



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

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UIL No.: 1031.05-00

The Honorable Stephen Lynch
Member, U.S. House of Representatives
88 Black Falcon Avenue, Suite 340
Boston, MA 02210

Attention:

Dear Congressman Lynch:

I am responding to your inquiry dated October 25, 2007, on behalf of your constituent, . She asked about the income tax consequences that arise when a taxpayer is unable to complete a like-kind exchange under section 1031 of the Internal Revenue Code because the business the taxpayer used to facilitate the like-kind exchange is in bankruptcy.

As you requested, , a Senior Counsel in the Office of Associate Chief Counsel (Income Tax and Accounting), called your constituent on November 14, 2007, and discussed the issues that she raised. I hope this information is helpful. If we can assist you further, please call or me at () .

Sincerely,

Michael J. Montemurro
Branch Chief
Office of Associate Chief Counsel
(Income Tax & Accounting)