

# 1031 EXCHANGE INSIGHTS

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Stephen L. Robison, J.D., LL.M.

Providing tax advice on  
Like Kind Exchanges.

Strategic Property Exchanges, LLC  
serves as Qualified Intermediary  
on

Section 1031 Exchanges,  
including Forward, Reverse,  
Construction, and  
Parking Arrangements.

For more information call  
513-412-3483  
or email at  
steve@robisonlaw.com

## AUGUST 31, 2004—A HISTORIC DATE

This is our inaugural monthly newsletter for 1031 Insights. This newsletter is dedicated to the Real Estate and Business Property Investor who knows that Like Kind Tax Deferred Exchanges allow him or her to obtain the maximum return

on his or her investment. We hope that this newsletter will keep you informed, enlightened and amused in the coming years.

We are very proud of our Section 1031—Like Kind Exchange Services to the Tri-

State Region over the past 19 years. We have decided to augment our service by providing accurate, innovative and timely monthly advice to help you make informed investment decisions!

## TOP TEN THINGS TO CONSIDER IN A 1031 EXCHANGE! (NOT IN ANY SPECIFIC ORDER!)

1. How much Gain will I have on the sale of my investment property?
2. Have I correctly computed my taxable Gain?
3. What is the rate of tax on the sale of my property? Hint, it is probably higher than 15%.
4. Can I purchase multiple properties?
5. How can I purchase "no management" properties?
6. Can I convert business property to personal use property?
7. How can I use a 1031 Exchange to enhance my estate planning?
8. How can I get cash out of my sale and still not be taxed?
9. How can I use a Section 1031 Exchange to improve the quality of my real estate portfolio?
10. Did you know, you can use Section 1031 for other property such as trucks, business property and even artwork.

## WHAT IS A "REVERSE EXCHANGE" AND HOW CAN IT WORK FOR YOU (PART I)

The most common problem encountered by an investor who desires to exchange investment property in a Section 1031 Exchange is the inability to identify suitable property within the 45 days and acquire such property within the 180 days. Even more frustrating, however, is when a taxpayer

finds the replacement property before the taxpayer has sold the relinquished property. This frequently occurring situation has caused taxpayers' to wonder whether they could engage in a "reverse exchange" in which suitable replacement property is acquired first. On September 15, 2000 the

IRS opened the door to Reverse Exchanges in Revenue Proc. 2000-37, where suitable replacement property could be acquired and "parked" with a qualified intermediary (QI). For more information on how this should work, stayed tuned, or call our office at (513) 412-3483.

### Coming Next Month

- Why Exchange?
- What is a "Reverse Exchange" and How Can It Work For You (Part II)