

the exchange

Your Source For the Latest In Like-Kind Exchange News

Exchanging Property Prior to Year End? Be Sure to Request a Filing Extension

If you sell property in a Section 1031 tax-deferred exchange between October 18th and December 31st, 2010, you'll need to extend your filing deadline or else complete your exchange by April 15, 2011 (assuming a calendar year return).

The specifics of Section 1031 require that replacement property be acquired by the earlier of:

1. the day which is 180 days after the date on which the relinquished property is transferred; or
2. the tax return due date (determined with regard to extensions) for the taxable year in which the transfer of the relinquished property occurs.

While the filing extension will never give you more than 180 days to complete your exchange, without the extension, your exchange period will be truncated to your tax return due date.

In the 1998 tax court case, *Christensen v. Commissioner*, KTC 1998-106 (9th Cir. 1998), the taxpayers did not acquire the exchange property before the due date of their return, which was earlier than 180 days after they transferred their investment property. Nor did they request or receive a filing extension.

The petitioners argued that the language of the statute was vague enough that any theoretical extension to which they would be entitled (if they'd applied) should permit them the extra time to complete their exchange.

The tax court was unforgiving however and concluded that the statute did not refer to "available" or "possible" extensions, but rather to actual extensions granted. Since the petitioners failed to request and receive a filing extension, their exchange period ended on April 15th.

Please call us with questions or visit our website:

www.cdec1031.com

866-677-1031

Chicago Deferred Exchange | 135 S. LaSalle Suite 1940 | Chicago | IL | 60603

C|D|E|C

Chicago Deferred
Exchange Company

LIKE-KIND EXCHANGE
INTELLIGENCE

CHICAGO
(866) 677 1031

NEW YORK
(877) 449 1031

SAN DIEGO
(877) 446 1031

SAN FRANCISCO
(877) 448 1031

WWW.CDEC1031.COM