

**REVENUE RULING 89-121, 1989-47:
I.R.C. MULTI-ASSET EXCHANGE**

The Service ruled that the extent to which Section 1031 provides for non-recognition on the exchange of assets of one business for assets of another depends on the nature of the underlying assets. The ruling involved an exchange of the assets of one corporation's two television stations for the assets of another corporation's only television station. The exchange was made in part because the first corporation wanted to diversify its media markets and because it was required to comply with Federal Communications Commission cross-ownership policies. The Service concluded that, for purposes of Section 1031, the exchange cannot be viewed as the exchange of a single property for another single property. Both corporations received property of like-kind, and Section 1031 therefore presumably applied at least in part, but determining the extent of its application required a more particularistic analysis. The ruling clarified Revenue Ruling 85-135, 1985-2 C.B. 181, and Rev. Rul. 57-365, 1957-2 C.B. 521.

NOTE: See *final Regulations, multi-asset exchanges 1.1031(j)-1 infra at pages 122-123.*

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