



THE EXETER EXCHANGE

The Newsletter for Customers of Exeter 1031 Exchange Services, LLC

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IRS Extends Deadlines for '07 California Wildfire Victims

The Internal Revenue Service has announced special tax relief for victims of the 2007 Southern California Wildfire Disaster. The tax relief provides "affected taxpayers" an extension of time for filing returns, making tax payments, and completing certain time-sensitive actions or deadlines. It also waives certain interest and penalties for failing to make timely payments.

Affected Taxpayers

Affected taxpayers include individuals and businesses that are located in the disaster declaration area, those taxpayers whose tax records are located within the disaster declaration area and disaster relief workers who are working within the disaster declaration area.

Seven California counties were designated as covered disaster area: Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara and Ventura Counties.

IRS Extends 1031 Exchange Deadlines

The tax relief provisions include the time-sensitive actions described in Section 1031(a) of the Internal Revenue Code covering 1031 exchange transactions.

Affected taxpayers currently involved in a 1031 exchange and whose 45-day identification due date falls on or after October 21, 2007 will have until midnight January 31, 2008 to identify suitable like-kind replacement property.

And, affected taxpayers whose 180-day 1031 exchange deadline falls on or after October 21, 2007 will have until midnight January 31, 2008 to purchase and close on their identified like-kind replacement property.

Extensions to File Returns

The IRS gave affected taxpayers until January 31, 2008, to file most tax returns, or to make tax payments, including estimated tax payments, which have either an original or extended due date falling on or after October 21, 2007 and on or before January 31, 2008.

IRS Will Abate Interest and Penalty Assessments

Affected taxpayers that receive a penalty notice from the IRS should call the number on the notice to have the IRS abate any interest and any late filing or late payment penalties that would otherwise apply during the time period from October 21, 2007 to January 31, 2008 (October 21, 2007 to November 5, 2007 for any failure to deposit penalties).

Casualty Losses

Affected taxpayers in a disaster declaration area have the option of claim-

FTB Also Provides Tax Relief Assistance

The California Franchise Tax Board (FTB) also announced tax relief by allowing affected taxpayers to immediately report their disaster-related casualty losses by amending their 2006 tax return in order to expedite refunds.

Alternately, California taxpayers can wait and claim their disaster-related casualty loss on their 2007 tax return.

FTB Disaster Designation

Affected taxpayers should write the assigned FTB Disaster Designation "Southern California Wildfires 2007" in red at the top of any request or filing.

Other FTB Relief

In addition, the FTB has temporarily suspended mailing billing notices in the seven Southern California counties affected by the wildfires.

Affected taxpayers impacted by the fires can request copies of their state tax returns to replace lost or damaged ones by completing Form FTB 3516, Request for Copy of Tax Return at no cost.

For the latest updates pertaining to FTB tax matters surrounding the wildfires, please check the FTB Web site at www.ftb.ca.gov.

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Tax Deadlines Extended for Fire Victims in Seven Counties

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ing disaster-related casualty losses on their federal income tax return for either this year or last year.

Claiming the loss on an original or amended return for last year will get the affected taxpayer a quicker refund, but waiting to claim the losses on this year's return could result in a greater tax saving depending on their circumstances.

IRS Disaster Designation

Affected taxpayers should write the assigned IRS Disaster Designation "California Wildfires" on the top of any related forms, including the 1031 exchange identification form, in order to qualify for the extension provisions.

Other IRS Relief

The IRS will also waive the usual fees and expedite requests for copies of previously filed tax returns for affected taxpayers who need them to apply for benefits or to file amended returns claiming casualty losses.

You may download IRS forms and publications from the IRS Web site at www.irs.gov.

You can order forms from the IRS by telephone at 800 TAX-FORM or call 800.829.1040 with general tax questions.

Property Tax Relief Available to Victims

You may be eligible for property tax relief if you have a property that was damaged or destroyed in a disaster declaration area.

State law allows County Tax Assessors to temporarily reduce the assessed value of a property damaged or destroyed through no fault of the property owner. The damage must exceed \$10,000 and an application must be filed within 12 months from the date the damage occurred.

121 Tax Free Exclusion

The tax-free exclusion of taxable gain of up to \$250,000 per taxpayer (\$500,000 for a married couple) may be available to affected taxpayers if the destroyed property is their primary residence.

1033 Exchange – Involuntary Conversions

Affected taxpayers can defer payment of any income tax liabilities resulting from an involuntary conversion (natural disaster) by rebuilding the property that was destroyed or by replacing the destroyed property by acquiring another like-kind replacement property.

Affected taxpayers have up to two years to rebuild or replace property destroyed by a natural disaster, and can request an extension of time from the IRS.



EXETER

1031 Exchange Services LLC

National Corporate Headquarters
402 West Broadway, Suite 400
San Diego, CA 92101

866.393.8370 Office

Exeter 1031 Exchange Web site
exeter1031.com

Exeter Discussion Board
exeterboard.com

**The Exeter Group Real Estate
Talk Radio Show Web site**
exetergroupradio.com

**Nationwide Branch Offices
San Diego, California**
866.393.8370

Irvine, California
866.393.8372

Ontario, California
866.393.8375

Bakersfield, California
866.393.8373

Fresno, California
866.393.8373

San Francisco, California
866.393.8374

Springfield, New Jersey
866.393.8377

Winston-Salem, North Carolina
866.393.8370