

1031 Exchange Qualifying Questions

1. Qualified Use:

Is the property held for investment or business?

Primary residences or personal use properties, such as vacation homes, do not qualify for a 1031 exchange.

2. Like-Kind Property:

Will they be reinvesting into property that is like-kind?

Nearly all real estate is like-kind, but they cannot be reinvesting in property for personal use.

3. Same Taxpayer:

Is the same taxpayer selling the property purchasing the replacement property?

The same taxpayer must be selling and purchasing the replacement property to qualify for a 1031 exchange.

4. Exchange Timeline:

Are they able and willing to complete the sale, and then the purchase within 180 days?

A 1031 Exchange must be completed within 180 calendar days of the date of the Relinquished Property sale closing.

5. Reinvest Equal or Greater:

Are they willing to reinvest equal or greater than the sales price of property they are selling into the purchase property?

Any amount/debt taken out or not re-invested is considered Boot and that portion will be taxable.

6. Related Party:

Are the seller and buyer related?

If so, their eligibility requires special attention in order to qualify for a 1031 Exchange.

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