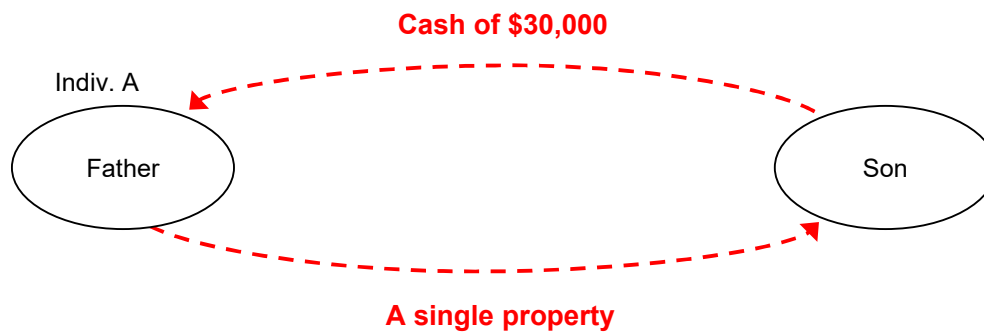


**Reg. 1.1001-1(e)(2),  
Example 2**

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

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

**Summary**

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

A transfers property to his son for \$30,000. Such property in the hands of A has an adjusted basis of \$60,000 (and a fair market value of \$90,000). A has no gain or loss, and has made a gift of \$60,000, the excess of \$90,000, the fair market value, over the amount realized, \$30,000.