

810-3-6-.06 Basis of Property Acquired Upon Like-Kind Exchange.

(1) **After December 31, 1984:** The basis of property acquired in a like-kind exchange shall be determined according to 26 U.S. C. §1031. For interpretation of federal statutes adopted by the Alabama Legislature see Rule 810-3-1.1-.01, Operating Rules.

(2) **Prior to January 1, 1985:** The basis of property acquired in a like-kind exchange is the same as that of the property exchanged less the amount of money and the fair market value of other property received, less any loss (or plus any gain) recognized on the exchange.

(a) **Corporate Stock.** This rule does not apply in case of property received by a corporation in whole or in part in exchange for the stock or securities of that corporation.

(b) **Mixed Exchanges.** If the property acquired consisted of both like and unlike property, the basis shall be allocated between the properties (other than money) received, and for the purpose of allocation there shall be assigned to the unlike property an amount equal to its fair market value at the date of the exchange.

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Authority: §§ 40-2a-7(a)(5) and 40-18-6, Code of Alabama 1975.

History: New rule filed April 28, 1999, effective June 2, 1999.