



GREEN HASSON & JANKS LLP  
BUSINESS ADVISORS AND CPAs

# Tax Alert

RELEVANT ALERTS DIRECT TO YOUR INBOX

April 30, 2010

## STATE & LOCAL TAX ALERT

Dear Clients and Friends:

This alert is an update on the development of California State Assembly Bill 2640 ("AB 2640") relating to Section 1031 Exchanges. In a Tax Alert sent on February 26, 2010, we mentioned that AB 2640 proposed to repeal the tax deferrals granted by Section 1031 exchanges for California tax purposes.

Section 1031 Exchanges allow taxpayers to defer recognition of gain or loss from exchanges of like-kind property. Additionally, AB 2640 also proposed to repeal the nonrecognition of gain or loss resulting from involuntary conversions, seller re-acquisitions of real property and transfer of property between spouses.

On April 8, 2010, AB 2640 was amended. The amendment removed repeal of the deferral transactions resulting from exchanges of like-kind property, involuntary conversions, seller re-acquisitions of real property, and transfer of property between spouses for California tax purposes. Therefore, the law in these areas remains unchanged.

**Like many tax matters, these rules are complex and we have only provided a brief overview of the issues. Please contact your GH&J tax advisor for further details at (310) 873-1600.**

### Talk to Us

Please contact your GH&J tax advisor for further details at (310) 873-1600 or e-mail us at [alerts@ghjadvisors.com](mailto:alerts@ghjadvisors.com).

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