



1031x.com

Newsletter

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Thought you'd find this helpful:

Part Sale / Part Exchange Adds Value

The general rule in a 1031 Exchange (1031X) is that the customer must trade equal or up in value and in equity in order to defer all tax liability. With this rule in mind, it is sometimes helpful to the customer to structure the transaction as a partial sale (with taxes due) and a partial exchange (with taxes deferred). This works well when a customer wants to receive some cash from the sale of the old property and also wants to trade down in value into the new property.

When the old property is sold, a fractional interest in the property is sold with cash going to the customer and taxes being paid. At the same time, the remaining fractional interest is 1031 exchanged with cash going into the down payment on the new property and taxes being deferred in a 1031X. Two deeds are used and the transaction is documented on the settlement statement. It is helpful if the structure can also be set forth in the sales contract.

This structure allows the customer to trade down in value and receive some cash while at the same time receive some tax deferral under a 1031X.

We are always ready to help customers obtain maximum value in their 1031X transaction.

Please call www.1031x.com at 888-899-1031 or email info@1031x.net for a free consultation!