SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Reverse Like-kind Exchanges
Revenue Procedure 2000-37
(as modified by RP 2004-51)
OMB Control Number 1545-1701

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

On April 25, 1991, the Treasury Department and the Internal Revenue Service (IRS) promulgated final regulations under §1.1031(k) 1 providing rules for deferred like-kind exchanges under §1031(a)(3). The preamble to the final regulations states that the deferred exchange rules under § 1031(a)(3) do not apply to reverse-Starker exchanges and consequently that the final regulations do not apply to such exchanges. T.D. 8346, 1991 1 C.B. 150, 151; see Starker v. United States, 602 F.2d 1341 (9th Cir. 1979). However, the preamble indicates that Treasury and the IRS will continue to study the applicability of the general rule of §1031(a)(1) to these transactions. T.D. 8346, 1991-1 C.B. 150, 151.

Since the promulgation of the final regulations under §1.1031(k) 1, taxpayers have engaged in a wide variety of transactions, including so-called "parking" transactions, to facilitate reverse like-kind exchanges. Parking transactions typically are designed to "park" the desired replacement property with an accommodation party until such time as the taxpayer arranges for the transfer of the relinquished property to the ultimate transferee in a simultaneous or deferred exchange. Once such a transfer is arranged, the taxpayer transfers the relinquished property to the accommodation party in exchange for the replacement property, and the accommodation party then transfers the relinquished property to the ultimate transferee. In other situations, an accommodation party may acquire the desired replacement property on behalf of the taxpayer and immediately exchange such property with the taxpayer for the relinquished property, thereafter, holding the relinquished property until the taxpayer arranges for a transfer of such property to the ultimate transferee. In the parking arrangements, taxpayers attempt to arrange the transaction so that the accommodation party has enough of the benefits and burdens relating to the property so that the accommodation party will be treated as the owner for federal income tax purposes.

Treasury and the IRS have determined that it is in the best interest of sound tax administration to provide taxpayers with a workable means of qualifying their transactions under §1031 in situations where the taxpayer has a genuine intent to accomplish a like-kind exchange at the time that it arranges for the acquisition of the replacement property and accomplishes the exchange within a short time thereafter. Accordingly, this revenue procedure provides safe harbors that allow the taxpayer to acquire many of the benefits and burdens associated with the replacement property (or retain many of the benefits and burdens associated with the relinquished property) while still treating the accommodation party as the owner of the property for federal income tax purposes, thereby enabling the taxpayer to accomplish a qualifying like-kind exchange.

However, in order to avoid whipsaw abuses by the taxpayer and the accommodation party, it is necessary for this revenue procedure to include rules requiring that within five business days after the transfer of qualified indicia of ownership of the property to the accommodation party the taxpayer and the accommodation party must enter into a written agreement (the "qualified

exchange accommodation agreement") that provides that the accommodation party is holding the property for the benefit of the taxpayer in order to facilitate an exchange under §1031 and this revenue procedure and that the taxpayer and the accommodation party agree to report the acquisition, holding, and disposition of the property as provided in this revenue procedure. The agreement must specify that the accommodation party will be treated as the beneficial owner of the property for all federal income tax purposes. Both parties must report the federal income tax attributes of the property on their federal income tax returns in a manner consistent with this agreement.

Revenue procedure 2004-51 (2004-33 I.R.B. 294), modifies sections 1 and 4 of Rev. Proc. 2000–37(2000–2 C.B. 308), to provide that Rev. Proc. 2000–37 does not apply if the taxpayer owns the property intended to qualify as replacement property before initiating a qualified exchange accommodation arrangement (QEAA).

2. USE OF DATA

The information will be used to enable the IRS to police these transactions by audit and to ensure that the parties to the agreement are treating the tax attributes of the exchange and the exchange property consistently.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There is no plan to offer electronic filing for this collection due to the low volume of filers.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available or use or adaption from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Treasury and the Service have determined that it is in the best interest of sound tax administration to provide taxpayers with a workable means of qualifying their transactions under §1031 in situations where the taxpayer has a genuine intent to accomplish a like-kind exchange at the time that it arranges for the acquisition of the replacement property and accomplishes the exchange within a short time thereafter. Accordingly, this revenue procedure provides safe harbors that allow the taxpayer to acquire many of the benefits and burdens associated with the replacement property (or retain many of the benefits and burdens associated with the relinquished property) while still treating the accommodation party as the owner of the property for federal income tax purposes, thereby enabling the taxpayer to accomplish a qualifying like-kind exchange.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

The information required is needed to verify compliance with the Internal Revenue Code section 1301 of the Treasury Regulations. A less frequent collection of taxes and tax information could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with Internal Revenue Code and hinder the IRS from meeting its mission.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

In response to the Federal Register notice dated Septmeber 2, 2025 (90 FR 42508), IRS received no comments during the comment period regarding these regulations.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

No personally identifiable information (PII) is collected.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

The collection of information is contained in section 4.02(3) of this revenue procedure. It requires taxpayers and exchange accommodation titleholders to enter into a written agreement that the exchange accommodation titleholder will be treated as the beneficial owner of the property for federal income tax purposes. IRS estimates that the taxpayers will enter into approximately 1,600 written agreements, pursuant to this provision, annually. The estimated annual burden per taxpayer to provide the information required by section 4.02(3) of this revenue procedure is one (1) hour, and the total annual reporting and/or recordkeeping burden is +3,200 hours (1 hour X 2 taxpayers X 1,600 written agreements).

Rev. Proc.	Description	# Respondents	# Responses Per Respondent-Approximate	Total Annual Responses	Hours Per Response	Total Burden
2000-37 2004-51	written agreement (section 4.02(3))	1,600	2	3,200	1	3,200
TOTAL		1,600		3,200		3,200

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

15. REASONS FOR CHANGE IN BURDEN

There have been no changes that would affect burden.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	1,600	0	0	0	0	1,600
Annual Time Burden (Hr)	3,200	0	0	0	0	3,200

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis, and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulations sunsets as of the expiration date. Taxpayers are not likely to be aware that the IRS intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.