

1031 Tax-Free Exchanges

Course Provider: Quality Workshops
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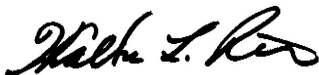
Program Offering Dates: Posted at Web Address

Number of Hours of Education: 4 cr. Hrs.

Instructor: Russell F. Niquette Jr., Esq.

Course Style: Classroom

Course Purpose: Continuing Education



Walter L. Rice – Principle



Justin N. Rice – Sales and Marketing

Understanding 1031 Tax-Free Exchanges

Outline and Notes

General Discussion of Taxes

A. Overview / History

B. Learning Objectives

C. Income Taxes

1. Taxes on Ordinary/Earned Income
2. Taxes on Unearned Income

D. Capital Gains Taxes

1. Long-term vs. Short-term Capital Gains

E. Depreciation

1. Depreciation History
2. Straight-line Depreciation

F. Computing Capital Gain

1. Step 1: Determining the cost basis of property
2. Step 2: Determining the adjusted sales price of property
3. Step 3: Computing Capital Gain
4. Practice form-Computing the Capital Gain

G. Recapturing Depreciation

Understanding 1031 Tax-Free Exchanges

Outline and Notes

Installment Sales

- A. Overview
- B. Learning Objectives
- C. What is an Installment Sale?
 - 1. Example
- D. Advantages
- E. Disadvantages

1031 Tax Free Exchanges

- A. Overview
- B. Learning Objectives
- C. What is a Tax-Free Exchange?
- D. History/Evolution of the tax-free exchange
- E. Why would a client want to exchange?
- F. IRS classifies all real estate into 4 classes
 - 1. What may be exchanged?
 - 2. Ineligible Property
- G. Types of Exchanges
 - 1. The Simultaneous Exchange
 - 2. 100 Percent Tax-Free Exchange
 - 3. Another Scenario
 - 4. T.J. Starker Challenges the IRS
 - 5. Reverse Starker Exchange

Understanding 1031 Tax-Free Exchanges

Outline and Notes

The Law and the Rules

A. Overview

B. Learning Objectives

C. Section 1031 of the Internal Revenue Code–The Law

1. Held
2. Like-kind

D. Section 1031–The Rules

1. Identification Rule–Deferred Exchange
2. Three Property, 200 Percent, and 95 Percent Rules
 - a. Alternative 1: Three-Property Rule
 - b. Alternative 2: 200 Percent Rule
 - c. Alternative 3: 95 Percent Rule
 - d. Summary of Alternatives
3. 180-Day Rule
4. Proceeds of Sale of the Relinquished Property
5. Safe Harbor/Qualified Intermediary
 - a. Who Qualifies as a Safe Harbor

E. Additional 1031 Rules

1. Interest-bearing Account
2. Cost Basis
3. Depreciation
4. Properties Eligible for 1031 Exchanges
5. Title Rule
6. Reducing Future Tax Liability
 - a. Example
7. Replacement Property Issues
8. Personal Property Tax-Free Exchange

Understanding 1031 Tax-Free Exchanges

Outline and Notes

The Paperwork

- A. Overview
- B. Learning Objectives
- C. IRS Form 8824: Like-Kind Exchange
- D. Suggested Language for Standard Real Estate Contracts
- E. The Exchange Agreement
- F. Exhibits to the Exchange Agreement
- G. Relinquished Property Assignment
- H. Replacement Property Assignment
- I. Addendum to Closing Statement
- J. Computing Capital Gain (Form)