

**Reg. 1.1031(b)-1(b),
Example 1**

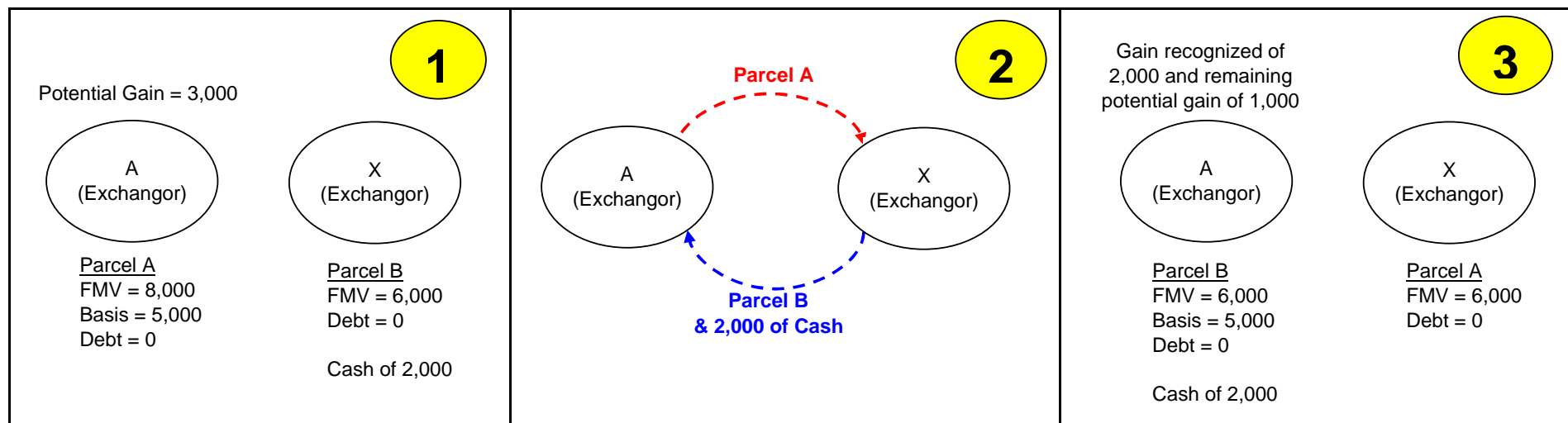
**Two Party Like-Kind
Exchange: Partial Boot**

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Initial Structure

Exchange

Ending Point



A, who is not a dealer in real estate, in 1954 exchanges real estate (Parcel A) held for investment, which he purchased in 1940 for \$5,000, for other real estate (Parcel B) (to be held for productive use in trade or business) which has a fair market value of \$6,000, and \$2,000 in cash. The gain from the transaction is \$3,000, but is recognized only to the extent of the cash received of \$2,000.