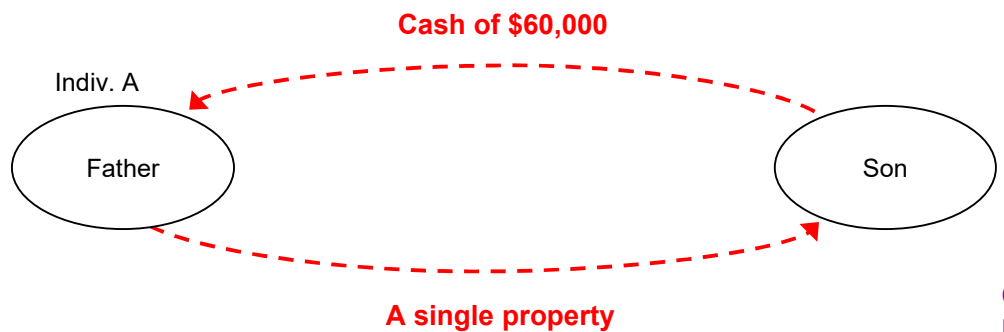


**Reg. 1.1015-4(b),  
Example 2**

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

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

**Summary**

<b>FMV</b>		<b>\$90,000</b>
<b>Proceeds</b>	<b>\$60,000</b>	<b>(\$60,000)</b>
<b>Basis</b>	<b>(\$30,000)</b>	
<b>Gain (Loss)</b>	<b>\$30,000</b>	
<b>Gift</b>		<b>\$30,000</b>

The son's  
basis is the  
higher of  
these two  
amounts.

If A transfers property to his son for \$60,000, and such property at the time of transfer has an adjusted basis of \$30,000 in A's hands (and a fair market value of \$90,000), the unadjusted basis of such property in the hands of the son is \$60,000.