

A Quick Guide to 1031 Aircraft Exchanges

Like-Kind Requirement

- Aircraft are personal property (chattel) as opposed to real estate. This means that determining like-kind status is more stringent.
- Your exchange has to be of like-kind (or in this case like-class) property. Generally, all US aircraft are considered like-kind to any other US aircraft. All of the following fall under the aircraft General-Asset-Class 00.21:
 - Airplanes, including airframes and engines
 - Helicopters, including airframes and engines
 - However, commercial aircraft or aircraft used in air-charter service (passenger or freight) are not within the aircraft General-Asset-Class 00.21

Timelines & Value Requirements

- An aircraft exchange must abide by the standard [180 day / 45 day 1031 exchange requirements](#).
- Your new replacement aircraft should be equal or greater in value and equity than your old relinquished aircraft.

CPEC**1031**

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EXCHANGE COMPANY, LLC

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Sales & Use Tax

- Sales taxes are usually due to the local taxing authority at the time of transfer of the aircraft, and are generally required to be collected by the seller of the aircraft.
- Use taxes are generally payable by the purchaser of an aircraft, if the seller does not collect and remit sales tax.

Proper Holding Purpose

- The aircraft must have been held for investment or use in one's trade or business as opposed to a personal recreational use.

If you own an aircraft and are considering deferring taxes in a 1031 exchange, contact us today to discuss your options:

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