

PERSONAL PROPERTY/BUSINESS ASSET EXCHANGE

Business assets other than real property often can qualify for tax deferral through the use of a 1031 exchange. Some examples of such assets include technology equipment, business airplanes and vehicles, construction and manufacturing equipment. Essentially, any depreciable asset with a reasonable residual value at the time you wish to dispose of it is a candidate for a like-kind exchange.

The like-kind requirements for business asset exchanges are more stringent than those of real estate. In real estate, essentially all real estate is like-kind to all other real estate as long as the intention of the owner at the time of purchase is/was to hold it for investment or use it in the pursuit of a business or a trade. When it comes to business assets and personal property, assets must be matched within asset classes or product classes as defined by the Internal Revenue Service. Property may be exchanged only for other property that falls within the same asset class or product class.

In current economic conditions, a tax-deferred exchange could provide a business with the opportunity to upgrade its equipment without the need for seeking or incurring additional debt, which could be difficult to secure, and with less company equity required. Please contact us anytime with questions if you are contemplating an exchange of this nature.



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The professionals at Iowa Equity Exchange understand the complex rules of Section 1031 exchanges. We can help simplify this information for you and your clients. Section 1031 exchanges are our only business. We are members of the Federation of Exchange Accommodators, the only national association that is dedicated to the protection of the consumer in 1031 transactions. Less than 2% of all qualified intermediary service providers nationwide are members of this organization. We can creatively and strategically assist you and your clients with the sale or purchase of assets in order to maximize the tax deferral opportunities. Please contact us at your convenience.



Note: Per 1031 regulations, Iowa Equity Exchange cannot give tax and/or legal advice. Every taxpayer should review specific transactions and potential tax consequences with his or her personal tax and/or legal advisor.

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