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KPMG reports: Like-kind exchange regulations reflect requested changes, retain incidental property rule

The 2017 tax law referred to as the "Tax Cuts and Jobs Act" (TCJA) significantly curtailed a taxpayer's ability to defer gain under the like-kind exchange rules of section 1031. Final regulations under section 1031 (December 2020) address the following issues under the like-kind exchange rules.

- Favorable like-kind exchange treatment is now limited to certain exchanges of real property. The final regulations providing guidance on the meaning of the term "real property" respond to comments and provide a comprehensive and generally clear framework for making this threshold determination. Read a **February 2021 report** [PDF 158 KB] prepared by KPMG LLP: *What's News in Tax: Final Like-Kind Exchange Regulations Reflect Requested Changes*

- The final regulations adopt an exception to a safe harbor for the acquisition of incidental personal property as part of a like-kind exchange of real property. Certain traps embedded in the exception could catch unsuspecting taxpayers by surprise, but changes made to the definition of "real property" in the final regulations could make its "bark worse than its bite." Read a **February 2021 report** [PDF 110 KB] prepared by KPMG LLP: *What's News in Tax: Taking the Bite out of the Wolf: Final Like-Kind Exchange Regulations Retain Incidental Property Rule*

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