

UNDERSTANDING A 1031 EXCHANGE

Selling an investment real estate property pursuant to Section 1031 of the Internal Revenue Code allows a taxpayer to reinvest the proceeds into a new property and defer capital gains taxes if the sale is properly structured.

The IRS States:

“No gain or loss shall be recognized on the exchange of real property held for productive use in a trade or business or for investment if such real property is exchanged solely for real property of like kind which is to be held either for productive use in a trade or business or for investment.” IRC Section 1031 (a)(1).



Please consult a tax advisor or CPA regarding your particular situation.