

1031 TAX FILING REQUIREMENTS

"BEWARE IF YOU ARE CLOSING AFTER OCTOBER 17"



Compliments of

FORM 8824 - REPORTING THE EXCHANGE

Form #8824, Like-Kind Exchanges, is filed to reflect the exchange on the Exchanger's tax return in the year the transaction began (i.e. the year the relinquished property was sold to a buyer.) Form #8824 requires the Exchanger to provide the following information:

Part I - Information on the Like-Kind Exchange

- 1) Description of like-kind property given up;
- 2) Description of like-kind property received;
- 3) Date like-kind property given up was acquired;
- 4) Date property was transferred to other party;
- 5) Date like-kind property was identified;
- 6) Date like-kind replacement property was received.

Part II-Related Party Exchange Information

Part III-Realized Gain or (Loss), Recognized Gain, Basis

Part IV - Deferral of Gain from Section 1043 Sales

FORM 4797/SCHEDULE D - REPORTING THE GAIN

Form #4797 or Schedule D is filed to report the taxable gain. The gain must be allocated between capital gain, ordinary income depreciation recapture, Section 1231 gain and unrecaptured Section 1250 gain.

FORM 6252 - REPORTING AN INSTALLMENT SALE

Form #6252, Installment Sale Income, must be filed if the Exchanger carries back a note to a buyer on the sale of the relinquished and is able to report the taxable gain under the installment sale rules.

CONSULT WITH YOUR TAX ADVISOR

This is a brief summary. Every Exchanger should consult with a tax advisor to review their specific situation and tax filing requirements.

DUE DATE OF THE TAX RETURN

An Exchanger has to complete their exchange within 180 calendar days, or the date their tax return is due - whichever is earlier.

If an Exchanger closes an exchange:

- 1) Between October 17 and December 31;
- 2) Files their tax return on April 15;
- 3) Desires the ability to have up to 180 calendar days to complete their exchange by purchasing one or more replacement properties;

then the Exchanger must:

File an extension by April 15, using Form #4868, which would extend the date the Exchanger's tax return is due until August 15 of that year.

If the tax extension is not filed by their tax filing date, the Exchanger's "exchange period" is shortened to the actual date their tax return is due and filed.



ASSET PRESERVATION
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