Property Dispositions

Course Description

Tax reform provisions have frequently changed the tax on profits realized from the disposition of real estate. This has forced investors to seek “escape hatches” from fluctuating capital gains taxes. Tax-deferred exchanges permit the disposition of property often with the taxpayer receiving significant cash but without the payment of any tax. Functionally, an exchange is a “bridge” over the normally taxable event of moving from one property to another. This course alerts the practitioner to the different planning opportunities that surround exchanging and also identifies the tax consequences of home sales, foreclosure, repossession and other real property dispositions. Additional topics of interest include involuntary conversions and at-risk limits.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.
CPE Credits: 2 (CPA, EA)
Category: Taxation
Prerequisite: General understanding of federal income taxation.
Advanced Preparation: None

Course Learning Objectives

Lesson 1 Property Dispositions

1. Identify capital gains rates with applicable assets using the "basket" approach, cite the requirements of the home sale exclusion, and determine gain under the installment method noting the application of the unstated interest rules.
2. Specify the types of property that qualify for a like-kind exchange and recognize the methods of identifying such property in a delayed exchange including the mechanics for such an exchange.
3. Recognize the differences between recourse and nonrecourse indebtedness identifying their impact on foreclosures, determine how various types of property affect the repossession rules of Section 1038 including basis and gain or loss for both installment and non-installment method sales.
4. Determine how easements affect condemnations and how to report gain or loss associated with involuntary conversions, cite the types of payments included in a condemnation award, and specify the types of entities that qualify for exclusion from at-risk limits noting the impact of recourse and nonrecourse financing.