

1031 EXCHANGE

Defer U.S. taxes

Can a Canadian Corporation selling real estate assets in the United States defer U.S. taxes?

The answer is Yes!

A Canadian Corporation with significant real estate assets in the United States may be eligible to defer U.S. taxes with a properly structured 1031 Exchange provision.

Under section 1031 of the U. S. Internal Revenue Code (“IRC”), a properly structured 1031 exchange allows an investor to sell a property, to reinvest the proceeds in a new property and defer all capital gain and depreciation recapture taxes, as long as they reinvest the proceeds in similar property as part of a qualifying like-kind exchange.

For more information about 1031 exchanges, please go to our sister company IPX1031 at www.ipx1031.com. for assistance with this process.

In addition, if a Canadian Corporation also chooses to file an election under IRC section 897(I) to be treated as a domestic corporation (in the U.S.) it can legally avoid the 15% (of gross sale proceeds) withholding requirement of the Foreign Investment in Real Property Transfer Act (FIRPTA).*

In order to access the full potential of these benefits, it is crucial to have a comprehensive knowledge of the exchange process and the Section 1031 code.

Trust our team of experts to be your resource for accurate and thorough information about the entire 1031 exchange process.

We would appreciate the opportunity to learn more about your U.S. Real Estate plans. Our team is more than happy to arrange a discussion via telephone or have one of our 1031 exchange experts meet with you in person.

* Please note we suggest that your clients speak with an accountant to determine if filing such an election will be beneficial for the corporation.