Topic: Nonliquidating distributions

Part 1. Partner (P) has a basis in his partnership interest of $20,000. Determine the tax consequences (gain, basis, etc) for each of the following independent distributions.

(a) He receives a proportionate non-liquidating distribution of $25,000 in cash.

(b) He receives a proportionate non-liquidating distribution of land with a fair value of $25,000 and a basis to the partnership of $15,000.

(c) He receives a proportionate non-liquidating distribution of land with a fair value of $25,000 and a basis to the partnership of $22,000.

Part 2. Partner A has a basis in his partnership interest of $50,000. Two years ago Partner A contributed property (land) with a basis of $23,000 and a fair value of $35,000 to the partnership. Determine the tax consequences (gain, basis, etc) for each of the following independent non-proportionate liquidating distributions.

(a) The land contributed by Partner A is distributed to Partner B when its fair value is $40,000. B's basis in his partnership interest is $45,000 before the distribution.

(b) Partner A receives a current distribution of a DIFFERENT land parcel with a fair value of $65,000 and a basis to the partnership of $34,000.

(c) Same facts as (a) except the land was not contributed by A, it was purchased by the partnership two years ago for $35,000 with cash contributed by A.

Part 3. P's basis in his partnership interest is $25,000. He receives the following assets in a non-liquidating distribution:

	Basis	FMV
Cash	$10,000	$10,000
Unreal A/R	-0-	15,000
$Land_1$	12,000	20,000
$Land_2$	30,000	24,000

How much gain does P recognize and what basis does he take in the assets?