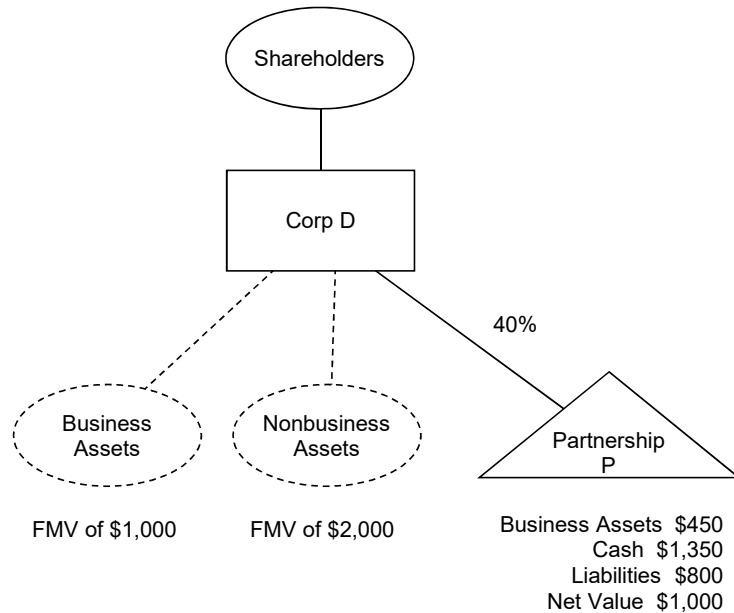


Prop. Reg. 1.355-2(d)(4)
Example 6

**Nonbusiness Asset Percentage:
Partnership Interest**

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$$\text{Corp D Nonbusiness Asset Percentage} = \frac{(2,000+300)}{(1,000+2,000+400)} = \frac{2,300}{3,400} = 67.6\%$$

D has directly held Business Assets of \$1,000, directly held Nonbusiness Assets of \$2,000, and a 40% partnership interest in P. P has \$450 of Business Assets and \$1,350 of cash, which P holds as a Nonbusiness Asset, and owes a liability of \$800.

D is allocated \$100 of Business Assets from P (\$400 (value of D's 40% interest in P) x 25% (\$450/\$1,800)) and \$300 of Nonbusiness Assets from P (\$400 (value of D's 40% interest in P) x 75% (\$1,350/\$1,800)), which are added to D's directly held Business Assets and Nonbusiness Assets, respectively. D's Nonbusiness Asset Percentage is 67.6% (\$2,300 Nonbusiness Assets/\$3,400 Total