

1031 Exchange Rules

For Avoiding Capital Gains Taxes

1 Properties must be like-kind

The property being sold and the property being acquired must be similar, or like-kind.

2 Property must be for investment or business use

1031 exchanges are only applicable for investment or business property, not personal property.

3 Replacement property is of equal or greater value

The newly purchased property must be of the same or greater value than the sold property.

4 No “boot” equals no taxes

For the exchange to be completely tax-free, a taxpayer must not receive a “boot.” If they do receive a “boot,” it is subject to capital gains tax.

5 Transaction must involve the same taxpayer

The tax return & the name appearing on the title of the property being sold must be the same as the tax return & title holder of the new property.

6 45-day identification window

The property owner has 45 days to identify replacement property of like-kind, after closing on the relinquished property.

7 180-day purchase window

The property owner must close on replacement property no later than 180 days after the closing of the relinquished property.



Need help with your
1031 exchange?



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