

EXCHANGES OF GOLF COURSE PROPERTIES

"TEE OFF TO A SUCCESSFUL TRANSACTION"



Compliments of

The real power of a tax deferred exchange is not just the tax savings — it is the tremendous increase in purchasing power generated by this tax savings! With the advantages of leverage, every dollar saved in taxes allows a real estate investor to purchase two to three times more real estate.

DELAYED EXCHANGES OF GOLF COURSES

Investors owning golf course properties nationwide are discovering how easy it is to perform a successful delayed exchange with the assistance of an experienced "Qualified Intermediary." The IRS has structured exchanges with strict guidelines for full tax deferral. In a delayed exchange, a golf course owner must meet a number of time deadlines after closing on the sale of a relinquished (also referred to as the sale or Phase I) property:

1. Acquire the replacement property(s) within 180 calendar days, or the day the Ex-changer's tax return is due, whichever is earlier (the "Exchange Period")

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2. Either acquire all replacement properties or properly identify all potential replacement properties within 45 calendar days (the "Identification Period").

The tax code requires that qualifying property be "property held for productive use in a trade or business or property held for investment." Real property received must be "like-kind" to real property sold and qualifying personal property must be considered "like-class" property. These distinctions become even more important when a golf course sale involves both real and personal property.

AN EXAMPLE

A restaurant in Atlanta, Georgia is exchanged for a golf course and the accompanying clubhouse/restaurant in Tampa, Florida. Most of the transaction involves an exchange of the real property, the restaurant building and land for the golf course in Florida. The other aspect involves an exchange of the personal property – the restaurant furniture, fixtures, stoves and equipment – for similar (which must be "like-class" to qualify for deferral) items in the Florida clubhouse.

The requirements for exchanges of personal property are far more restrictive than for real property. These rules establish 13 different asset classes. For example, computers can be exchanged for computers but not property in another asset class.

An investor performing a golf course exchange, which also involves the sale of a clubhouse and personal property, should work closely with an attorney or CPA to ensure the transaction is structured properly. Asset Preservation is dedicated solely to facilitating 1031 tax deferred exchanges of real and personal property. Call us toll-free to discuss the additional complexities involved in many golf course exchanges.



ASSET PRESERVATION
INCORPORATED

National IRC §1031 "Qualified Intermediary"

National Headquarters

800-282-1031

Eastern Region Office

866-394-1031

apiexchange.com

info@apiexchange.com

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