

# §1031 BASIS ALLOCATION WORKSHEET

## Replacement Property Depreciation Analysis (Supplement to §1031 Recapitulation Worksheet Form 354)

**DATE:** \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_, \_\_\_\_\_.

*Items left blank or unchecked are not applicable. References to forms includes their equivalent.*

Prepared by: \_\_\_\_\_

Property sold or exchanged: \_\_\_\_\_

Replacement property: \_\_\_\_\_

Purpose: To determine the annual depreciation deduction to be entered on APOD ft Form 352 to set the after-tax return on property to be acquired.

**1. Cost basis** allocable between replacement property and cash items received:

1.1 Enter the cost basis for all replacement properties as calculated on Form 354 at line 5.5 ..... \$ \_\_\_\_\_  
(If no unqualified property or carryback note was received for the property sold, go to line 4.1)

**2. Priority allocation of basis to installment note carried back on the property sold:**

2.1 Enter the **cost basis carried forward** from the property sold (as shown on **first tuesday** Form 354 at line 3.7) ..... \$ \_\_\_\_\_  
 2.2 Enter the **debt relief** on the property sold. .... (-)\$ \_\_\_\_\_  
 2.3 **Cost basis of note:** If the amount of line 2.1 exceeds the amount of line 2.2, enter the difference, limited to the amount of the note (as shown on **ft** Form 354 at line 1.5) ..... (-)\$ \_\_\_\_\_

**3. Priority allocation of basis to unqualified property received:**

3.1 Enter the amount of the **equity** in the unqualified property received (as shown on **ft** Form 354 at line 1.6). .... (-)\$ \_\_\_\_\_  
 3.2 Enter the amount of any **debt** which encumbers the unqualified property received. .... \$ \_\_\_\_\_  
 3.3 **Cost basis for unqualified property:** Enter the total of line 3.1 plus 3.2 to set the cost basis in the unqualified property received in exchange for the property sold. .... \$ \_\_\_\_\_

**4. Allocation of the remaining cost basis to §1031 Replacement Property:**

4.1 Enter the sum of line 1.1 minus lines 2.3 and 3.1 as the cost basis of all **§1031 Replacement Property** received. .... (=)\$ \_\_\_\_\_

4.2 Allocation of basis between **two or more §1031 Replacement Properties:**

	Property 1	Property 2	
<b>a. Identification:</b>	_____	_____	
(Enter an identification for each §1031 property received)			
<b>b. Allocation for debt:</b>	\$ _____	\$ _____	..... (-)\$ _____
(Enter the amount of debt assumed on each property 1 and 2.) (Enter the total of the debts assumed on both properties.)			
<b>c. Basis to be allocated:</b>	_____	_____	..... \$ _____
(Enter the amount at line 4.1 minus the total from line b.)			
<b>d. Equity valuation:</b>	\$ _____	\$ _____	..... = \$ _____
(Enter the <b>equity value</b> given each property 1 and 2.) (Enter the total value of the equities in both properties.)			
<b>e. Equity ratios:</b>	_____ %	_____ %	= _____ 100%
(Enter the percentage of each property's pro rata share of the total value of all equities from line d.)			
<b>f. Allocation for equity:</b>	\$ _____	\$ _____	
(Enter the amount of each property's pro rata share of line c. based on line e. percentages.)			
<b>g. New cost basis:</b>	\$ _____	\$ _____	
(Enter the total of the amounts allocated to each property at line b. and f.)			

	Property 1	Property 2
<b>5. Depreciable cost basis for a single replacement property:</b>		
5.1 Enter the percent of the replacement property's market value represented by the market value of its improvements . . . . .	_____ %	_____ %
5.2 <b>Depreciable Cost Basis:</b> Enter that portion of the basis at line 4.1 (or 4.2 g.) which represents the percentage of value attributable to improvements at line 5.1 . . . . .	\$ _____	\$ _____
<b>6. Depreciation deduction from income for each year of ownership:</b>		
6.1 <b>Depreciation Schedule:</b> Enter the number of years for recovery of the cost of improvements: . . . . .	_____ years	_____ years
(27.5 years for residential; 39 or 40 years for nonresidential)		
6.2 <b>Annual Depreciation Deduction:</b> Enter the result of dividing the depreciable cost basis at line 5.2 by the number of years at line 6.1. . . . .	= \$ _____	= \$ _____
(Enter this amount on APOD <b>ft</b> Form <b>352</b> as the annual depreciation deduction for the replacement property)		