



Quality Workshops est. 1992

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

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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

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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)