

**§ 1.1031(e)-1**

**26 CFR Ch. I (4-1-04 Edition)**

Liabilities to which new property is subject .....	150,000	
		250,000
Gain realized .....		120,000

For purposes of section 1031(b), the amount of *other property or money* received by D is \$40,000. (Consideration received by D in the form of a transfer subject to a liability of \$80,000 is offset by consideration given in the form of a receipt of property subject to a \$150,000 liability. Thus, only the consideration received in the form of cash, \$40,000, is treated as *other property or money* for purposes of section 1031(b).) Accordingly, under section 1031(b), \$40,000 of the \$120,000 gain is recognized. The basis of the apartment house acquired by D is \$170,000, computed as follows:

Adjusted basis of property transferred .....		\$100,000
Liabilities to which new property is subject .....		150,000
Total .....		250,000
Less:		
Amount of money received:		
Cash .....	\$40,000	
Amount of liabilities subject to which property was transferred .....		80,000
		120,000
Difference .....		130,000
Plus: Amount of gain recognized upon the exchange .....		40,000
		170,000

(c) E realizes a gain of \$75,000 on the exchange, computed as follows:

Value of property received .....		\$220,000
Liabilities subject to which old property was transferred .....		150,000
Total consideration received .....		370,000
Less:		
Adjusted basis of property transferred ..	\$175,000	
Cash .....	40,000	
Liabilities to which new property is subject .....		80,000
		295,000
Gain realized .....		75,000

For purposes of section 1031(b), the amount of *other property or money* received by E is \$30,000. (Consideration received by E in the

form of a transfer subject to a liability of \$150,000 is offset by consideration given in the form of a receipt of property subject to an \$80,000 liability and by the \$40,000 cash paid by E. Although consideration received in the form of cash or other property is not offset by consideration given in the form of an assumption of liabilities or a receipt of property subject to a liability, consideration given in the form of cash or other property is offset against consideration received in the form of an assumption of liabilities or a transfer of property subject to a liability.) Accordingly, under section 1031(b), \$30,000 of the \$75,000 gain is recognized. The basis of the apartment house acquired by E is \$175,000, computed as follows:

Adjusted basis of property transferred .....		\$175,000
Cash .....		40,000
Liabilities to which new property is subject .....		80,000
Total .....		295,000
Less:		
Amount of money received:		
Amount of liabilities subject to which property was transferred .....	\$150,000	
		150,000
Difference .....		145,000
Plus: Amount of gain recognized upon the exchange .....		30,000
		175,000

**§ 1.1031(e)-1 Exchange of livestock of different sexes.**

Section 1031(e) provides that livestock of different sexes are not property of like kind. Section 1031(e) and this section are applicable to taxable years to which the Internal Revenue Code of 1954 applies.

[T.D. 7141, 36 FR 18792, Sept. 22, 1971]

**§ 1.1031(j)-1 Exchanges of multiple properties.**

(a) *Introduction*—(1) *Overview*. As a general rule, the application of section 1031 requires a property-by-property comparison for computing the gain recognized and basis of property received in a like-kind exchange. This section provides an exception to this general rule in the case of an exchange of multiple properties. An exchange is an exchange of multiple properties if, under