

# 1031 Tax Filing Requirements

Beware If You Are Closing After October 17

1031

Knowledge



## IRS FORM 8824 - REPORTING THE EXCHANGE

[IRS Form 8824, Like-Kind Exchanges](#), is filed to reflect the exchange on the taxpayer's federal tax return in the year the transaction began (i.e. the year the relinquished property was sold to a buyer). The form requires the taxpayer to provide the following information:

### Part I - Information on the Like-Kind Exchange

1. Description of like-kind property given up;
2. Description of like-kind property received;
3. Date like-kind property given up was acquired;
4. Date property was transferred to other party;
5. Date like-kind property was identified;
6. Date like-kind replacement property was received.

### Part II - Related Party Exchange Information

### Part III - Realized Gain or (Loss), Recognized Gain, Basis

### Part IV - Deferral of Gain from Section 1043 Sales

## IRS FORM 4797/SCHEDULE D - REPORTING THE GAIN

[IRS Form 4797, Sales of Business Property](#) or Schedule D is filed to report the taxable gain. The gain must be allocated between capital gain, ordinary income depreciation recapture, Section 1231 gain and unrecaptured Section 1250 gain.

## IRS FORM 6252 - REPORTING AN INSTALLMENT SALE

[IRS Form 6252, Installment Sale Income](#) must be filed if the taxpayer carries back a note to a buyer on the sale of the relinquished and is able to report the taxable gain under the installment sale rules. This is a brief summary. Every taxpayer should consult with a tax advisor to review their specific situation and tax filing requirements.

## DUE DATE OF THE TAX RETURN

A taxpayer has to complete their exchange within 180-calendar days, or the date their tax return is due – whichever is earlier.

### If a taxpayer closes an exchange:

- Between October 17 and December 31;
- Files their tax return on April 15;
- Desires the ability to have up to 180-calendar days to complete their exchange by purchasing one or more replacement properties; *then the taxpayer must: file an extension by April 15, using [IRS Form 4868](#), which would extend the date the taxpayer's federal tax return is due until August 15 of that year.*

If the tax extension is not filed by their tax filing date, the taxpayer's exchange period is shortened to the actual date their tax return is

## Compliments of:



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