



IRC Section 1031 requires that taxpayers acquire all replacement property by the earlier of 180 days from the sale of the relinquished property or the Federal tax return due date for the year in which the exchange commenced. Therefore, taxpayers with exchange transactions commencing in the 4th quarter of the calendar year, specifically those starting on or after October 18th, may have less than 180 days to complete their exchange, unless they file an extension. After completing the exchange, taxpayers can then file their Federal tax return and report their 1031 exchange transaction on IRS Form 8824 any time before their extended tax filing date.

Once a tax return is filed, it typically cannot be amended to include the exchange or for an extension of time to complete the exchange. If you file the return prior to completing the exchange, the sale of the relinquished property should be reported as a taxable transaction.

For calendar year taxpayers, this issue generally applies to those transacting exchanges that start after October 17th. For fiscal year taxpayers, the need for an extension may vary. For business entities that are calendar year taxpayers and have a tax filing date of March 15th, an earlier exchange start date applies (i.e. on or after September 16th).

Exchangers are strongly encouraged to discuss this deadline issue and the effect of filing an extension with their tax advisors. Although there is no cost for obtaining extensions and they are liberally granted; filing for an extension does not extend the time to pay taxes. Therefore, estimated payments may be required to avoid interest and penalties.

Please visit the IRS website for more information to file for an extension:

<https://www.irs.gov/forms-pubs/extension-of-time-to-file-your-tax-return>


Please visit our [website](#) for additional information including this [Exchange Deadline Calculator](#) to help estimate your exchange deadlines.

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