

Covid-19 1031 Exchange FAQs

1031 Funds & Security, Identification & Market During the Pandemic

During these unusual times, we have been receiving many 1031 Exchange related inquiries from our IPX1031 community. We are always available to answer questions! Below are some of the most popular:

1031 FUNDS & SECURITY

Are my 1031 funds held in a separate account? We open segregated, interest bearing accounts for each 1031 Exchange using the exchanger's tax identification number.

Where are my funds deposited? We open segregated accounts only at the large, stable and highly rated banks.

Is my money safe? Investors and companies often choose IPX1031 for the superior security that we provide for their funds. In addition to only depositing funds in segregated accounts at large, stable and highly rated financial institutions, IPX1031 is bonded and insured by independent insurance companies. Our corporate parent, Fidelity National Financial, issues a 50 million dollar written performance guaranty on every 1031 Exchange. Go to IPX1031's Safety & Security for Exchangers www.ipx1031.com/safety-security-for-exchangers/ and Your 1031 Funds Are Safe www.ipx1031.com/are-your-1031-funds-safe/ for more information. It is very important that taxpayers review the security provided for their funds before choosing which company to facilitate their 1031 Exchange.

1031 IDENTIFICATION DURING THE PANDEMIC

Should I identify more than one property? With any exchange, it's prudent to have a back-up plan and identify multiple properties. There have been many stories of properties falling through or failing to close at the very last minute. Read identification rules at www.ipx1031.com/deadlines-and-identification-requirements/

When is my ID deadline? Is the IRS extending deadlines since I cannot leave my house to look for property?

Will I get extra time to identify my replacement properties? Notice 2020-23 provides exchangers with an original ID deadline between April 1st and July 14th an automatic extension to July 15th. Through our trade organization, the FEA, and a coalition of real estate groups, we have asked for additional extensions. We hope these requests will be granted, but there has been no response to date.

What if the replacement property I choose does not close for any reason? If your exchange began April 1st or after, you can re-identify another replacement property prior to July 15, 2020.

How do I find a replacement property if I cannot actually get into the building? Notice 2020-23 provides that you have until July 15th to identify like-kind replacement property. Depending on what part of the country you are in, appraisers and inspectors may be allowed to go into properties, so they may be able to provide you with information. Virtual tours may be another option.

What if I cannot find a property in the time frame? If your exchange began between February 16 and May 31, 2020, Notice 2020-23 extends your 45 day identification period until July 15, 2020. If you do not locate a property to identify in the time frame, then you would end up paying the taxes on the applicable gain from the sale of your relinquished property. There is not a tax penalty if you are unable to locate new property to complete your exchange. Speak to your tax advisor about if you can reduce taxes through the use of carry forward losses or delay the payment of taxes due to the coordination between sections 453 and 1031 of the Internal Revenue Code.

1031 MARKET

Is a 1031 Exchange a good idea given today's economy? Absolutely. A 1031 Exchange is an excellent tool to defer taxes especially in today's economy. With any investment, you should always check with your tax and legal advisors to determine what is best for your specific situation. Taxpayers should always seek advice from their financial planner, tax attorney and CPA relating to their specific tax and investment goals and situation.

IPX1031. The best choice for your 1031

To discuss 1031 tax deferral strategy, please reach out to IPX1031. IPX1031 focuses solely on 1031 Tax Deferred Like Kind Exchanges. As the national leader in 1031 Exchange services, IPX1031 has the financial assurances, security and expertise essentials to protect your funds and provide answers and guidance throughout the exchange process.

IPX1031
888.771.1031
info@ipx1031.com

For more info:
www.ipx1031.com/1031-online-resource/