



CELEBRATING
55 YEARS

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Don't let your exchange expire on April 15th

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When we think spring, we think baseball...and we think taxes! Taking advantage of an IRC Section 1031 tax deferral is like scoring a home run against those dreaded capital gains and depreciation recapture taxes. Taxpayers participating in a Tax Deferred Exchange should be aware of alternative filing procedures.

Fall Exchangers Take Notice

The key deadline to completing a tax deferred exchange is to purchase replacement property 180 days following the relinquished property sale, or by the tax return due date for the year the relinquished property was transferred, whichever is earlier. This brings a note of caution to those calendar filers who sold property this past fall.

Any exchanger relinquishing property after October 18th has less than 180 days in which to complete the exchange (assuming calendar year filers with a tax due date of April 15th). For those taxpayers who sold after that date and cannot complete the replacement purchase in the shortened timeframe, the remedy is to file a tax return extension, making full use of the 180 Days. Upon conclusion of the exchange, IRS Form 8824, Like-Kind Exchanges, must be prepared to reflect the completed transactions. Among other things, this form requests transaction dates, when properties were "identified" and financial information obtained from the closing/settlement statement.

Other tax forms needed may be: Form 4868: used to file for an extension, Form 4797: used when depreciable rental or business property is sold, Form 1041, Schedule D: used when non-depreciable investment property is sold.

Remember, it is important to note that taxpayers must report their exchange on the tax return for the year in which the exchange begins.

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