

1031 EXCHANGE INSIGHTS

Volume 3. Issue 1
January 31, 2006



When is Real Estate Not Real Estate

OR

How Can I Reduce My Real Estate Taxes in Ohio?

Our business at Strategic Property Exchanges, LLC involves not only reducing your income taxes on the sale of your Real Estate and Business Assets through 1031 exchanges, but also includes reducing other taxes such as Real Estate Taxes, Sales and Use Taxes, and Personal Property Taxes.



A Shopping Mall might be able to be used only for Retail Business.

With the recent **repeal of the Personal Property tax** in Ohio [phased out over the next 4 years], and the **elimination of the real estate tax rollback** for commercial and industrial real estate; combined with the recent Ohio Supreme Court decision in **Funtime vs. Zaino**, real estate owners can move to reduce their real estate taxes.

In the case of **Funtime vs. Zaino**, the Tax Department won the battle but potentially lost the war in what was a Sales and Use Tax case. A key element of the case involved the Supreme Court definition of real property and personal property. Buildings, part of buildings, improvements and fixtures built and used specifically for the trade or business in the building are treated as personal property for tax purposes, not real estate. That did not seem to matter too much until the elimination of personal property taxes in Ohio in 2005. It would seem now is an opportune time to reevaluate your real estate valuation and taxes thereon.

The Court found that an item is real property only "if it does not primarily benefit the business conducted by the occupant". Buildings, structures, improvements and fixtures that are specifically designed, constructed and used for the business conducted in the building are treated as personal property and are **not taxable for real estate purposes**.



A Fast Food Restaurant might be usable only for a specific franchise.

**Stephen L. Robison, J.D., LL.M.,
Business and Taxation**

Providing tax advice on
like kind exchanges.

Strategic Property Exchanges,
LLC serves as Qualified
Intermediary on
Section 1031 Exchanges,
including forward, reverse, a
parking arrangements.

For more information call:

513-412-3483

513-412-3482 (facsimile)

or email at

steve@robisontaxlaw.com

4500 Cooper Road, Suite 305
Cincinnati, OH 45242

Call Strategic Property Exchanges, LLC today to see if we can help you with your real estate valuation.