

CHAPTER 517

AN ACT to create 71.03 (6) of the statutes, relating to nonrecognition of gains and losses on certain exchanges of productive property.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

71.03 (6) of the statutes is created to read:

71.03 (6) PROPERTY HELD FOR PRODUCTIVE USE AND INVESTMENT. (a) No gain nor loss shall be recognized if property having a situs in Wisconsin and held for productive use in trade or business or for investment (not including stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest) is exchanged solely for property having a situs in Wisconsin, of a like kind, to be held either for productive use in trade or business or for investment. This provision shall be effective if the exchange occurs in a taxable year ending on or after December 31, 1957. The basis of the property acquired on an exchange coming within this subsection shall be the same as in the case of the property exchanged.

(b) If an exchange would be within the provisions of par. (a) if it were not for the fact that the property received in exchange consists not only of property permitted by such subsection to be received without the recognition of gain, but also of other property or money, then the gain, if any, to the recipient shall be recognized, but in an amount not in excess of the sum of such money and the fair market value of such other property. The basis of the "property of a like kind" acquired on an exchange coming within this subsection shall be the same as in the case of the property exchanged, and the basis of such "other property" acquired (other than money) shall be its fair market value at the date of the exchange.

(c) If an exchange would be within the provisions of par. (a) if it were not for the fact that the property received in exchange consists not only of property permitted by such paragraph to be received without the recognition of gain or loss, but also of other property or money, then no loss from the exchange shall be recognized. In such case, the basis of the property other than money acquired shall be the same as in the case of the property exchanged, less any money acquired. The basis provided in this paragraph shall be allocated between the properties (other than money) received and for the purpose of the allocation there shall be assigned to such "other property" an amount equivalent to its fair market value at the date of the exchange.

Approved August 5, 1957.