

[Law Firm/Accounting Firm Letterhead]

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: Eligibility of Foreign Real Property for Like-Kind Exchange under IRC Section 1031

Dear [Client Name],

This opinion letter is provided at your request regarding the eligibility of certain foreign real property for a tax-deferred exchange pursuant to Section 1031 of the Internal Revenue Code (IRC).

I. TRANSACTION OVERVIEW

It is our understanding that [Client/Entity Name] intends to relinquish real property located in [Country A] (the "Relinquished Property") and acquire replacement real property located in [Country B] (the "Replacement Property").

II. TAX ANALYSIS

Under IRC Section 1031(h)(1), real property located in the United States and real property located outside the United States are not considered to be "like-kind" to each other. However, Treasury Regulations and relevant case law support the following determinations regarding foreign-to-foreign exchanges:

- **Foreign-to-Foreign Status:** Real property located outside the United States is generally considered like-kind to other real property located outside the United States, provided both properties are held for productive use in a trade or business or for investment.
- **Nature of Property:** Both the Relinquished Property and the Replacement Property must be characterized as "real property" under the laws of the jurisdictions in which they are located.
- **Qualified Use:** The taxpayer must satisfy the "held for" requirement, ensuring both properties are not held primarily for sale or personal use.

III. OPINION

Based on the facts provided and our review of Section 1031(h), it is our opinion that the exchange of the Relinquished Property in [Country A] for the Replacement Property in [Country B] qualifies as a like-kind exchange for U.S. federal income tax purposes, assuming all other statutory requirements (including the use of a Qualified Intermediary and adherence to strict timing deadlines) are met.

IV. LIMITATIONS

This opinion is limited to U.S. federal income tax consequences and does not address the tax

laws of [Country A], [Country B], or any local jurisdictions. This opinion is based on current law and may be affected by future legislative changes.

Sincerely,

[Authorized Signature]

[Name of Partner/Attorney]

[Firm Name]