

# 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.



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