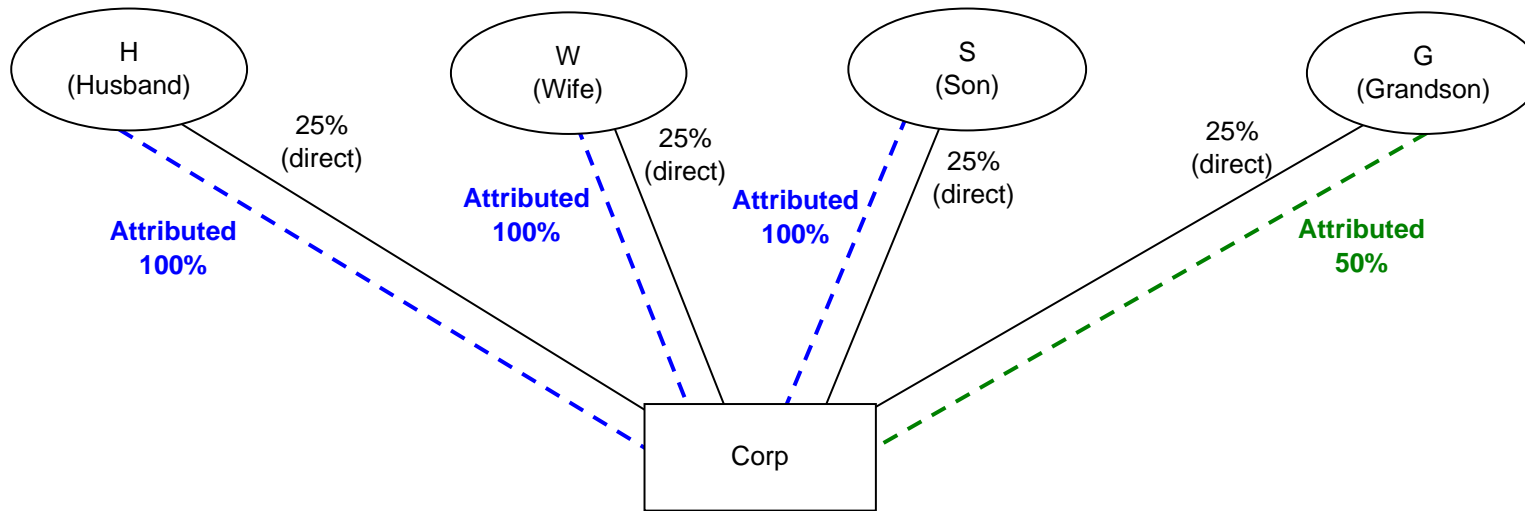


Reg. 1.318-2(b), Example

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Family Attribution: Up One and Down Two Generations



An individual, H, his wife, W, his son, S, and his grandson (S's son), G, own the 100 outstanding shares of stock of a corporation, each owning 25 shares. Under the attribution rules of section 318 (a)(1), H, W, and S are each considered as owning 100 shares. However, G is considered as owning only 50 shares, that is, his own and his father's.

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