

1031 Exchange Basics for Nevada Investors

What a 1031 exchange is

A 1031 exchange (named for Section 1031 of the U.S. tax code) allows an investor to defer capital gains tax on the sale of an investment property by reinvesting the proceeds into a similar, "like-kind" property, provided specific rules and timelines are followed.

The key timelines

- 45 days from the sale of the relinquished property to formally identify replacement property candidates
- 180 days from the sale to close on the replacement property
- Both deadlines run concurrently, not sequentially, and are generally strict

Like-kind property, broadly defined

"Like-kind" for real estate is interpreted broadly — most investment or business-use real property qualifies as like-kind to most other investment or business-use real property. A primary residence generally does not qualify.

Why a qualified intermediary matters

Exchange proceeds must be held by a qualified intermediary rather than touched directly by the seller during the exchange — taking possession of the funds, even briefly, can disqualify the exchange entirely. Engage a qualified intermediary before closing on the relinquished property, not after.

Common mistakes

- Missing the 45-day identification deadline
- Not engaging a qualified intermediary before the sale closes
- Assuming a primary residence qualifies
- Underestimating how strictly the timelines are enforced

This guide is for general informational purposes only and is not tax or legal advice. 1031 exchange rules are strict and fact-specific — consult a qualified CPA or tax attorney before pursuing an exchange.

