Laws

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What's interesting about many tax laws in general is that while they may be written proactively, meaning that they will apply after some future date from enactment, they in essence apply retroactively to the strategies that property owners have set up for themselves.

If you purchased a rental house through a 1031 exchange in 2007, and your tax adviser told you it was OK for you to never rent the house and exchange it two years and a day later if it had appreciated in value, this was reasonable advice – in 2007.

Now, if you follow through with this strategy and sell the house in January 2009, it may still be reasonable advice, but your transaction will not fall into the safe-harbor law that was recently passed.

This reality makes it more important than ever for you to communicate your strategies and plans to your tax adviser and to obtain the best advice possible.

You want to make sure the phrase "home sweet home" remains true during your lifetimes.

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