

Section 1031 Proposed Regulations

December 3, 2020

Richard M. Lipton, Speaker

with special thanks to Joyce Walsh (Deloitte Tax LLP),
Holly Belanger (KPMG LLP) and Lou Weller (Weller Partners LLP)

1

Objectives

- Proposed Regulations add definition of real property
 - Role that state law classification plays
 - Unexpected additions
 - Uncertainty remains

2

2

Objectives

- Incidental Property Rule
 - Helpful in certain cases but not others
 - Trap for the unwary

3

3

History of Like Kind Exchanges Under Section 1031

- Section 1031 first enacted in 1921
- Modified in TCJA 2017 to limit like-kind exchange (LKE) treatment to real property interests as of January 1, 2018

4

4

History of Like Kind Exchanges Under Section 1031

- Proposed Regulations published on 6/12/2020 are intended to provide guidance in two areas:
 - Amend existing regulations to add a definition of real property to reflect TJCA statutory changes

5

5

History of Like Kind Exchanges Under Section 1031

- Provide a rule addressing use of relinquished property funds to acquire personal property that is incidental to the real property that the taxpayer receives in the LKE

6

6

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: Section 1031 Proposed Regulations

Also available as part of the eCourse

[New and Proposed Regulations: Carried Interest and Like Kind Exchanges](#)

First appeared as part of the conference materials for the
68th Annual Taxation Conference session

"Hot Topics in Partnerships and Like Kind Exchanges"