Revenue Ruling 99-5 - Situation 2

Disregarded Entity to Partnership

Initial Structure  B Contributes Cash to LLC  Ending Point

A 1  B 2  A 3

LLC (Disregarded Entity) 50% of LLC 10K of Cash Contributed LLC (Partnership)

B's contribution is treated as a contribution to a partnership in exchange for an ownership interest in the partnership. A is treated as contributing all of the assets of the LLC to the partnership in exchange for a partnership interest.

Means "flow-thru" for U.S. tax purposes

HUNDREDS of additional charts at www.andrewmitchel.com