

1031 ADVISOR

Serving the Professional Advisors to Real Estate Clients since 1989



Stephen L. Robison, J.D., LL.M.

Providing tax advice on like kind exchanges.

Strategic Property Exchanges, LLC serves as Qualified Intermediary on Section 1031 Exchanges, including forward, reverse, and parking arrangements.

For more information

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1031 Advisor is focused on helping you discover, develop and identify ideas to win clients by reducing their taxes and increasing their wealth.

WHY DO YOU AND YOUR CLIENTS NEED A TAX OPINION FOR YOUR 1031 EXCHANGE?

As we know, the IRS is on the warpath regarding those super rich guys and their slick tax advisors. What you may not know is that the IRS has increased the tax penalties for the taxpayers and for their advisors. Guess what? Section 1031 exchanges are now "tax shelters".

What does that mean to you and me? It means that if you advise a client on a 1031 exchange AND the client inadvertently doesn't tell you all the facts, ¹ that you will be liable both to the client and the IRS for penalties AND since the client did not get a tax opinion, they cannot rely on your advice to protect against tax penalties. The client can then say to you, why didn't you tell me to get a tax opinion?

So, from today forward

when your client does an exchange you need to make sure that your 1031 exchange intermediary is a [real] expert, and secondly, that he can guarantee that your 1031 exchange is correct with a tax opinion.

[Lights dim, enter stage left, the tax professionals from Strategic Property Exchanges, LLC] Our tax opinion guarantees to the IRS that your Section 1031 exchange is a valid iron-clad 1031 exchange and they can go bother someone else. This opinion can only be provided by an actively practicing tax attorney knowledgeable in all areas of federal tax law. I am a Board certified Tax Specialist and have been an actively practicing tax attorney for 20 years. We provide tax opinions as part of our full service for investors purchasing and selling invest-

ment property as a 1031 exchange.

The purpose of an opinion letter is to consider all material tax issues involving a reasonable possibility of challenge by the IRS. A material tax issue is any income tax issue relating to the tax shelter that would have a significant effect or contribution in sheltering taxes by providing deductions in excess of income or credits in excess of tax attributable to the shelter, and any other tax issues that might have a significant impact on an investor under reasonably foreseeable circumstances. The opinion letter must state whether or not the investor will prevail on the merits of each material tax issue, and fully explain any potential problems with the investor's direction.

STEVE'S 1031 EXCHANGE ANSWERS TO ACTUAL QUESTIONS FOR THE MONTH ²

- e You cannot sell your apartment building and use the proceeds to purchase your existing home from yourself.
- e A partnership should not transfer the real estate to the individual partner's right before the closing.
- e A real estate owner should not borrow against the property to be sold right before the closing.
- e If you are going to escape the US to avoid taxation, make sure you sell your US property first.

¹ We know in a perfect world, the clients always tell you the facts. It's only on Planet Earth that client neglect to tell you all the facts.

² The Facts have not been changed to protect anyone