Question 1

Jerry's tax consequences begin with Blackacre. Trusting the facts that his $100,000 of depreciation deductions were "properly taken", and knowing that Jerry has no election opportunities to use anything but the straightline method of depreciation under §168(b)(3) of the IRC, that leads to the basis affects of his depreciation taken. With an original basis of $1 million, Jerry's adjusted basis is $900,000 after the depreciation is taken (1mil - 100k = 900k). Without making improvements to the property (which would have basis effects as well), that is Jerry's basis moving into the exchange with Darlene.

Jerry is able to make a legitimate "like kind exchange" with Darlene (even though Darlene is a dealer), as allowed under IRC §1031. Even though the trade is a realizing event, substantial recognition can be avoided for Jerry. Jerry fulfills the requirements for Blackacre, including that it was held for use in business (as a rental), he is not a dealer of that type property, and it was not a personal-use property. Whiteacre also qualifies for the

exchange because Jerry plans to hold it for investment, and because the properties are of "like kind". Reg. § 1.1031(a) shows the loose definition regarding property, and even though Blackacre is commercially developed while Whiteacre is not, all real estate property is basically "of like-kind". There is a legitimate exchange here as well, with the properties changing ownership, and because of the mortgage involved they are both of equivalent value. Darlene taking over the mortgage for Jerry constitutes "boot" to the deal to make the properties level out.

When the exchange happens, Jerry receives Whiteacre with a FMV of $800,(and the cash equivalent of $400,000 for the mortgage that Darlene assumes (under §1031(d). Jerry realizes gain (his basis of 900k out of the 1.2 million received) of $300,000 under §1001. The boot of $400,000 is taxable, but because you can't recognize more than you realize, Jerry also recognizes $300,000 of gain on the exchange. The mortgage as boot largely threw of the benefit of a 1031 exchange.

Looking next to Jerry's basis on Whiteacre once the exchange has happened, the boot once again factors in. His Blackacre basis was 900k, minus the $ received (mortgage) of 400k is 500k. Gain recognized was 300k, so adding that to the 500k, Jerry's new basis is 800k in Whiteacre. It makes sense that he did not get a pure carry-over basis because of the 100k in boot he received but did not recognize.

During the negotiations, Jerry had Andrea representing him, and because it was purely for business purposes it was a legitimate business expense. But because Andrea was used to acquire the property, the 25k paid to her is a capital expense that cannot be currently deducted by Jerry. He must capitalize the $25,000 and his basis in Whiteacre is now $825,000.

Regarding the computer, a lot depends on whether or not that was considered a "business setting." If it was, Code §274(b) would govern and ~~Jerry~~ Darlene could only deduct $25. Looking at Jerry though, Code § 102(c) is n/a because

he is not Darlene's employee, so we need to look to the intent of the transferor. It would be helpful to know if Darlene deducted the computer, but since we don't, we need to determine on the facts given if the computer was given out of "detached and disinterested generosity". Darlene just made 25k off of Jerry, so that would seem absurd - but stranger things have happened. She did say she wants to be "friends" - so if it was a gift than Jerry has no income from the computer.

In all honesty though the computer would be hard to prove as "dettached and disinterested" because ~~Darlene~~ Andrea is in the business and probably wants to do more deals with Jerry. Even if not, she could be compensating him as a rebate-of-sorts for doing the deal as a "thank-you". If that were the case, Jerry would have $900 in gross income, that would be his basis in the computer, and it would not effect Whiteacre at all. Unless he was going to use it for business, depreciation is n/a and

he would have no deductions.
If we did find it a gift afterall and were swayed by the "friends" talk, Jerry would actually receive a carry-over of Andrea's basis and have a basis of $600, and because the FMV was not greater than the basis at the time of transfer, no exception would apply. Jerry's $600 basis in the computer would not affect Whiteacre, and he would have a new friend in Andrea. All gain to Jerry throughout avoiding

Question 2

Wendy's divorce is not a huge tax triggering event, but alimony payments would be. When Davis v. U.S. governed it would've been different, but Congress overruled Davis with IRC § 1041 holding that no gain or loss shall be recognized on a transfer of property from an individual to a ~~spouse~~. § 1041 is significant in assessing that not all the terms of the divorce lead to income for Wendy.
Looking first to the property settlement in #1, it looks clearly like a "property