

1031 Tax Deferred Exchanges Construction Exchange

A 1031 Exchange allows a property owner to defer payment of capital gains tax from the sale of investment property. By deferring payment of capital gains tax, a property owner will have **more capital available** to acquire new investment property. This will allow the investor to purchase **more expensive property** and/or receive **greater cash flow** on an income producing investment. A **Construction Exchange** allows the exchanger to use the sale proceeds to acquire their new investment property as well as construct or make improvements to the new property.

Why Use A Construction Exchange?

- Your replacement property may be of less value than your relinquished property. In this
 case, a Construction Exchange will allow you to make capital improvements to the
 property so that a taxable event can be avoided.
- If you wish to build new property, e.g. an office building, a Construction Exchange will allow you to use your tax-deferred sale proceeds for construction on your replacement property.
- 3. Although your replacement property may be of **equal or greater value** to your relinquished property, it may still need **capital improvements**. A Construction Exchange will allow you to make those improvements using your tax-deferred sale proceeds.

For More Information, Call Us Today!
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