Manhattan 1031 Lawyer Natalia Sishodia Discusses Holding a 1031 Exchange Property Before Selling

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Manhattan 1031 lawyer Natalia Sishodia (https://sishodia.com/how-long-do-you-have-to-hold-a-1031-exchange-property-before-selling/) releases a new article explaining how long a person can hold a 1031 exchange property before they need to sell it. The lawyer mentions that a 1031 exchange allows an owner of an investment property to reinvest in a different property of ?like-kind? without triggering capital gains until the final exchange of a piece of property is sold. This exchange can be used for multiple investment properties with capital gains owed when the property is sold at a long-term rate.

According to the Manhattan 1031 lawyer, ?The IRS is very clear about guidelines for 1031 exchange properties. One crucial requirement is that both the relinquished and the replacement properties be intended and used as investment properties for them to qualify for 1031 tax deferment. But what is not so clear is how long you must hold either property in order to meet qualification requirements. The only holding requirement is that both properties be held for a ?sufficient period of time? which leaves it up to interpretation should there be a potential problem.?

The lawyer explains that time is only one factor that the Treasury Department will consider when investigating a situation involving a 1031 exchange. While the holding time may be considered a factor, they are primarily concerned with the use of both properties, not the length of time they have been held.

Attorney Natalia Sishodia says that an investor who is interested in a 1031 exchange will want to fully understand the implications of their purchase and the exchange. If the questions arise, the owner will need to be able to prove that both properties were truly intended for investments. The longer the property is held with the supporting evidence of income, the stronger the case will be if the IRS has questions.

In the article, attorney Sishodia says, ?The IRS investigates 1031 exchanges on a case-by-case basis. While

there are no definitive rules on a holding period for a 1031 exchange property, it has made rulings indicating that a holding period of two years has been considered sufficient in order to meet the qualified use test. In addition, many tax advisors recommend that owners of 1031 exchange properties hold them for a minimum of one year and maintain other proof of rental income, depreciation, expenses, and other supporting evidence of its use as an investment property.?

Lastly, the lawyer also stresses the importance of having an experienced lawyer when dealing with a 1031 exchange. An experienced lawyer can help clients understand their rights and ensure they get the best deal possible.

About Sishodia PLLC

Sishodia PLLC?s team of professional NYC real estate attorneys pride themselves on their ability to navigate complex investment laws and intricacies to offer the most comprehensive advice and guidance possible for their clients. The lawyers at Sishodia PLLC take time to fully understand each client?s unique goals and circumstances, minimizing potential risks and issues. Call them today at (833) 616-4646 for a consultation.

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Sishodia PLLC

Sishodia PLLC is a boutique New York real estate law firm offering experienced, individualized legal solutions to clients ranging from first-time homebuyers to seasoned real estate investors.

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