

# DEFER BIG TAXES on the Sale of Investment Property

## How?

### By performing a 1031 or “like kind” exchange.

The IRS allows sellers of investment or business-use property to involve a qualified intermediary (or exchange accommodator) to use the proceeds of the sale to purchase another investment property or properties of equal or greater value.

Internal Revenue Code 1031 (IRC 1031) allows investment property owners the option to defer paying potentially large tax levies in capital gains and recaptured depreciation associated with these sales. These transactions are commonly called **1031 exchanges** and apply to nearly any investment property.

### Qualified intermediaries can help you perform a 1031 exchange.

The regulations are so complex and unusual it is critical to use a qualified intermediary (QI) with formal training and real-life experience. Failing to adhere key requirements can invalidate the transaction, negating the tax benefits and resulting in unnecessary IRS penalties.

### What is a Certified Exchange Specialist®?

The Federation of Exchange Accommodators advises investors considering a like-kind exchange not to proceed without first consulting with a Certified Exchange Specialist (CES®). Likewise, it is essential referring professionals (such as realtors, attorneys, title companies, or accountants) notify clients that using an exchange accommodator company that employs these specialists ensures transactions adhere to the stringent IRS rules.

## What types of properties are eligible for 1031 exchange?

**Commercial/  
business property**

**Vacation rentals/  
apartments**

**Houses/buildings**

**Improved/  
unimproved land**

Certain rules may apply to vacation rentals. Consult a qualified intermediary for proper direction.



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