

# Taxes

## Like kind exchange rules

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WASHINGTON — Today the Treasury Department and Internal Revenue Service issued [final regulations](#) relating to section 1031 like-kind exchanges. These final regulations address the definition of real property under section 1031 and also provide a rule addressing the receipt of personal property that is incidental to real property received in a like-kind exchange.

The 2017 Tax Cuts and Jobs Act (TCJA) limited like-kind exchange treatment to exchanges of real property. As of January 1, 2018, exchanges of personal or intangible property such as vehicles, artwork, collectibles, patents, and other intellectual property generally do not qualify for nonrecognition of gain as like-kind exchanges. Also, like-kind exchange treatment applies only to exchanges of real property held for use in a trade or business or for investment. An exchange of real property held primarily for sale does not qualify as a like-kind exchange.

Under the final regulations, real property includes land and generally anything permanently built on or attached to land. In general, real property also includes property that is characterized as real property under applicable State or local law. In addition, certain intangible property, such as leaseholds or easements, qualifies as real property under section 1031. Property not eligible for like-kind exchange treatment prior to enactment of the TCJA remains ineligible. Neither the TCJA nor the final regulations change whether the properties exchanged are of like kind.

To report a like-kind exchange, taxpayers must file [Form 8824, Like-Kind Exchanges](#), with their tax return for the year they transfer property as part of a like-kind exchange. This form helps taxpayers figure the amount of gain deferred as a result of the like-kind exchange, as well as the basis of the like-kind property received. Form 8824 also helps taxpayers compute the amount of gain they must report if cash or property that isn't of a like-kind is involved in the exchange.

For more information about this and other tax reform changes, visit [irs.gov/taxreform](https://irs.gov/taxreform).

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