**8581. Is a taxpayer who has an involuntary conversion into money required to replace the lost or destroyed property within a certain amount of time to qualify for nonrecogntion treatment?**

In order to qualify for nonrecognition treatment under IRC Section 1033, the taxpayer must replace the property that has been involuntarily converted within a two-year period. The time period begins to run upon the date of the disposition of the converted property or, if the conversion results from condemnation of the property, the date when the condemnation became imminent.[[1]](#footnote-1)

If a taxpayer’s principal residence is destroyed as a result of an involuntary conversion that takes place in a federally-declared disaster area, the time period for purchasing replacement property is extended to four years.[[2]](#footnote-2)

1. . IRC Sec. 1033(a)(2)(B). [↑](#footnote-ref-1)
2. . IRC Sec. 1033(h). [↑](#footnote-ref-2)