

Insights

IRS Extends 1031 Exchange Deadlines in Response to COVID-19 Pandemic

April 12, 2020

In response to the ongoing novel Coronavirus (COVID-19) pandemic, President Trump issued an emergency declaration under the Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5121 et seq.) on March 13, 2020, which instructed the Secretary of the Treasury "to provide relief from tax deadlines to Americans who have been adversely affected by the COVID-19 emergency, as appropriate, pursuant to 26 U.S.C. § 7508A(a)."

The IRS, as delegate to the Secretary of the Treasury, has issued several notices to provide relief as instructed in the emergency declaration. On April 9, 2020, the IRS issued **Notice 2020-23** that grants taxpayers a filing extension until July 15, 2020.

Notably for real estate professionals, Notice 2020-23 extends both the 45-day deadline and the 180-day deadline under the IRS Section 1031 Exchange rules so long as such deadline falls between April 1, 2020, and July 15, 2020. In the event the original 45-day deadline is extended to July 15, 2020, the original 180-day deadline will remain as if it was originally scheduled to occur after July 15, 2020.

Given the uncertainty surrounding the COVID-19 pandemic and the complicated and time-intensive nature of real estate transactions utilizing a 1031 Exchange, large real estate organizations and trade groups are lobbying Congress and the Treasury Department for further extensions of the Section 1031 Exchange deadlines. Regardless, real estate investors should operate as if there will be no further extensions until the IRS issues further guidance. The Krieg DeVault Real Estate & Environmental Practice Group will continue to monitor this situation and will send updates regarding any future developments.

Krieg DeVault is committed to helping you and your business during these unprecedented times. With your needs in mind, we have established a **COVID-19 Resource Center** to assist you through this process.

The Krieg DeVault **Real Estate & Environmental Practice Group** is closely monitoring how COVID-19 pandemic developments are impacting the real estate industry. If you have any further questions or concerns about the content of this Alert or any other real estate issues, please feel free to contact **Christopher Engel** or a member of Krieg DeVault's **Real Estate & Environmental Practice Group**.

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