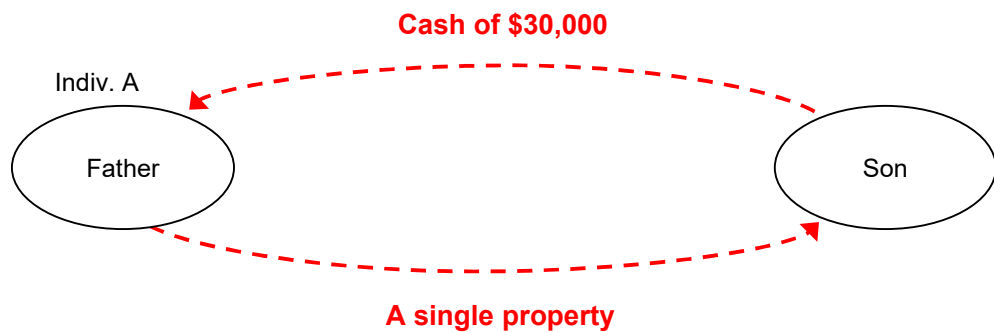


**Reg. 1.1015-4(b),  
Example 4**

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

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Cf. Reg. 1.1001-1(e)(2),  
Example 4

Summary

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

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

But for purposes of computing loss, the son's basis is \$60,000.

If A transfers property to his son for \$30,000 and such property at the time of transfer has an adjusted basis of \$90,000 in A's hands (and a fair market value of \$60,000), the unadjusted basis of the property in the hands of the son is \$90,000. However, since the adjusted basis of the property in A's hands at the time of the transfer was greater than the fair market value at that time, for the purpose of determining any loss on a later sale or other disposition of the property by the son its unadjusted basis in his hands is \$60,000.

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