

1031

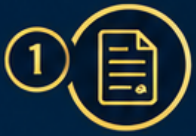
EXCHANGE COMPANY, LLC

WELL PLANNED EXCHANGES YIELD HIGHER TAX DEFERRAL

1031 REPLACEMENT PROPERTY

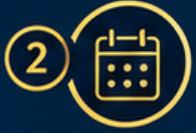
CAN A LEASEHOLD INTEREST QUALIFY?

YES — a qualifying leasehold interest can be replacement property in a 1031 exchange.



IT MUST BE A QUALIFYING REAL PROPERTY INTEREST

- A leasehold can qualify when the interest is treated as real property for federal tax purposes.
- A short-term rental agreement is not the same thing.



THE 30-YEAR BENCHMARK MATTERS

- Generally, a leasehold interest with 30 years or more remaining is the key federal benchmark.
- The actual lease terms should always be reviewed.



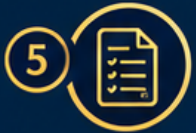
IT MUST BE HELD FOR BUSINESS OR INVESTMENT

- The replacement leasehold must be acquired for a qualifying business or investment purpose — not primarily for personal use.



THE 45 / 180-DAY RULES STILL APPLY

- 45 DAYS — Identify the replacement leasehold.
- 180 DAYS — Complete the acquisition within the exchange period, subject to the tax-return deadline.



REVIEW THE LEASE BEFORE IDENTIFYING IT

- Pay particular attention to the remaining term, renewal rights, assignment provisions, landlord consent, and the exact rights being acquired.

THE BOTTOM LINE

A leasehold can qualify — but do not assume every lease does.
The length and terms of the lease are critical.

General information only — not legal or tax advice.



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