

1031 Extensions Granted

COVID-19 Important information regarding IRS extended deadlines

On April 9, the IRS issued Notice 2020-23, extending a variety of deadlines, including 1031 deadlines. Although the Notice is confusing, because it is not written like the typical Disaster Relief Notices, this Notice extends any 45-day or 180-day deadline that occurs between April 1 and July 14, to July 15, 2020.

We are working with other real estate professionals to convince the IRS to change the start date from April 1st to March 13th so that the extensions apply to more taxpayers.

Please note that this is different from the usual disaster extension that provides for an extra 120 days. Here are two examples to illustrate the current extension.

Example 1: Exchange began April 1, 2020. 45th day is May 16, which would be extended to July 15, 2020. Taxpayer must still close on replacement property by Sept 28, which is the 180th day; because Sept 28 is after the last day of the disaster period (July 15).

Example 2: Exchange began Dec 31, 2019, 45th day is Feb 14, 2020. ID period is not extended because it is before April 1. The 180th day is June 28, which would be extended to July 15, 2020.

As always, exchangers should speak with their tax advisors to determine if they are eligible for an extension.

This remains a fluid situation and we will provide any clarification or changes that the IRS issues, if any.

1031 Fund Security

A major role of a Qualified Intermediary is to safeguard taxpayer funds during a 1031 Exchange. Since Qualified Intermediaries are not regulated by the federal government or by most states, financial assurances, expertise, company strength and reputation are critical factors. As the nation's largest and most secure 1031 Qualified Intermediary, you can count on IPX1031®. Our security features include:

- \$100 million Fidelity Bond
- \$50 million third party corporate performance guarantee
- \$30 million in Errors & Omissions insurance
- Exchange funds are held in segregated bank accounts for the benefit of the named Exchanger, using the Exchanger's taxpayer identification number
- Disbursement of exchange funds requires written authorization from the Exchanger
- Disbursements require dual authorization and are controlled by our separate Banking Division; sales and administrative staff have no authority or ability to transfer funds
- Regular reconciliation of exchange fund balances by our Banking staff and our parent company
- As part of a large publicly-traded corporation, we are subject to audits, controls and a level of financial transparency about the entire organization that is not required of privately held businesses
- To increase security as well as provide increased convenience to our exchange customers, we have chosen the use of an electronic platform (utilizing two factor authentication) as the preferred delivery method for exchange documents

Prepared & Ready to Help

As the Coronavirus related issues continue to evolve, we remain committed to supporting you and keeping you informed. We are available and ready to listen to your unique needs and provide 1031 assistance on the phone and online.

Since our operations have been "paperless" for many years, our employees are able to work remotely. As a result, we do not anticipate any adverse impact to normal customer service operations or the security we provide.

We are committed to being responsive and flexible to your needs during this time. We are here to help, and we encourage you to contact us if we can be of assistance.

We will keep you informed as this situation continues to evolve. In the meantime, stay well and thank you for being an IPX1031 customer.

IPX1031. The best choice for your 1031

To discuss 1031 tax deferral strategy, please reach out to IPX1031. IPX1031 focuses solely on 1031 Tax Deferred Like Kind Exchanges. As the national leader in 1031 Exchange services, IPX1031 has the financial assurances, security and expertise essentials to protect your funds and provide answers and guidance throughout the exchange process.

www.ipx1031.com

888.771.1031

For more info:

www.ipx1031.com/covid19_1031_extensions/