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are in the works. With a lame-duck Congress finishing out this year and a brand-new class of lawmakers entering 2015, no one can be sure if this tax break will ...

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According to Thomson Reuters, a new study by the Treasury 's Office of Tax Analysis reveals the dramatic tax benefits of a like-kind exchange of property. The study shows that taxpayers using this technique in 2007 (apparently the last year for which figures were available) deferred the tax on a total of $82.6 billion in gain, due mainly to swaps involving real estate and vehicles.

But legislative proposals to curtail or eliminate the tax benefits of like-kind

current tax liability if they exchange the property for "like-kind" property in time. The tax is deferred until they sell the replacement property, if ever.

Surprisingly, the IRS is quite lenient when it comes to treating property as being like-kind under this tax law provision. For example, you might swap an apartment building for a warehouse, or vice versa, and still qualify. But both the property being relinquished and the property you're acquiring must be investment or business property. In other words, a personal residence can't be part of a like-kind exchange on either end.

Typically, real estate swaps can be difficult to consummate without involving multiple parties. Both the IRS and the courts have approved such arrangements where the timing requirements in met. In fact, a real estate investor may use a qualified intermediary to "park" the property until a qualified like-exchange can be finalized.

Consider the tax impact for a top-bracket investor who bought an apartment building for $500,000 years ago that is now worth $1.5 million. If the investor sells the property for $1.5 million, the $1 million gain will effectively be taxed at a 23.8% rate (20% + 3.8%), resulting in a tax bill of $238,000, not even counting any state taxes. However, if a timely swap of like-kind properties is arranged, the federal income tax bill is zero!

Previously, we alluded to meeting certain timing requirements. To qualify for tax deferral on a like-kind exchange, you must: (1) Identify or actually receive the replacement property within 45 days of transferring legal ownership of the relinquished property and (2) receive title to the replacement property within the earlier of 180 days or your tax return due date (plus any extensions).

Note that the 180-day period begins to run on the date legal ownership of the

Income Tax