

# 1031 Tax Deferred Exchange

## The Power To Protect, Grow And Diversify

Thanks to the IRC 1031, a properly structured exchange allows an investor to sell an investment property, and acquire a new property, and potentially defer all capital gain taxes.

“No gain or loss shall be recognized on the exchange of property held for productive use in a trade or business or for investment, if such property is exchanged solely for property of like-kind which is to be held either for productive use in a trade or business or for investment.”

## The Power Of Flexibility

Pursuant to IRC 1031, capital gain deferral requires the exchange of “like-kind” relinquished property for other “like-kind” replacement property. Generally real property held for investment or real property used in a trade or business can be exchanged for other real property held for investment or real property used in a trade or business.

## The Exchange Equation: 100% Tax Deferral

To fully defer all capital gain taxes, an Exchanger must meet two requirements:

1. Reinvest all exchange proceeds to acquire like-kind property.
2. Acquire like-kind property of equal or greater value.

Savvy investors know that Internal Revenue Code (IRC) Section 1031 provides a vehicle for deferring capital gain taxes while disposing of investment property. The United States Treasury Department has validated the services of a “qualified Intermediary” to complete a tax deferred exchange.

## What's the first step?

Call us at 805-772-2241. We're experienced with Tax Deferred Exchanges to help you through the home buying process. You need a REALTOR who knows the steps to follow and the language stating the intent to perform a 1031 tax deferred exchange in the Purchase and Sales Agreement.

## The second step?

Always discuss a 1031 tax deferred exchange with your tax and/or legal advisors. Call a “**Qualified Intermediary**” company to discuss their service and to get expert advice. I can help direct you to the right places to find a qualified intermediary. Knowledge is power - get as much information from your advisor first and then call an experienced REALTOR to start the process rolling.



817 Morro Bay Blvd.  
Morro Bay, CA 93442

805-772-2241 (Office)  
877-4seaside (Toll Free)