



§1031 PROFIT AND BASIS RECAP SHEET

Prepared by: Agent _____
Broker _____

Phone _____
Email _____

NOTE: To be prepared to estimate reportable profit (§ 4.5) and basis (§ 5.5) in a proposed §1031 reinvestment plan. This form provides for a complete accounting for IRS 8824 off-form reporting.

DATE: _____, 20____.

PREPARED BY _____

OWNER'S NAME _____

PROPERTY SOLD/EXCHANGED _____

COMMENTS _____

REPLACEMENT PROPERTY _____

COMMENTS _____

1. NET DEBT RELIEF AND CASH ITEMS:

Net existing debt:

- 1.1 Balance of debt(s) owner is **relieved** of on all property sold/exchanged. (+) \$ _____
- 1.2 Balance of debt(s) owner **assumed** on §1031 property acquired (-) \$ _____
- 1.3 **Total net existing debt:** Enter the sum of 1.1 & 1.2 as either:
 - (a) **Net debt relief** (amount by which 1.1 exceeds 1.2) (+) \$ _____
 - (b) **Net debt assumed** (amount by which 1.2 exceeds 1.1) (-) \$ _____

Cash items received on close of the property sold:

- 1.4 Amount of cash **received** on sale (excluding prorations). \$ _____
- 1.5 Amount of carryback note **received** on sale \$ _____
- 1.6 Equity value in unqualified property **received** on sale \$ _____
- 1.7 **Total of cash items received on closing the property sold** (The sum of 1.4, 1.5 & 1.6). (+) \$ _____

Net cash items received or transferred on close of the replacement property:

- 1.8 Amount of cash items **received** with replacement property (excluding prorations). (+) \$ _____
- 1.9 Amount of cash owner **contributed** (excluding prorations) \$ _____
- 1.10 Transactional costs **disbursed** at any time on either property (excluding prorations and loan payoffs) \$ _____
- 1.11 Amount of purchase-money notes **owner executed** in part payment for the replacement property. \$ _____
- 1.12 Equity value of any unqualified property owner **exchanged** \$ _____
- 1.13 Subtotal of cash items owner **transferred** (1.9 through 1.12). (-) \$ _____
- 1.14 **Total net cash items:** Enter the sum of 1.8 & 1.13 as either:
 - (a) **Net cash items owner received:** (amount by which 1.8 exceeds 1.13) (+) \$ _____
 - (b) **Net cash items owner transferred:** (amount by which 1.13 exceeds 1.8) (-) \$ _____

Netting all debt relief and cash items:

- 1.15 Enter net debt **relief** from 1.3(a) (+) \$ _____
- 1.16 Enter net cash items
 - (a) owner **received** from 1.14(a). (+) \$ _____
 - (b) owner **transferred** from 1.14(b) (-) \$ _____
- 1.17 Net debt relief and cash items (1.15 & 1.16, but not less than zero) (+) \$ _____
- 1.18 Cash items received on sale from 1.7 (+) \$ _____
- 1.19 **TOTAL net money and other properties owner received** (The sum of 1.17 & 1.18) (+) \$ _____

2. PROFIT/LOSS ON TRANSFER OF UNQUALIFIED PROPERTY:

- 2.1 Market value of unqualified property owner transferred. (+) \$ _____
- 2.2 Remaining cost basis in unqualified property owner transferred. (-) \$ _____
- 2.3 **Total profit/loss on unqualified property owner transferred** (+ or -) \$ _____

3. PROFIT REALIZED ON THE §1031 PROPERTY SOLD OR EXCHANGED: (before applying the §1031 exemption)

Consideration owner received:

- 3.1 Debt relief: Enter amount from 1.1 \$ _____
- 3.2 Market value of §1031 replacement property owner acquired. . . . \$ _____
- 3.3 Total cash items received from property sold
Enter amount from 1.7 \$ _____
- 3.4 Total cash items received with replacement property
Enter amount from 1.8 \$ _____
- 3.5 Total consideration owner received (3.1 through 3.4) (+) \$ _____

Consideration owner transferred:

- 3.6 Debt owner assumed: Enter amount from 1.2 \$ _____
- 3.7 Enter remaining cost basis in all §1031 properties owner transferred \$ _____
- 3.8 Cash owner contributed: Enter amount from 1.9 \$ _____
- 3.9 Transactional costs disbursed: Enter amount from 1.10 \$ _____
- 3.10 Purchase notes owner executed: Enter amount from 1.11 \$ _____
- 3.11 Remaining cost basis in unqualified property owner transferred:
Enter amount from 2.2 \$ _____
- 3.12 Total consideration owner transferred (3.6 through 3.11) (-) \$ _____
- 3.13 **Total profits realized in §1031 property sold or exchanged**
(3.5 less 3.12). (+ or -) \$ _____

4. REPORTABLE PROFIT/LOSS ON THE §1031 TRANSACTION:

- 4.1 Total net debt relief and cash items owner receives:
Enter amount from 1.19, but not less than zero (+) \$ _____
(a) Carryback basis allocation: Amount by which 3.7 exceeds 1.1, but not more than the amount at 1.5 (-) \$ _____
- 4.2 Total profit/loss on unqualified property owner transferred:
Enter amount from 2.3 (+ or -) \$ _____
- 4.3 Subtotal: The amount of equity withdrawn:
(the sum of 4.1(a) & 4.2) (+ or -) \$ _____
- 4.4 Total profits realized in §1031 property sold/exchanged:
Enter amount from 3.13 (but not less than zero). \$ _____
- 4.5 **Total reportable profit/loss:** (Enter lesser of 4.3 or 4.4). (+ or -) \$ _____

5. BASIS OF ALL PROPERTY(IES) RECEIVED:

- 5.1 Debt relief. Enter amounts from:
 - (a) 1.3(a) Net debt relief (-) \$ _____
 - (b) 1.3(b) Net debt assumed (+) \$ _____
- 5.2 Cash items. Enter amounts from:
 - (a) 1.7 Cash items received on the sale (-) \$ _____
 - (b) 1.8 Cash items received on purchase (-) \$ _____
 - (c) 1.9 Cash contributed (+) \$ _____
 - (d) 1.10 Transactional costs disbursed. (+) \$ _____
 - (e) 1.11 Purchase-money notes executed (+) \$ _____
- 5.3 Remaining cost basis in all property transferred.
Enter amounts from:
 - (a) 3.7 (+) \$ _____
 - (b) 3.11 (+) \$ _____
- 5.4 Reportable profit/loss. Enter amount from 4.5. (+ or -) \$ _____
- 5.5 **Basis of replacement property(ies) and cash items:**
(The sum of 5.1 through 5.4). \$ _____
(See **ft** Form 355 for allocation to cash items, multiple replacement properties and improvements.)

INSTRUCTIONS: §1031 PROFIT AND BASIS RECAP SHEET

- 1.1** *Debt Relief:* **Enter** the total of the balances remaining on all existing debts on like-kind or unqualified properties the owner transfers whether the debts are taken-over, assumed or paid off by funds from the buyer.
Note: Existing debts include trust deeds, sales contracts, UCC-1 financing statements, liens on personal property transferred to acquire replacement property and unsecured obligations assumed by the buyer. Do not include trust deed notes carried back by the owner.
- 1.2** *Debt assumed:* **Enter** all debts the owner takes over on §1031 replacement properties, whether secured or unsecured, whether taken subject to or assumed.
Note: All unsecured debts taken-over must be assumed to be included. Do not include any carryback notes executed to purchase the replacement property (1.11) or debt taken over on unqualified properties received by the owner in exchange for the property sold (1.6).
- 1.3a** *Net debt relief:* If debt relief exceeds debt acquired (1.1 minus 1.2), **enter** the excess of the debt relief. This excess will be reportable up to the profit taken on the sale or exchange unless offset (1.9 through 1.13).
- 1.3b** *Net debt assumed:* If debt assumed exceeds debt relief (1.2 exceeds 1.1), **enter** the difference. This figure is used only to determine the basis in the property acquired (5.1) and does not offset cash items received.
- 1.4** *Cash the owner received:* **Enter** all cash received by the owner on his refinance of the property sold or from the buyer prior to acquiring the replacement property. Exclude all funds paid by the buyer for prorations or loan payoffs.
- 1.5** *Carryback note the owner received:* **Enter** the amount of any note executed by the buyer which the owner receives as a carryback note for the property sold.
- 1.6** *Unqualified property the owner received:* **Enter** the fair market value of the equity in any unqualified property the owner receives in exchange for the property sold.
- 1.7** *Total cash items the owner received:* **Enter** the total amount of cash, carryback note and the market value of the equity in any non-qualifying property received by the owner prior to acquiring replacement property (1.4 through 1.6).
- 1.8** *Cash the owner received:* **Enter** the amount of any cash items received on or after acquiring ownership of the replacement property, excluding any prorations paid or received.
- 1.9** *Cash the owner contributed:* **Enter** all cash amounts the owner contributed to transfer the property sold and acquire the replacement property.
- 1.10** *Transactional costs:* **Enter** the amount of disbursements for payment of transactional costs on both the property sold and replacement property. Exclude all prorations and any loan payoffs on the property sold. Use a seller's net sheet to determine the costs. [See **ft** Form 310]
- 1.11** *Purchase-money note the owner executed:* **Enter** the amount of any carryback paper executed by the owner to purchase the replacement property.
- 1.12** *Unqualified property owner transferred:* **Enter** the fair market value of any properties the owner exchanged for the replacement property which do not qualify as like-kind property(ies). Examples are stocks, bonds, collectables, co-ownership interests in entities owning real estate, inventory or dealer status property held by the owner.
- 1.13** *Total cash items the owner transferred:* **Enter** the total of any cash paid, carryback note executed and unqualified property delivered by the owner to purchase the replacement property (1.8 through 1.12).
- 1.14a** *Net cash items the owner received:* **Enter** any excess of 1.8 over 1.13. This amount will be reported up to the owner's total profit in the property sold (3.13).
- 1.14b** *Net cash items the owner transferred:* **Enter** any excess of transfers over receipts (1.13 excess over 1.8).
- 1.17** *Net debt relief and cash items the owner received:* **Enter** the sum of 1.15 and 1.16. The profit taken on the property sold will be reported up to this amount.
- 1.18** *Cash items the owner received on sale:* **Enter** from 1.7 the amount of net cash items received prior to acquiring replacement property. This amount cannot be offset by a later contribution of cash items, except for any allocation of basis to a carryback note (4.1(a)).
- 1.19** *Net money and other property received:* **Enter** the sum of lines 1.17 and 1.18. The amount is the profit on the sale or exchange which will be reported.
- 2.2** *Cost basis of unqualified property transferred:* **Enter** the owner's remaining cost basis in unqualified property the owner transferred to acquire the replacement property.
- 2.3** *Profit/loss on unqualified property transferred:* **Enter** the results of 2.1 minus 2.2. This figure, a profit or loss (+ or -), will be reported.
- 3.2** *Market value of §1031 replacement property received:* **Enter** the fair market value of the §1031 replacement property acquired.
- 3.7** *Cost basis of property sold:* **Enter** the remaining cost basis on the §1031 property sold.
- 3.13** *Total profits in the property sold:* **Enter** the difference between 3.5 and 3.12. This figure is the profit or loss actually taken on the sale or exchange of the property sold.
- 4.1(a)** *Installment sale reporting:* **Enter** the amount the basis in the property sold (3.7) exceeds the debt on the property sold (1.1), limited to the amount the carryback note received (1.5).
Note: When the basis on the property sold exceeds the debts on the property, a carryback note is allocated in the excess basis as a return of capital. [See **ft** Form 355]
- 4.5** *Total reportable profits under §1031 exemption:* **Enter** the lesser of 4.3 and 4.4. This can either be a profit or loss. This form only estimates the amount which will be reported overall on this §1031 transaction. The owner's accountant sets the amount of tax to be paid.
- 5.5** *Basis of replacement property(ies)/cash items:* **Enter** the result of all the entries under 5.1 through 5.4. This amount is the basis to be allocated to the properties and cash items acquired in the §1031 transaction.