



**I want automated matching  
for maximum return.**

## **Like-Kind Exchange Matching™**

Do you want to improve your competitive position in the marketplace? Red Moon Solutions' Like-Kind Exchange Matching (LKEM™) software provides the opportunity to do just that through the reinvestment of tax savings in newer income property. Surpassing the requirements of small to mid-size companies with few exchanges, as well as the needs of very large corporations with a significant number of 1031 exchanges, LKEM is a solution for any business.

## **Accommodating.**

Red Moon Solutions' Like-Kind Exchange Matching software gives you what you want—a way to invest in your company's future. LKEM is scalable, offering customizable solutions that will meet your company's needs. It particularly accommodates companies and institutions requiring reports to support like-kind exchanges. Businesses of all sizes can use LKEM's robust system and automated matching to maximize the benefit of like-kind exchange.

## **Compliant.**

Red Moon Solutions' Like-Kind Exchange Matching software generates the reports you want, as well as those you need to support IRS requirements and internal program management. These include tax management reports, tax filing reports and LKEM system management reports. Generated on a quarterly, annual or as-needed basis, the LKEM system produces the information you want, allowing you to make wise business decisions that conform to tax law.

## **Efficient.**

LKEM requires minimal implementation and start-up time while providing you with a wholly customized experience. Reports, forms and database information are securely stored and ready when you need them. LKEM is designed to be specific to your business' needs, giving detailed data that provides solutions you want without adding hours to your workday.

## Like-Kind Exchange Matching™

The theory behind like-kind exchange allows property owners to reinvest their sales proceeds into another like-kind property without subjecting the transaction to taxation. Red Moon Solutions provides the opportunity to take advantage of the like-kind exchange provisions under Internal Revenue Code Sec.1031 through Like-Kind Exchange Matching. This allows them to:

### Defer Capital Gains Taxes

Corporations can defer taxable gains, as well as the payment of federal income taxes and some state taxes on like-kind exchange transactions.

### Improve Cash Flow

All businesses improve their competitive position in the marketplace when reinvesting tax savings in newer income property.

For example, an asset having a five year MACRS class life and sold in its fourth recovery year will have accumulated depreciation of \$23,088.

<b>Purchase</b>	\$30,000
<b>1st Year Depreciation</b>	\$6,000 (Half-Year Convention)
<b>2nd Year Depreciation</b>	\$9,600
<b>3rd Year Depreciation</b>	\$5,760
<b>4th Year Depreciation</b>	\$1,728 (Half-Year Convention)
<b>Sale Proceeds</b>	\$15,000
<b>Accumulated Depreciation</b>	\$23,088
<b>Tax Gain</b>	\$8,088

As a result, the original \$30,000 asset's adjusted basis is \$6,912 when sold in the fourth year of life. If it sold for \$15,000, the proceeds (\$15,000) minus adjusted basis (\$6,912) would result in a \$8,088 gain. The tax bill, assuming a corporate tax rate of 35%, would be \$2,831 (\$8,088 multiplied by a tax rate of 35%).

If conducted in a like-kind exchange program, the above disposition's \$2,831 income tax liability would be deferred and available for business investment or debt reduction. The business benefit exceeds tax savings since the cash made available is enhanced by either the business investment rate of return or reduced borrowing cost.

## The Like-Kind Exchange Solution Includes:

### LKEM Software

This software enables your business to obtain the benefits of the like-kind exchange rules under Section 1031.

### LKEM Transaction Processing

Customized LKEM data processing services are available on your desired schedule. This service includes data migration into the LKEM software, generating LKE matches and safeguarding the data. Our solution completely outsources and automates the LKE matching process, as well as any hardware and software support.

### LKEM Reporting

Delivery of all necessary reports from our comprehensive list of tax management and tax filing reports. These are specifically tailored to monitor a like-kind exchange program while maintaining compliance with IRS filing requirements, including Form 8824, in accordance with your schedule.

### Red Moon Solutions

Red Moon Solutions empowers tax professionals with the solutions they want, including Fixed Assets Manager™, AuditRoom™, eTaxCalendar™, Like-Kind Exchange Matching™, and Section 382 Built-In Gain Solution. Red Moon is flexible, providing solutions to Fortune 500 companies and small businesses. With customizable options, Red Moon's client-focused software consistently excels. Experience it: [www.redmoonsolutions.com](http://www.redmoonsolutions.com).