

## PLR 200718028

In a safe harbor reverse exchange pursuant to Rev. Proc. 2000-37, the IRS ruled in PLR 200718028 that it would apply IRS Reg. 1.1031(k)-1(c)(4)(ii)(A) by analogy. That regulation provides in the case of a *forward* exchange, that any replacement property actually delivered by the QI to the taxpayer during the 45-day identification period is treated as properly identified and qualifies as like-kind property. This ruling addresses whether the same principle would apply in a *reverse* exchange to relinquished property delivered to a QI within the 45 day period for the reverse exchange, if that relinquished property is not otherwise identified within that period to the EAT as being a possible relinquished property. The IRS ruled that the identification requirement in the reverse exchange was satisfied if the relinquished property was delivered to the QI before the 45<sup>th</sup> day of the reverse exchange period based on these facts.

On Day 1, Taxpayer began a reverse exchange by acquiring replacement property in the name of an EAT pursuant to Rev. Proc. 2000-37. On the 43<sup>rd</sup> day after Day 1, Taxpayer sold "Property A" through a QI in what apparently looked like a new forward exchange. The ruling does not state if the forward exchange agreement designated the reverse exchange property as the replacement property in the forward exchange, nor does the ruling state if the forward exchange agreement mentions the reverse exchange. On the 46<sup>th</sup> day after the start of the reverse exchange, Taxpayer sent a notice to the EAT designating the Property A as one of the possible relinquished properties in the pending reverse exchange. The PLR does not mention if the QI and the EAT were related parties.

As always, this letter ruling cannot be used or cited as precedent.