention. It usually consists of a central processing unit containing extensive storage, logic, arithmetic, and control capabilities. Excluded from this category are adding machines, electronic desk calculators, etc., and other equipment described in class 00.13. 2) Peripheral equipment consists of the auxiliary machines which are designed to be placed under control of the central processing unit. Nonlimiting examples are: Card readers, card punches, magnetic tape feeds, high speed printers, optical character readers, tape cassettes, mass storage units, paper tape equipment, keypunches, data entry devices, teleprinters, terminals, tape drives, disc drives, disc files, disc packs, visual image projector tubes, card sorters, plotters, and collators. Peripheral equipment may be used on-line or off-line. Does not include equipment that is an integral part of other capital equipment that is included in other classes of economic activity, i.e., computers used primarily for process or production control, switching, channeling, and automating distributive trades and services such as point of sale (POS) computer systems. Also, does not include equipment of a kind used primarily for amusement or entertainment of the user.	6	5	5
00.13	Data Handling Equipment; except Computers: Includes only typewriters, calculators, adding and accounting machines, copiers, and duplicating equipment.	6	5	6
00.21	Airplanes (airframes and engines), except those used in commercial or contract carrying of passengers or freight, and all helicopters (airframes and engines)	6	5	6
00.22	Automobiles, Taxis	3	5	5

00.23	Buses	9	5	9
00.241	Light General Purpose Trucks: Includes trucks for use over the road (actual weight less than 13,000 pounds)	4	5	5
00.242	Heavy General Purpose Trucks: Includes heavy general purpose trucks, concrete ready mix-trucks, and ore trucks, for use over the road (actual unloaded weight 13,000 pounds or more)	6	5	6
00.25	Railroad Cars and Locomotives, except those owned by railroad transportation companies	15	7	15
00.26	Tractor Units for Use Over-The-Road	4	3	4
00.27	Trailers and Trailer-Mounted Containers	6	5	6
00.28	Vessels, Barges, Tugs, and Similar Water Transportation Equipment, except those used in marine construction	18	10	18
00.4	Industrial Steam and Electric Generation and/or Distribution Systems: Includes assets, whether such assets are section 1245 property or 1250 property, providing such assets are depreciable, used in the production and/or distribution of electricity with rated total capacity in excess of 500 Kilowatts and/or assets used in the production and/or distribution of steam with rated total capacity in excess of 12,500 pounds per hour for use by the taxpayer in its industrial manufacturing process or plant activity and not ordinarily available for sale to others. Does not include buildings and structural components as defined in section 1.48-1(e) of the regulations. Assets used to generate and/or distribute electricity or steam of the type described above, but of lesser rated capacity, are not included, but are included in the appropriate manufacturing equipment classes elsewhere specified. Also includes electric generating and steam distribution assets, which may utilize steam produced by a waste reduction and resource recovery plant, used by the taxpayer in its industrial manufacturing process or plant activity. Steam and chemical recovery boiler systems used for the recovery and regeneration of chemicals used in manufacturing, with rated capacity in excess of that described above, with specifically related distribution and return systems are not included but are included in appropriate manufacturing equipment classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing equipment classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing industry.	22	15	22

NAICS 333120 – CONSTRUCTION MACHINERY MANUFACTURING

This industry comprises establishments primarily engaged in manufacturing construction machinery, surface mining machinery, and logging equipment.

Cross-References. Establishments primarily engaged in --

- Manufacturing drilling and underground mining machinery and equipment are classified in Industry 33313, Mining and Oil and Gas Field Machinery Manufacturing;
- Manufacturing industrial plant overhead traveling cranes, hoists, truck-type cranes and hoists, winches, aerial work platforms, and automotive wrecker hoists are classified in Industry 33392, Material Handling Equipment Manufacturing; and
- Manufacturing rail layers, ballast distributors and other railroad track-laying equipment are classified in Industry 336510, Railroad Rolling Stock Manufacturing.

NAICS 333120 INCLUDES:

- Aggregate spreaders manufacturing
- Asphalt roofing construction machinery manufacturing
- Augers (except mining-type) manufacturing

- Backhoes manufacturing
- Bits, rock drill, construction and surface mining-type, manufacturing
- Blades for graders, scrapers, bulldozers, and snowplows manufacturing
- Bucket and scarifier teeth manufacturing
- Buckets, excavating (e.g., clamshell, concrete, drag scraper, dragline, shovel)
- Bulldozers manufacturing
- Cabs for construction machinery manufacturing
- Chippers, portable, commercial (e.g., brush, limb, log), manufacturing
- Concrete gunning equipment manufacturing
- Concrete mixing machinery, portable, manufacturing
- Construction machinery manufacturing
- Construction-type tractors and attachments manufacturing
- Cranes, construction-type, manufacturing
- Crushing machinery, portable, manufacturing
- Crushing, pulverizing, and screening machinery, portable, manufacturing
- Ditchers and trenchers, self-propelled, manufacturing
- Draglines, crawler, manufacturing
- Drags, road construction and road maintenance equipment, manufacturing
- Dredging machinery manufacturing
- Excavators (e.g., power shovels) manufacturing
- Extractors, piling, manufacturing
- Grader attachments manufacturing
- Graders, road, manufacturing
- Hammer mill machinery (i.e., rock and ore crushing machines), portable, manufacturing
- Highway line marking machinery manufacturing
- Jack hammers manufacturing
- Land preparation machinery, construction, manufacturing
- Loaders, shovel, manufacturing
- Log debarking machinery, portable, manufacturing
- Log splitters, portable, manufacturing
- Mixers, concrete, portable, manufacturing
- Mortar mixers, portable, manufacturing
- Off-highway trucks manufacturing
- Paving machinery manufacturing
- Pile-driving equipment manufacturing
- Planers, bituminous, manufacturing
- Plows, construction (e.g., excavating, grading), manufacturing
- Post hole diggers, powered, manufacturing
- Rock crushing machinery, portable, manufacturing
- Rock drills, construction and surface mining-type, manufacturing
- Rollers, road construction and maintenance machinery, manufacturing
- Sand mixers manufacturing
- Scarifiers, road, manufacturing
- Scrapers, construction-type, manufacturing
- Screening machinery, portable, manufacturing
- Shovel loaders manufacturing
- Shovels, power, manufacturing
- Slag mixers, portable, manufacturing
- Snow plow attachments (except lawn, garden-type) manufacturing
- Surface mining machinery (except drilling) manufacturing
- Tampers, powered, manufacturing
- Tractors and attachments, construction-type, manufacturing
- Tractors, crawler, manufacturing
- Trenching machines manufacturing
- Trucks, off-highway, manufacturing
- Vibrators, concrete, manufacturing

****View complete NAICS Codes online: <http://www.census.gov/epcd/www/naics.html>***

NAICS 333131 - MINING MACHINERY AND EQUIPMENT MANUFACTURING

This U.S. industry comprises establishments primarily engaged in (1) manufacturing underground mining machinery and equipment, such as coal breakers, mining cars, core drills, coal cutters, rock drills and (2) manufacturing mineral beneficiating machinery and equipment used in surface or underground mines.

Cross-References. Establishments primarily engaged in--

- Manufacturing surface mining machinery and equipment--are classified in Industry 333120, Construction Machinery Manufacturing;
- Manufacturing well-drilling machinery--are classified in U.S. Industry 333132, Oil and Gas Field Machinery and Equipment Manufacturing;
- Manufacturing coal and ore conveyors--are classified in U.S. Industry 333922, Conveyor and Conveying Equipment Manufacturing; and
- Manufacturing underground mining locomotives--are classified in Industry 336510, Railroad Rolling Stock Manufacturing.

NAICS 333131 INCLUDES:

- Amalgamators (i.e., metallurgical and mining machinery) manufacturing
- Augers, mining-type, manufacturing
- Bits, rock drill, underground mining-type, manufacturing
- Breakers, coal, manufacturing
- Cars, mining, manufacturing
- Cleaning machinery, mining-type, manufacturing
- Coal breakers, cutters, and pulverizers manufacturing
- Concentration machinery, mining-type, manufacturing
- Core drills, underground mining-type, manufacturing
- Crushing machinery, stationary, manufacturing
- Cutters, coal, manufacturing
- Drilling equipment, underground mining-type, manufacturing
- Drills, core, underground mining-type, manufacturing
- Drills, rock, underground mining-type, manufacturing
- Dumpers, mining car, manufacturing
- Feeders, mineral beneficiating-type, manufacturing
- Flotation machinery, mining-type, manufacturing
- Hammer mill machinery (i.e., rock and ore crushing machines), stationary, man.
- Loading machines, underground mining, manufacturing
- Mineral processing and beneficiating machinery manufacturing
- Mining cars manufacturing
- Ore crushing, washing, screening, and loading machinery manufacturing
- Pellet mills machinery, mining-type, manufacturing
- Quarrying machinery and equipment manufacturing
- Rock crushing machinery, stationary, manufacturing
- Rock drills, underground mining-type, manufacturing
- Scraper loaders, underground mining-type, manufacturing
- Screening machinery, stationary, manufacturing
- Sedimentary mineral machinery manufacturing
- Sieves and screening equipment, mineral beneficiating, manufacturing
- Stone beneficiating machinery manufacturing
- Underground mining machinery manufacturing
- Washers, aggregate and sand, stationary, manufacturing

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NAICS 333132- OIL AND GAS FIELD MACHINERY AND EQUIPMENT

This U.S. industry comprises establishments primarily engaged in (1) manufacturing oil and gas field machinery and equipment, such as oil and gas field drilling machinery and equipment; oil and gas field production machinery and equipment; and oil and gas field derricks and (2) manufacturing water well drilling machinery.

Cross-References. Establishments primarily engaged in—

- Manufacturing offshore oil and gas well drilling and production floating platforms--are classified in U.S. Industry 336611, Ship Building and Repairing;
- Manufacturing underground mining drills--are classified in U.S. Industry 333131, Mining Machinery and Equipment Manufacturing; and
- Manufacturing pumps and pumping equipment--are classified in U.S. Industry 333911, Pump and Pumping Equipment Manufacturing.

NAICS 333132 INCLUDES:

- Bits, rock drill, oil and gas field-type, manufacturing
- Christmas tree assemblies, oil and gas field-type, manufacturing
- Derricks, oil and gas field-type, manufacturing
- Drilling equipment, oil and gas field-type, manufacturing
- Drilling rigs, oil and gas field-type, manufacturing
- Gas well machinery and equipment manufacturing
- Oil and gas field-type drilling machinery and equipment (except offshore floating)
- Rock drill bits, oil and gas field-type, manufacturing
- Water well drilling machinery manufacturing
- Well logging equipment manufacturing

NAICS 333924- IND. TRUCK, TRACTOR, TRAILER, & STACKER MACHINERY

This U.S. industry comprises establishments primarily engaged in manufacturing industrial trucks, tractors, trailers, and stackers (i.e., truck-type) such as forklifts, pallet loaders and unloaders, and portable loading docks.

Cross-References. Establishments primarily engaged in --

- Manufacturing motor vehicle-type trailers--are classified in U.S. Industry 336212, Truck Trailer Manufacturing;
- Manufacturing farm-type tractors--are classified in U.S. Industry 333111, Farm Machinery and Equipment Manufacturing; and
- Manufacturing construction-type tractors--are classified in Industry 333120, Construction Machinery Manufacturing.

NAICS 333924 INCLUDES:

- Aircraft engine cradles manufacturing
- Aircraft loading hoists manufacturing
- Bomb lifts manufacturing
- Cabs for industrial trucks manufacturing
- Carts, grocery, made from purchased wire
- Cranes, industrial truck, manufacturing
- Dollies manufacturing
- Drum cradles manufacturing
- Forklifts manufacturing
- Grocery carts made from purchased wire
- Hand trucks manufacturing
- Hoists, aircraft loading, manufacturing
- Industrial trucks and tractors manufacturing
- Mechanic's creepers manufacturing
- Mobile straddle carriers manufacturing
- Pallet movers manufacturing
- Pallet or skid jacks manufacturing
- Stackers, industrial, truck-type, manufacturing
- Stackers, portable (except farm), manufacturing
- Straddle carriers, mobile, manufacturing
- Tractors, industrial, manufacturing
- Trucks, industrial, manufacturing
- Wheelbarrows manufacturing

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NAICS 333111 - FARM MACHINERY AND EQUIPMENT MANUFACTURING

This U.S. industry comprises establishments primarily engaged in manufacturing agricultural and farm machinery and equipment, and other turf and grounds care equipment, including planting, harvesting, and grass mowing equipment (except lawn and garden-type).

Cross-References. Establishments primarily engaged in --

- Manufacturing farm conveyors--are classified in U.S. Industry 333922, Conveyor and Conveying Equipment Manufacturing;
- Manufacturing tractors and lawnmowers for home lawn and garden care--are classified in U.S. Industry 333112, Lawn and Garden Tractor and Home Lawn and Garden Equipment Manufacturing; and
- Manufacturing construction-type tractors--are classified in Industry 333120, Construction Machinery Manufacturing.

NAICS 333111 INCLUDES:

- Bale throwers manufacturing
- Balers, farm-type (e.g., cotton, hay, straw), manufacturing
- Blowers, forage, manufacturing
- Cabs for agricultural machinery manufacturing
- Cattle feeding and watering equipment manufacturing
- Chicken brooders manufacturing
- Chicken feeders manufacturing
- Combines (i.e., harvester-threshers) manufacturing
- Corn heads for combines manufacturing
- Corn pickers and shellers manufacturing
- Cotton balers and presses manufacturing
- Cotton ginning machinery manufacturing
- Cotton picker and stripper harvesting machinery manufacturing
- Cream separators, farm-type, manufacturing
- Crop driers manufacturing
- Cultivators, farm-type, manufacturing
- Curers, tobacco, manufacturing
- Drags, farm-type equipment, manufacturing
- Dusters, farm-type, manufacturing
- Farm tractors and attachments manufacturing
- Farm wagons manufacturing
- Feed processing equipment, farm-type, manufacturing
- Fertilizing machinery, farm-type, manufacturing
- Fruit harvesting machines manufacturing
- Grading, cleaning, and sorting machinery, farm-type, manufacturing
- Grain drills manufacturing
- Grain stackers manufacturing
- Grass mowing equipment (except lawn and garden) manufacturing
- Hair clippers for animal use, electric, manufacturing
- Harrows (e.g., disc, spring, tine) manufacturing
- Harvesting machinery and equipment, agriculture, manufacturing
- Hay balers and presses manufacturing
- Haying machines manufacturing
- Hog feeding and watering equipment manufacturing
- Hulling machinery, farm-type, manufacturing
- Incubators, poultry, manufacturing
- Irrigation equipment, agriculture, manufacturing
- Lawnmowers, agricultural-type, powered, manufacturing
- Milking machines manufacturing
- Nut shellers, farm-type, manufacturing
- Peanut combines (i.e., diggers, packers, threshers) manufacturing
- Planting machines, farm-type, manufacturing
- Plows, farm-type, manufacturing
- Potato diggers, harvesters, and planters manufacturing

- Poultry brooders, feeders, and waterers manufacturing
- Presses, farm-type, manufacturing
- Rakes, hay, manufacturing
- Rotary hoes manufacturing
- Rotary tillers, farm-type, manufacturing
- Seeders, farm-type, manufacturing
- Shears, powered, for use on animals, manufacturing
- Sheep shears, powered, manufacturing
- Shredders, farm-type, manufacturing
- Sod harvesting machines manufacturing
- Sprayers and dusters, farm-type, manufacturing
- Spreaders, farm-type, manufacturing
- Stalk choppers (i.e., shredders) manufacturing
- Tobacco harvester machines manufacturing
- Tomato harvesting machines manufacturing
- Tractors and attachments, farm-type, manufacturing
- Transplanters, farm-type, manufacturing
- Tree shakers (e.g., citrus, nut, soft fruit) manufacturing
- Wagons, farm-type, manufacturing
- Weeding machines, farm-type, manufacturing
- Windmills, farm-type, manufacturing

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