

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, de-
velop and identify
ideas to win clients
by reducing their
taxes and increas-
ing their wealth.**

GUARANTEED SERVICE:

WHAT DOES THAT MEAN IN YOUR SECTION 1031 EXCHANGES?

- In an increasingly service-oriented world, "best efforts" service delivery is no longer good enough for your clients.
- Title companies and national Section 1031 Exchange Companies disclaim any responsibility for their actions as qualified intermediaries and, in addition, require their clients to agree to indemnify them from any possible claims arising from the Section 1031 exchange.
- What does that mean to You as a professional advisor assisting clients in a Section 1031 exchange? More Oversight, More Responsibility, More Liability, More unbilled Time.
- At **Strategic Property Exchanges, LLC** we **guarantee** our services with a tax opinion that protects your clients from IRS penalties and protects you from Malpractice Liability. Our services are compliant; consistent; cost-effective.
- Allow us to amaze you and your clients with our premier level of services.

More on Syndicated TICs as Replacement Property. In IRS Info. Letter 2005-127; IRS Info. Letter 2005-0128 the IRS explained that it is aware of the marketing and sale of tenancies in common (TICs) in commercial real estate and further, the issue of whether or not such TICs constitute a security that may not be exchanged under Section 1031. As we know, Section 1031 is not applicable to any exchange of stocks, bonds, notes, other securities, evidences of indebtedness or interest, or partnership interests. The IRS stated that it is watching how TICs evolve in the 1031 context and whether TICs will be considered a valid replacement property.

Revenue Procedure 2002-22, 2002-1 C.B. 733, specifies conditions under which the IRS will rule on whether an undivided interest in rental real estate is not an interest in a business entity under Reg. Section 301.7701-2(a). This was based, in large part, on the IRS' experience with the tax shelter industry in the 1970s and 1980s. These rules were meant to provide a safe harbor for TIC sponsors and investors. However, the TIC industry routinely sidesteps and ignores these guidelines in Revenue Procedure 2002-22. Of the roughly 15 guidelines, the TIC agreements may cover 3 to 5 of the guidelines and openly flout the partnership issue by permitting the shifting and sharing of income with the Sponsor and its affiliates. The TIC agreements must be carefully reviewed to assure the compliance the Section 1031 to avoid disqualifying the purchase of the replacement property. If the TIC property does not qualify as replacement property, the gain is taxed in the year of the sale of the relinquished property and the subsequent sale of the TIC, as a partnership interest or as a security, is taxable as well. We at **Strategic Property Exchanges, LLC** are skilled in reviewing these agreements and can assist you in protecting your clients from an unexpected attack from the IRS.

Merry Christmas to All and a Prosperous New Year

Let us at **Strategic Property Exchanges, LLC** make your New Year Less Taxing