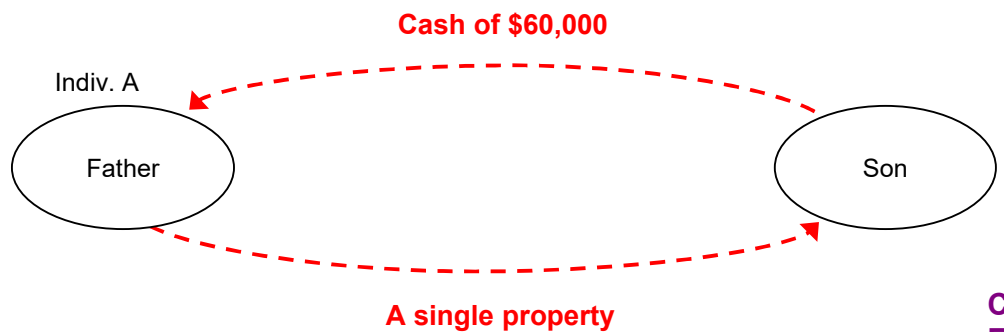


**Reg. 1.1001-1(e)(2),
Example 1**

**Part Gift and Part Sale:
Proceeds Greater Than Basis**

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Cf. Reg. 1.1015-4(b),
Example 2

Summary

FMV		\$90,000
Proceeds	\$60,000	(\$60,000)
Basis	(\$30,000)	
Gain (Loss)	\$30,000	
Gift		\$30,000

A transfers property to his son for \$60,000. Such property in the hands of A has an adjusted basis of \$30,000 (and a fair market value of \$90,000). A's gain is \$30,000, the excess of \$60,000, the amount realized, over the adjusted basis, \$30,000. He has made a gift of \$30,000, the excess of \$90,000, the fair market value, over the amount realized, \$60,000.