

DEALINGS IN PROPERTY

1. “Realization Event”?

2. Amount of Gain/Loss Realized

§ 1001(a): Gain/Loss = Amt. Realized – Adjusted Basis

3. Is Realized Gain/Loss “Recognized”?

§ 1001(c): Generally yes, with exceptions (e.g., § § 121/1031)

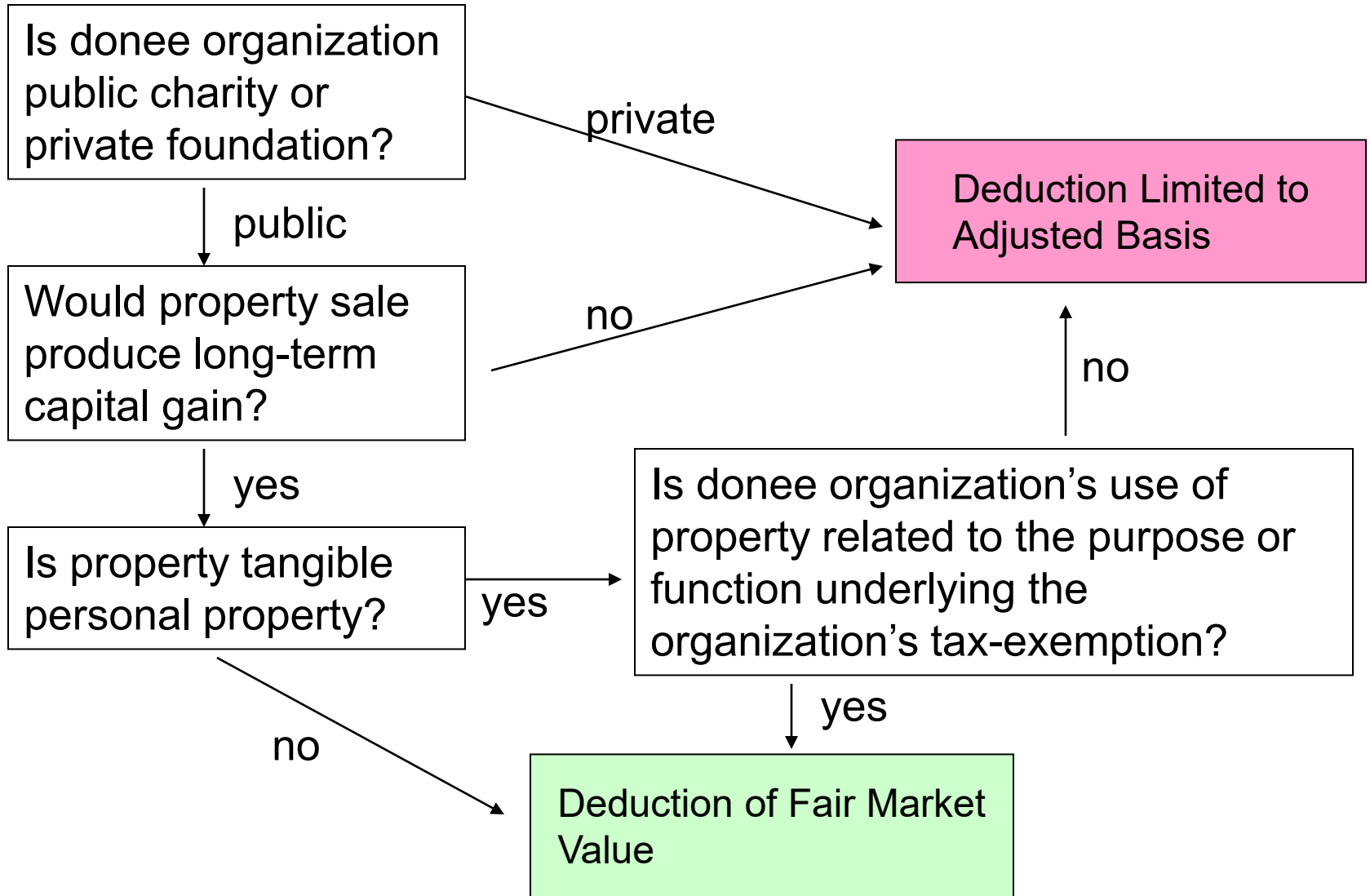
4. If Loss Recognized, is at “Allowable” as Deduction?

§ 165(c): Business, investment, casualty/theft

5. What is Character of Gain/Loss?

Charitable Contributions of Appreciated Property

(simplified overview of Code § 170(e) – details & exceptions omitted)



§ 1031 (Like-Kind Exchange) – Non-Recognition

General rule: Realized gain/loss not recognized if:

- (Transferred) real property held in T or B, or for investment,
- Exchanged “solely for” → (but see 1031(b))
- (Received) real property to be held in T or B, or for investment, and
- Properties are of a “like kind” to each other

Exception: real property held primarily for sale – 1031(a)(2)

Basis of received property (§ 1031(d))

= Basis of old property – money received + gain recognized