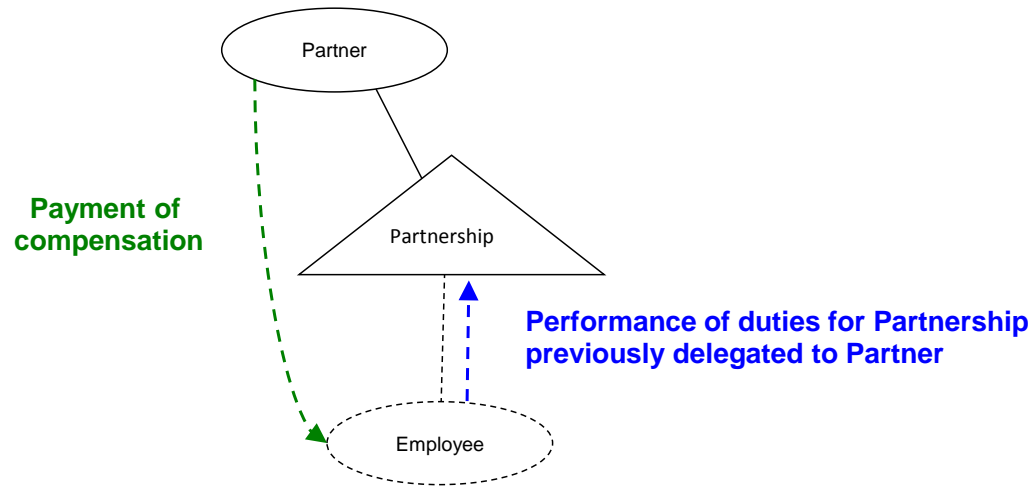


**Payment of Compensation by a Partner to
Partnership Employee Deductible under §162(a)**



A partner, under the terms of his partnership agreement, is required to pay out of his own personal funds the compensation of one of the employees of the partnership who performs a part of the duties delegated to the partner.

The IRS held that the compensation paid to the employee is deductible by the partner as an ordinary and necessary business expense under section 162.