

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

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Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:ITA:B08

PLR-110110-24

Date:

November 22, 2024

LEGEND

Taxpayer =

REIT =

Subsidiary =

Partnership =

Land =

Date 1 =

Date 2 =

State 1 =

State 2 =

W =

X =

Y =

Z =

Dear _____ :

This responds to your letter, dated Date 1, requesting a private letter ruling under § 1031 of the Internal Revenue Code. You request the following ruling: Taxpayer's proposed transaction will conform to the requirements of the qualified intermediary ("QI") and exchange accommodation titleholder ("EAT") safe harbor rules so that QI, EAT, and EAT Sub will not be agents of Taxpayer, and Taxpayer will not recognize gain or loss upon its conveyance of the relinquished property and its receipt of the replacement property. Further, Taxpayer will not recognize any gain or loss upon its conveyance of the relinquished property and its receipt of the replacement property, except to the extent of any cash boot received by Taxpayer.

FACTS

Taxpayer is a State 1 limited partnership that is treated as a partnership for federal income tax purposes. Taxpayer uses an overall accrual method of accounting for filing its federal income tax returns and uses an accounting period ending December 31. Taxpayer is in the business of acquiring, developing, renovating, leasing, and managing _____ as rental properties. Taxpayer owns _____ of _____ held for use in its rental business, as well as land held for development.

Taxpayer's sole general partner is REIT, a State B real estate investment trust. REIT owns over W percent of the common limited partnership interests in Taxpayer. Taxpayer represents that REIT qualifies as a "real estate investment trust" within the meaning of § 856.

Taxpayer owns X percent of the membership interests in Subsidiary. Subsidiary is treated as a corporation for federal income tax purposes. Taxpayer represents that Subsidiary is a "taxable REIT subsidiary," as defined in § 856(l).

Taxpayer owns Y percent of the membership interests in Partnership, a State 1 limited liability company that is treated as a partnership for federal income tax purposes. Subsidiary owns the remaining Z percent of the membership interests in Partnership.

On Date 2, Taxpayer contributed Land to Partnership. The Land was held for development by Taxpayer and was contributed to Partnership with respect to Taxpayer's Y percent membership interest in Partnership. Also on Date 2, Subsidiary agreed to contribute cash to Partnership with respect to Subsidiary's Z percent membership interest in Partnership to be used by Partnership in its operations.

Partnership will undertake the _____ of Land into _____ and the offsite improvements, such as utilities and roads. Partnership may construct _____ on a portion of the _____ in the Land, and Partnership would lease those _____ to _____ tenants who would occupy those _____ under customary rental lease agreements. In the future, Partnership may acquire land for development

from third parties, and Partnership may also that land into and offsite improvements. Similar to the Land contributed to Partnership by Taxpayer, Partnership may construct on a portion of the in the land acquired from third parties, and Partnership would lease those to tenants who would occupy those under customary rental lease agreements.

Taxpayer represents that under state law, title to Land passed to Partnership, Partnership receives the profits from its operation and the right to sell Land, Partnership bears the risk of loss or damage to Land, Partnership pays insurance, property taxes and other taxes, assessments and levies on Land. Further, Partnership has acquired an equity interest in Land, the right to possession of Land is vested in Partnership and the Land is not subject to any options or purchase rights. Taxpayer represents that Partnership is the tax owner of Land.

Pursuant to the proposed transaction, not less than 180 days after Date 2 (the "Lease Date"), Partnership will lease the Land (the "Ground Lease") to an EAT ("Titleholder") or an entity that is wholly owned by Titleholder and is disregarded for federal income tax purposes ("Titleholder Subsidiary"). The Ground Lease will have a term in excess of 30 years, will have arms' length terms including fair market rental rates, and will permit construction of improvements by Titleholder or Titleholder Subsidiary. Land subject to Ground Lease will be with respect to specific available for construction of

Within five business days of the Lease Date (the "QEAA Date"), Partnership, Titleholder, and Titleholder Subsidiary will enter into a Qualified Exchange Accommodation Agreement (the "QEAA"). Pursuant to the terms of the QEAA, within 180 days from the QEAA Date, all of the interests of Titleholder Subsidiary will be transferred to Taxpayer as replacement property ("Replacement Property") in an exchange qualifying for nonrecognition of gain or loss under § 1031. Because Titleholder Subsidiary is a disregarded entity for federal income tax purposes, the Replacement Property will be all of Titleholder Subsidiary's assets, which consists of the improvements constructed by Titleholder Subsidiary and its lessee interest in Ground Lease.

Within 45 days of the QEAA Date, Taxpayer will identify to be sold by sending an identification form to Titleholder. Taxpayer or a related entity will loan funds to Titleholder Subsidiary, to the extent that relinquished property proceeds are not available, in amounts sufficient for the construction of the improvements on Land while the Land is held subject to the terms of the QEAA, and to pay rent under Ground Lease. Subsidiary will manage the construction.

Taxpayer will enter into sale agreements to sell one or more (individually a "Relinquished Property," and collectively the "Relinquished Properties") to unrelated, third-party buyers. Taxpayer will then enter into a tax-deferred exchange

agreement (the “QI Agreement”) with a QI, who is not Taxpayer or a disqualified person within the meaning of § 1.1031(k)-1(k). Pursuant to the terms of the QI Agreement, Taxpayer will assign its rights to sell the Relinquished Property to the QI, with notice being given to the unrelated, third-party buyers.

Within 45 days of the sale of each Relinquished Property, Taxpayer will identify the Ground Lease interest and improvements constructed (or to be constructed) by Titleholder Subsidiary as Replacement Property. Taxpayer will identify the Replacement Property in accordance with § 1.1031(k)-1(e)(2) and will send an identification form to QI. Taxpayer will then assign its rights under the QEAA to acquire the Replacement Property to QI.

Within 180 days of the QEAA Date, Titleholder, at the QI's direction, will transfer the Replacement Property to Taxpayer. If necessary, Titleholder Subsidiary will complete construction of leasehold improvements, as permitted by the Ground Lease.

Titleholder is and will be subject to federal income tax and is not Taxpayer or a disqualified person. The qualified indicia of ownership, which is defined in Rev. Proc. 2000-37, 2000-2 C. B. 308, of the Replacement Property will be held by Titleholder at all times from the Lease Date until the Replacement Property is transferred to Taxpayer. At the time the qualified indicia of ownership of the Replacement Property is transferred to Titleholder, it is Taxpayer's bona fide intent that the Replacement Property held by Titleholder will represent replacement property in an exchange qualifying for nonrecognition of gain or loss under § 1031.

If all of the Relinquished Property proceeds are not fully reinvested in the construction of improvements, Taxpayer will receive the remaining funds as boot and will recognize gain to the extent of such boot. Moreover, if construction of the Replacement Property is not completed within 180 days of the QEAA Date, Titleholder will nevertheless transfer the Replacement Property prior to full completion to Taxpayer in order to complete the § 1031 like-kind exchange, in accordance with Rev. Proc. 2000-37.

Taxpayer represents that both the Relinquished Properties and the Replacement Property will either be held for productive use in its trade or business, or for investment and not primarily for sale. Taxpayer further represents that neither Taxpayer nor Partnership will dispose of its interests in the Land or the Replacement Property, respectively, in a taxable disposition within two years after the last transfer that was part of the exchange.

Taxpayer further represents that the contribution of Land to Partnership will separate the Partnership's ground-leasing business and other real estate operations in specific geographic territories from Taxpayer's other real estate business operations. Taxpayer represents that Partnership expects to engage, directly or indirectly, in a substantial amount of genuine business activity with respect to Ground Lease and with respect to the leased to tenants. Taxpayer also represents that the

tenant lease agreements are not triple net leases and involve substantial activity and expense for Partnership.

APPLICABLE LAW

General Requirements for Deferral under § 1031

Section 1031(a)(1) provides that no gain or loss is recognized on the exchange of property held for productive use in a trade or business or for investment if the property is exchanged solely for property of like kind that is to be held either for productive use in a trade or business or for investment. Thus, for a transaction to qualify under § 1031, the properties must be: (1) exchanged; (2) held for productive use in a trade or business or for investment; and (3) of a like-kind.

Section 1.1031(a)-1(b) of the regulations defines like-kind as referring to the nature or character of the property and not to its grade or quality. Section 1.1031(a)-1(c)(2) provides that no gain or loss is recognized if a taxpayer who is not a dealer in real estate exchanges city real estate for a ranch or farm, or exchanges a leasehold of a fee with 30 years or more to run for real estate, or exchanges improved real estate for unimproved real estate.

Section 1031(f) sets forth special rules for exchanges between related persons. Under § 1031(f)(1), if (A) a taxpayer exchanges property with a related person; (B) there is nonrecognition of gain or loss to the taxpayer in accordance with § 1031 with respect to the exchange; and (C) within 2 years of the date of the last transfer that was part of the exchange either the taxpayer or the related person disposes of the property received in the exchange, then there is no nonrecognition of gain or loss in the exchange.

Section 1031(f)(4) provides that § 1031 shall not apply to any exchange that is part of a transaction, or series of transactions, structured to avoid the purposes of § 1031(f). If a transaction is set up to avoid the restrictions on exchanges between related persons, § 1031(f)(4) operates to prevent nonrecognition of the gain or loss on the exchange.

Applicable Deferred Exchange Regulations

Section 1.1031(k)-1(a) provides that a deferred exchange is an exchange in which, pursuant to an agreement, the taxpayer transfers property held for productive use in a trade or business or for investment and subsequently receives property to be held for productive use in a trade or business or for investment. In the case of a deferred exchange, if the requirements set forth in § 1031(a)(3) (relating to identification and receipt of replacement property) are not met, the replacement property received by the taxpayer will be treated as property which is not of like-kind to the relinquished property.

Section 1.1031(k)-1(c)(2) generally provides that replacement property is identified only if it is designated as replacement property in a written document signed by the taxpayer

and hand delivered, mailed, telecopied, or otherwise sent before the end of the identification period to either the person obligated to transfer the replacement property to the taxpayer or any other person involved in the exchange other than the taxpayer or a disqualified person. Section 1.1031(k)-1(c)(1) provides, in part, that any replacement property that is received by the taxpayer before the end of the identification period will in all events be treated as identified before the end of the identification period.

Section 1.1031(k)-1(d)(1) provides, in part, that the identified replacement property is received before the end of the exchange period if the taxpayer receives the replacement property before the end of the exchange period, and the replacement property received is substantially the same property as identified.

Section 1.1031(k)-1(e)(1) provides that a transfer of relinquished property in a deferred exchange will not fail to qualify for nonrecognition of gain or loss under § 1031 merely because the replacement property is not in existence or is being produced at the time the property is identified as replacement property.

Section 1.1031(k)-1(e)(2) provides that in the case of replacement property that is to be produced, the replacement property must be identified as provided in § 1.1031(k)-1(c) (relating to identification of replacement property). Section 1.1031(k)-1(e)(2)(i) requires a taxpayer to identify the replacement property by providing a legal description of the underlying land that is subject to sublease and as much detail as is practicable regarding the construction of the improvements at the site. For example, if the identified replacement property consists of improved real property where the improvements are to be constructed, the description of the replacement property satisfies the requirements of § 1.1031(k)-1(c)(3) (relating to description of replacement property) if a legal description is provided for the underlying land and as much detail is provided regarding construction of the improvements as is practicable at the time the identification is made.

Section 1.1031(k)-1(e)(3)(i) generally provides that for purposes of § 1.1031(k)-1(d)(1)(ii) (relating to receipt of the identified replacement property), in determining whether the replacement property received by the taxpayer is substantially the same property as identified where the identified replacement property is property to be produced, variations due to usual or typical production changes are not taken into account. However, if substantial changes are made in the property to be produced, the replacement property received will not be considered to be substantially the same property as identified.

Section 1.1031(k)-1(e)(3)(iii) further provides that if the identified replacement property is real property to be produced and the production of the property is not completed on or before the date the taxpayer receives the property, the property received will be considered to be substantially the same property as identified only if, had production been completed on or before the date the taxpayer receives the replacement property, the property received would have been considered to be substantially the same property as identified. Even so, the property received is considered to be substantially

the same property as identified only to the extent the property received constitutes real property under local law.

Section 1.1031(k)-1(f)(1) generally provides that a transfer of relinquished property in a deferred exchange is not within the provisions of § 1031(a) if, as part of the consideration, the taxpayer receives money or other property. However, such a transfer, if otherwise qualified, will be within the provisions of either § 1031(b) or (c). In the case of a transfer of relinquished property in a deferred exchange, gain or loss may be recognized if the taxpayer actually or constructively receives money or other property before the taxpayer actually receives like-kind replacement property. If the taxpayer actually or constructively receives money or other property in the full amount of the consideration for the relinquished property before the taxpayer actually receives like-kind replacement property, the transaction will constitute a sale and not a deferred exchange, even if the taxpayer may ultimately receive like-kind replacement property.

Section 1.1031(k)-1(f)(2) provides, in part, that except as provided in § 1.1031(k)-1(g) (relating to safe harbors), for purposes of § 1031 and § 1.1031(k)-1, the determination of whether (or the extent to which) the taxpayer is in actual or constructive receipt of money or other property before the taxpayer actually receives like-kind replacement property is made under the general rules concerning actual and constructive receipt and without regard to the taxpayer's method of accounting. In addition, actual or constructive receipt of money or property by an agent of the taxpayer (determined without regard to § 1.1031(k)-1(k)) is actual or constructive receipt by the taxpayer.

Section 1.1031(k)-1(g)(2) through (g)(5) sets forth a variety of safe harbors for use in deferred exchange situations. The use of one or more of these safe harbors in a deferred exchange will shield a taxpayer from actual or constructive receipt of money or other property.

Section 1.1031(k)-1(g)(4)(i) provides that in the case of a taxpayer's transfer of relinquished property involving a qualified intermediary, the qualified intermediary is not considered the agent of the taxpayer for purposes of § 1031(a). In such a transaction, the taxpayer's transfer of relinquished property and subsequent receipt of like-kind replacement property is treated as an exchange and the determination of whether the taxpayer is in actual or constructive receipt of money or other property before the taxpayer actually receives like-kind replacement property is made as if the qualified intermediary is not the agent of the taxpayer.

Pursuant to § 1.1031(k)-1(g)(4)(ii), the qualified intermediary safe harbor applies only if the agreement between the taxpayer and the qualified intermediary expressly limits the taxpayer's rights to receive, pledge, borrow, or otherwise obtain the benefits of money or other property held by the qualified intermediary as provided in § 1.1031(k)-1(g)(6).

Section 1.1031(k)-1(g)(4)(iii) defines the term "qualified intermediary" as a person, not the taxpayer or a disqualified person (as defined in § 1.1031(k)-1(k)), who enters into a

written agreement with the taxpayer and, as required by the exchange agreement, acquires the relinquished property from the taxpayer, transfers the relinquished property, acquires the replacement property, and transfers the replacement property to the taxpayer.

Section 1.1031(k)-1(g)(4)(iv)(A) provides that, regardless of whether an intermediary acquires and transfers property under general tax principles, solely for purposes of § 1.1031(k)-1(g)(4)(iii)(B), an intermediary is treated as acquiring and transferring property if the intermediary acquires and transfers legal title to that property.

Section 1.1031(k)-1(g)(4)(iv)(B) provides that an intermediary is treated as acquiring and transferring the relinquished property if the intermediary (either on its own behalf or as the agent of any party to the transaction) enters into an agreement with a person other than the taxpayer for the transfer of the relinquished property to that person and, pursuant to that agreement, the relinquished property is transferred to that person.

Section 1.1031(k)-1(g)(4)(iv)(C) provides that an intermediary is treated as acquiring and transferring replacement property if the intermediary (either on its own behalf or as the agent of any party to the transaction) enters into an agreement with the owner of the replacement property for the transfer of that property and, pursuant to that agreement, the replacement property is transferred to the taxpayer.

Section 1.1031(k)-1(g)(4)(v) provides that solely for purposes of § 1.1031(k)-1(g)(4)(iii) and (iv), an intermediary is treated as entering into an agreement if the rights of a party to the agreement are assigned to the intermediary and all parties to that agreement are notified in writing of the assignment on or before the date of the relevant transfer of property. For example, if a taxpayer enters into an agreement for the transfer of relinquished property and thereafter assigns its rights in that agreement to an intermediary and all parties to that agreement are notified in writing of the assignment on or before the date of the transfer of the relinquished property, the intermediary is treated as entering into that agreement. If the relinquished property is transferred pursuant to that agreement, the intermediary is treated as having acquired and transferred the relinquished property.

Section 1.1031(k)-1(k)(1) defines the term “disqualified person” as a person described in § 1.1031(k)-1(k)(2), (k)(3), or (k)(4). Essentially, a disqualified person is an agent of the taxpayer, or a person related to the taxpayer or the agent. Generally, a person who has acted as the taxpayer's employee, attorney, accountant, investment banker or broker, or real estate agent or broker within the 2-year period ending on the date of the transfer of the first of the relinquished properties is treated as an agent of the taxpayer at the time of the transaction. However, for purposes of this definition, performance of the following services are not taken into account - (i) Services for the taxpayer with respect to exchanges of property intended to qualify for nonrecognition of gain or loss under § 1031; and (ii) Routine financial, title insurance, escrow, or trust services for the taxpayer by a financial institution, title insurance company, or escrow company.

The Parking Transaction under Rev. Proc. 2000-37 and Rev. Proc. 2004-51

Rev. Proc. 2000-37 sets forth a safe harbor for acquiring replacement property under a qualified exchange accommodation arrangement ("QEAA"), sometimes referred to as a "parking" transaction. As provided in this safe harbor, the Service will not challenge the (a) qualification of the property as either replacement or relinquished property (as defined in § 1.1031(k)-1(a)); or (b) the treatment of the EAT as the beneficial owner if the property is held in the QEAA as defined in § 4.02 of Rev. Proc. 2000-37. As provided in § 4.02 of the revenue procedure, property is held in the QEAA if all of the following requirements are met:

- (1) Qualified indicia of ownership of the property is held by a person (the EAT) who is not the taxpayer or a disqualified person and either such person is subject to federal income tax or, if such person is treated as a partnership or S corporation for federal income tax purposes, more than 90 percent of the entity is owned by partners or shareholders who are subject to federal income tax. Such qualified indicia of ownership must be held by the EAT at all times from the date of acquisition by the EAT until the property is transferred as described in § 4.02(5) of Rev. Proc. 2000-37. For this purpose, "qualified indicia of ownership" means legal title to the property, other indicia of beneficial ownership of property under applicable principles of commercial law (e.g., a contract for deed), or an interest in an entity that is disregarded as an entity separate from its owner for federal income tax purposes (e.g., a single member limited liability company) and that holds legal title to the property or such other indicia of ownership;
- (2) At the time the qualified indicia of ownership of the property is transferred to the EAT, it is the taxpayer's bona fide intent that the property held by the EAT represent either replacement property or relinquished property in an exchange intended to qualify for nonrecognition of gain (in whole or in part) or loss under § 1031;
- (3) No later than five business days after the transfer of qualified indicia of ownership of the property to the EAT, the taxpayer and the EAT enter into a written agreement (the "QEAA Agreement") providing that the EAT is holding the property for the benefit of the taxpayer in order to facilitate an exchange under § 1031 and Rev. Proc. 2000-37 and that the taxpayer and the EAT agree to report the acquisition, holding, and disposition of the property as provided in Rev. Proc. 2000-37. The agreement must specify that the EAT will be treated as the beneficial owner of the property for all federal income tax purposes. Both parties must report the federal income tax attributes of the property on their federal income tax returns in a manner consistent with this agreement;
- (4) No later than 45 days after the transfer of qualified indicia of ownership of the replacement property to the EAT, the relinquished property is properly identified. Identification must be made in a manner consistent with the principles described in § 1.1031(k)-1(c). The taxpayer may properly identify alternative and multiple properties, as described in § 1.1031(k)-1(c)(4);

(5) No later than 180 days after the transfer of qualified indicia of ownership of the property to the EAT, (a) the property is transferred either directly or indirectly through a qualified intermediary (as defined in § 1.1031(k)-1(g)(4)) to the taxpayer as replacement property; or (b) the property is transferred to a person who is not the taxpayer or a disqualified person as relinquished property; and

(6) The combined time period that relinquished property and replacement property are held in the QEAA does not exceed 180 days.

Pursuant to § 4.03 of Rev. Proc. 2000-37, property will not fail to be treated as held in the QEAA as a result of any one or more of the following legal or contractual arrangements (listed below, in part), regardless of whether such arrangements contain terms that typically would result from arm's length bargaining between unrelated parties with respect to such arrangements:

(1) An EAT that satisfies the requirements of the qualified intermediary safe harbor set forth in § 1.1031(k)-1(g)(4) may enter into an exchange agreement with the taxpayer to serve as the qualified intermediary in a simultaneous or deferred exchange of the property under § 1031;

(2) The taxpayer or a disqualified person guarantees some or all of the obligations of the EAT, including secured or unsecured debt incurred to acquire the property, or indemnifies the EAT against costs and expenses;

(3) The taxpayer or a disqualified person loans or advances funds to the EAT or guarantees a loan or advance to the EAT; and

(4) The taxpayer or a disqualified person manages the property, supervises improvement of the property, acts as a contractor, or otherwise provides services to the EAT with respect to the property.

In Rev. Proc. 2004-51, 2004-2 C.B. 294, the Service modified Rev. Proc. 2000-37 to provide that the safe harbor of Rev. Proc. 2000-37 does not apply if the taxpayer owns the property intended to qualify as replacement property before initiating a QEAA. Specifically, Rev. Proc. 2000-37 will not apply to replacement property held in a QEAA if the property is owned by the taxpayer within the 180-day period ending on the date of transfer of qualified indicia of ownership of the property to the EAT. Rev. Proc. 2004-51 stated that the Service and Treasury Department are continuing to study parking transactions, including transactions in which a person relating to the taxpayer transfers a leasehold in land to an accommodation party and the accommodation party makes improvements to the land and transfers the leasehold with the improvements to the taxpayer in exchange for other real estate.

ANALYSIS

In the present case, Taxpayer is exchanging a fee interest in improved real estate for a long-term lease of a tract of land for a period of more than 30 years and improvements. Accordingly, the property to be transferred and the property to be received by Taxpayer are of like-kind under § 1.1031(a)-1(b).

Neither § 1031(f)(1) nor (f)(4) apply to trigger gain recognition in Taxpayer's exchange or to disqualify the application of § 1031. Section 1031(f)(1) is not applicable because Taxpayer is exchanging property with QI, who is not a related person to Taxpayer. Section 1031(f)(4) is not applicable because, although a related party provides a portion of the Replacement Property, there will be no cashing out by any of the related parties within two years of the last transfer in the series of transaction. Rev. Proc. 2004-51 is not applicable because Taxpayer did not own the Replacement Property within the 180-day period ending on the date of transfer of qualified indicia of ownership of the Replacement Property to Titleholder.

Pursuant to § 1.1031(k)-1(g)(3) and (4), Taxpayer will not be in actual or constructive receipt of money or other property for purposes of § 1031 and the regulations thereunder by employing the proposed transaction. Taxpayer will satisfy all requirements of § 1.1031(k)-1(g)(3) and (4). In addition, pursuant to Rev. Proc. 2000-37, Titleholder will be treated as the beneficial owner of the Replacement Property for federal income tax purposes when the Replacement Property is held under the QEAA because the requirements of Rev. Proc. 2000-37 will be satisfied.

If other property is transferred to Taxpayer incident to the failure of the contractors to timely complete improvements on the Replacement Property prior to its transfer to Taxpayer, Taxpayer will have taxable boot in addition to any like-kind replacement property received in the exchange. Also, to the extent the cost of the improvements is less than the Relinquished Property proceeds, if Taxpayer does not timely identify and acquire additional like-kind replacement property, then Taxpayer will receive the remaining qualified funds as taxable boot.

HOLDING

Accordingly, based on the documents presented and all other representations made, Taxpayer's transaction will conform with the requirements of the qualified intermediary and EAT safe harbor rules, so that QI and Titleholder will not be agents of Taxpayer, and Taxpayer will not be in actual or constructive receipt of money or other property before receiving the Replacement Property. Taxpayer will not recognize any gain or loss upon the conveyance of the Relinquished Property to a third party and the receipt of the Replacement Property. However, if planned improvements are not completed within the exchange period, gain will be recognized to the extent of any boot received in the exchange. Also, to the extent the cost of the improvements is less than the Relinquished Property proceeds, if Taxpayer does not timely identify and acquire

additional like-kind replacement property, then Taxpayer will receive the remaining funds as boot. Gain would then be recognized to the extent of such boot.

CAVEATS AND EXCEPTIONS

This ruling is based upon facts and representations submitted by Taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for a ruling. However, as part of an examination process, the Service may verify the factual information, representations, and other data submitted.

Except as specifically provided above, no opinion is expressed as to the federal income tax treatment of the transaction under any other provisions of the Internal Revenue Code and the Income Tax Regulations that may be applicable or under any other general principles of federal income taxation. Neither is any opinion expressed as to the tax treatment of any conditions existing at the time of, nor effects resulting from, the transaction that are not specifically covered by the above ruling. No opinion is expressed as to whether the accommodators used in this transaction are disqualified persons as defined in § 1.1031(k)-1(k), as that would constitute essentially a factual determination. This ruling assumes that QI and Titleholder are eligible to serve as exchange accommodators.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

This letter ruling is being issued electronically in accordance with Rev. Proc. 2024-1, 2024-1 I.R.B. 1. A paper copy will not be mailed to Taxpayer.

Sincerely,

Erika C. Reigle
Senior Technician Reviewer, Branch 8
(Income Tax & Accounting)

cc: