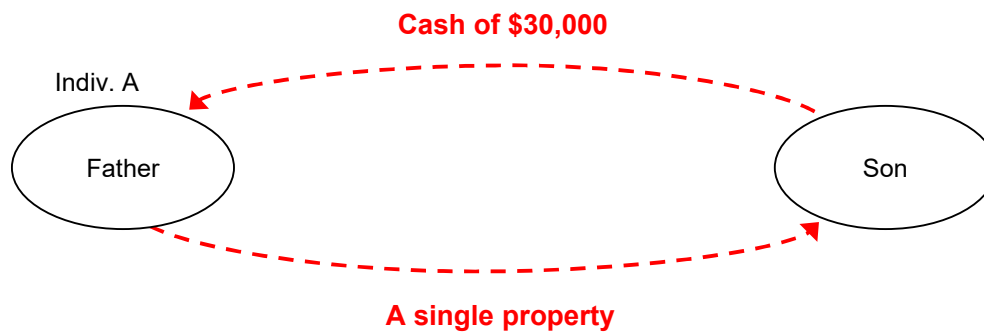


**Reg. 1.1001-1(e)(2),
Example 3**

**Part Gift and Part Sale:
Proceeds Equal Basis**

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Cf. Reg. 1.1015-4(b),
Example 1

Summary

FMV		\$60,000
Proceeds	\$30,000	(\$30,000)
Basis	(\$30,000)	
Gain (Loss)	<hr style="width: 50%; margin: 0 auto;"/>	\$0
Gift		<hr style="width: 50%; margin: 0 auto;"/> \$30,000

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