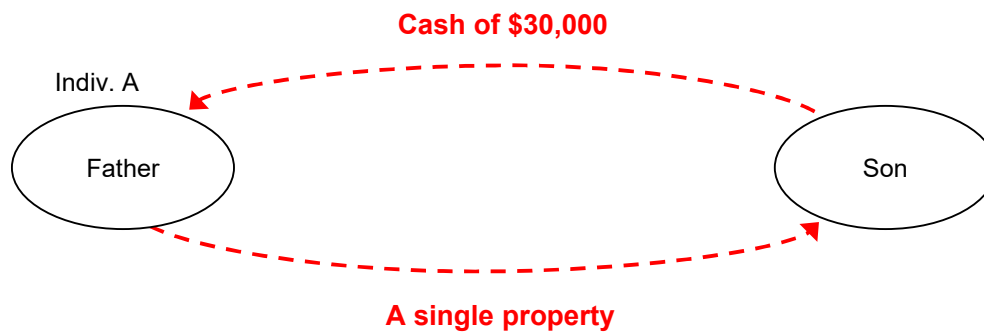


**Reg. 1.1015-4(b),
Example 3**

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

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

Summary

FMV		\$90,000
Proceeds	\$30,000	(\$30,000)
Basis	(\$60,000)	
Gain (Loss)	\$0	
Gift		\$60,000

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

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