

1031 EXCHANGE INSIGHTS

Volume I, Issue 2
September 31, 2004



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WHY EXCHANGE?

There comes a time where the owner of real estate or other business property decides to sell real estate or business property. If the owner is successful, the sales price will represent appreciation on the investment in such asset, or in the case of personal property, a fair return after substantial use of the machinery or

equipment in his business. Then, the owner is faced with two basic options.

First, if the owner is planning on reinvesting in similar property at the time of the sale, then the taxpayer may defer all or a part of the taxable gain from the sale of the business asset. The gain may be deferred until a later taxable sale or the deferred

gain is eliminated if the property is held by the investor until death.

Or, if the owner is not reinvesting his or her proceeds into a similar type of investment, then the taxpayer must report the taxable gain in the year in which the proceeds are received.

Providing tax advice on
Like Kind Exchanges.

Strategic Property Exchanges, LLC
serves as Qualified Intermediary
on

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

For more information call
513-412-3483
or email at
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WHAT IS A "REVERSE EXCHANGE" AND HOW CAN IT WORK FOR YOU (PART II)

As we discussed in an earlier newsletter, a "Reverse Exchange" allows the investor to purchase suitable replacement property first, before the sale of the property currently owned. The mechanics of a Reverse Exchange are as follows:

1. The Exchange Intermediary and the Investor enter into a Reverse Exchange Agreement
2. The Exchange Intermediary must be an unrelated party
3. The Exchange Intermediary can acquire and hold the replacement property for up to 180 days
4. The property to be sold must be identified within 45 days
5. The IRS Ruling permits

all kinds of dealings between the investor and the Exchange Intermediary including loans, guarantees, leases, and management of the property on a non-arm's length basis.

For more information, stayed tuned, or call our office at (513) 412-3483.

STEVE ROBISON HAS BEEN CERTIFIED BY THE OHIO STATE BAR ASSOCIATION AS A SPECIALIST IN FEDERAL TAXATION LAW.

TRUST YOUR NEEDS TO AN EXPERT.



Coming Next Month

- Comparing a Self Directed IRA and a Section 1031 Exchange (Park I)
- Non Tax Motives For a Tax Deferred Exchange