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Florida 1031 Exchanges

Any Real Estate Property owner or investor in Real Estate in Florida, should consider an exchange when he expects to acquire a replacement "like kind" property subsequent to the sale of his existing investment property. When purchasing a replacement property (without the benefit of a 1031 exchange) your buying power is reduced by payment of capital gain taxes.

In order to completely defer the realized capital gain taxes from your Florida Investment Property you must follow two major rules:

The total purchase price of the replacement "like kind" property must be equal to, or greater than the total net sales price of the relinquished real estate property.

All the equity received from the sale of the relinquished real estate property must be used to acquire the replacement, "like kind" property.

In the case where the replacement property purchase price is less than that of the relinquished property, the investor will incur a tax liability in such situation; the transaction will receive a partial tax-deferral treatment where the amount of difference will be taxed as a "boot" or "non-like-kind" real estate property.

There are also other very important rules that you should keep in mind:

The Identification Period Rule: The period during which the party selling a property must identify other replacement properties that he proposes or wishes to buy is scheduled as exactly 45 days from the day of the sale the relinquished property.

The Exchange Period Rule: The period within which a person who has sold the relinquished property must receive the replacement property ends at exactly 180 days after the date on which the person transfers the relinquished property or the due date for the person's tax return for that taxable year in which the transfer of the relinquished property has occurred, whichever situation is earlier.

The Three Property Identification Rule: This rule limits the total (aggregate) number of like-kind replacement properties that a person who has sold the relinquished property can identify to three potential like-kind replacement properties.

There are benefits and challenges with each of these 1031 exchange identification rules and requirements for like-kind replacement property. We are always available to assist you in deciding which of the above 1031 exchange rules for like-kind replacement

properties would be best suited for your Florida 1031 exchange transaction. We suggest that you always consult your tax accountant to determine the true benefits and tax implications of a 1031 Exchange may have for you personally.

If you are in need of a Qualified Intermediary and assistance of professional Florida Real Estate Agents with selection of a replacement property, please contact us or call +1 (888) 542.1531 and we will help you with all your investment real estate needs to successfully complete a 1031 Exchange in Florida.

Disclaimer: Florida Exclusive Realty does not guarantee the performance of the Qualified Intermediary and we cannot be held liable for any misrepresentations or mistakes in regards to a 1031 exchange by the Qualified Intermediary that we refer you to. Florida Exclusive Realty does not provide legal or tax advice nor can we make representations regarding the tax consequences of an exchange transaction. Florida Exclusive Realty is not responsible (in any way) for the performance, creditability, and financial condition of Qualified Intermediaries. It is imperative that all potential 1031 exchange customers do their own due diligence and research on a 1031 exchange. All parties doing a 1031 exchange must consult their tax advisors or attorney for related information.

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