



The Federation of Exchange Accommodators

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Autos Like-Kind to Light Duty Trucks (PLR 200912004)

The IRS has ruled that cars, light general purpose trucks and vehicles that share characteristics of both cars and light general purpose trucks (13,000 lbs) (e.g., crossovers, sport utility vehicles, minivans, cargo vans and similar vehicles) are like-kind for 1031 Exchange purposes.

The IRS observes that in the past few decades motor vehicles have evolved in a manner which blurs the distinction between cars and light-duty trucks.

The "safe harbor" for determining which vehicles are like-kind to each other has been by reference to the General Asset Classes found in Reg. §1.1031(a)-2(b)(2) or the Product Classes found in Sectors 31, 32 and 33 of the North American Industry Classification System (NAICS). Vehicles which are found in the same Asset Class or Product Class have been deemed to be like-kind.

PLR 200912004 observes that personal property exchanges can be like-kind for a 1031 Exchange even if they are not in the same Asset or Product Class and that no inference is to be drawn from the fact that properties are not in the same Asset or Product Class.

As noted above, the Asset and Product Classes are "safe harbors" and not the exclusive way to determine if personal property is like-kind.

Accordingly, cars, light general purpose trucks and vehicles that share characteristics of both cars and light general purpose trucks (13,000 lbs) (e.g., crossovers, sport utility vehicles, minivans, cargo vans and similar vehicles) are like-kind for 1031 Exchange purposes even though they are in different Asset or Product Classes.

Caveat: This opinion was issued as a private letter ruling, and therefore it cannot be cited as precedent, and the Service has the right to change its position on this matter without notice.