



## Like-Kind Exchanges - Real Estate Tax Tips

Generally, if you exchange business or investment property solely for business or investment property of a like-kind, no gain or loss is recognized under [Internal Revenue Code Section 1031](#). If, as part of the exchange, you also receive other (not like-kind) property or money, gain is recognized to the extent of the other property and money received, but a loss is not recognized.

Section 1031 does not apply to exchanges of inventory, stocks, bonds, notes, other securities or evidence of indebtedness, or certain other assets.

### Like-Kind Property

Properties are of like-kind, if they are of the same nature or character, even if they differ in grade or quality. Personal properties of a like class are like-kind properties. However, livestock of different sexes are not like-kind properties. Also, personal property used predominantly in the United States and personal property used predominantly outside the United States are not like-kind properties.

Real properties generally are of like-kind, regardless of whether the properties are improved or unimproved. However, real property in the United States and real property outside the United States are not like-kind properties.

### Additional Resources

[Publication 544](#), Sales and Other Dispositions of Assets

[Form 8824](#), Like-Kind Exchanges (PDF)

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