



1031 Tax Reform FACT SHEET

Summary

Discussions to reform federal tax code are taking center stage. While the goal of the reform measures may be to make the tax code simpler and stimulate economic growth, the opposite will be the result.

With all recent proposals introduced, section 1031 is directly threatened. The current proposals will either completely eliminate or severely limit 1031 Exchanges. These proposals also significantly lengthen depreciation schedules for both personal property and real property assets and effectively raise the tax rate on recaptured depreciation for real estate, taxing it as ordinary income. Bottom line, the future of 1031 Exchanges or for those utilizing the power of tax deferral will be compromised.

Current Proposals

Tax reform proposals have been advanced by the House Ways and Means Committee, the Senate Finance Committee and the Treasury Department to eliminate or limit 1031 Like-Kind Exchanges. All of these proposals are currently in discussion form:

1. The House Ways and Means Committee draft Tax Reform Act of 2014 calls for repeal of section 1031 effective January 1, 2015.
2. The Senate Finance Committee's Discussion Draft: Cost Recovery & Accounting proposes to repeal section 1031, but leaves the door open for real property and intangible property exchanges. It also suggests a potential modification of the like-kind standard to the narrower section 1033 standard requiring that the properties be similar in service or use.
3. The Treasury's proposed FY2015 Budget proposes to limit real property exchanges to \$1 million annual gain deferral, but is silent about personal property exchanges.

Read the full documents, summaries and excerpts on IPX1031®'s [Tax Reform microsite](#)
<http://www.ipx1031.com/tax-reform-proposals/>

Take Action

IPX1031® has created an informational microsite in its website dedicated to tax reform to keep you informed with facts – the proposals, latest statistics and industry info, updates and FAQs. And IPX1031® provides you with a means to Say NO to Congress. Your congressional representative wants to hear from you. Send your Senators and Representative a [quick email letter via IPX1031®](#). After entering your zip code, you will see your Senators and Representative. Customize a sample letter and hit the send button. It takes less than three minutes. Simple and fast. <http://take-action.ipx1031.com>

Next Steps

- Say NO to Congress. Send a [quick email via IPX1031®](#).
- From IPX1031®'s microsite, [using social media buttons](#), share the Contact Congress page on Linked In, Facebook, Google +, Twitter, or via email.
- Continue to utilize 1031 Exchanges as part of your investment strategy. It is unlikely that tax reform will be achieved in 2014. Take advantage of your tax benefits and keep our economy strong.
- Sign up for IPX1031®'s Tax Reform Update email list to keep current on the latest tax reform impact on section 1031. IPX1031® will send you monthly updates (or sooner if there is activity). Go [here](#) or send an email to info@ipx1031.com with Tax Reform Update in the subject line.
- Stay educated and informed. Visit [IPX1031®'s microsite](#) and read up.

IPX1031® will be updating its 1031 Tax Reform microsite frequently. Please check back often for the latest information or [subscribe](#) at www.ipx1031.com/opt-in to be notified when there are updates.