

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 exclusive second 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.