

**VILLANOVA UNIVERSITY
GRADUATE TAX PROGRAM**

**TAXATION OF PROPERTY
DISPOSITIONS**

LIKE KIND EXCHANGE HANDOUT

1. Determine the realized, recognized, and postponed gain or loss and the new basis for each of the following like kind exchanges:

	Adjusted Basis of Old Asset	Boot Given	Fair Market Value of New Asset	Boot Received
a.	\$ 7,000	\$ - 0 -	\$12,000	\$ 4,000
b.	14,000	2,000	15,000	- 0 -
c.	3,000	6,500	8,000	- 0 -
d.	22,000	- 0 -	32,000	- 0 -
e.	10,000	- 0 -	11,000	1,000
f.	10,000	- 0 -	8,000	- 0 -

2. Shontelle owns an apartment house that has an adjusted basis of 1,100,000 but is subject to a mortgage of \$250,000. She transfers the apartment house to Dave and receives from him \$125,000 in cash and an office building with a fair market value of \$1,125,000 at the time of the exchange. Dave assumes the \$250,000 mortgage on the apartment house.

- a. What is Shontelle's realized gain or loss?
- b. Her recognized gain or loss?
- c. The basis of the newly acquired office building?