TABLE OF CONTENTS

Chapter 1: Related Party and Disguised Sales	1
¶101 Introduction	1
¶102 Tax Treatment of Sale of Property to the Partnership by a Partner	1
¶103 Property Contributions Treated as Disguised Sales	4
¶104 Partner Contributes Property and Partnership Distributes It to Another Partner—	
Code Sec. 704(c)(1)(B)	23
¶105 Partner Contributes Property and Partnership Distributes Other Property	
to the Partner—Code Sec. 737	28
Chapter 1: Test Your Knowledge	37
Chapter 1: Solutions and Suggested Responses	39
Chapter 2: Death or Retirement of a Partner	41
¶201 Introduction	41
¶202 Payment for Retiring General Partner's Interest in a Partnership When	
Capital Is Not a Material Income-Producing Factor	47
¶203 Payment for Retiring Partner's Interest When Capital Is a Material	
Income-Producing Factor or Partner Is a Limited Partner	65
¶204 S Corporation Comparison	65
Chapter 2: Test Your Knowledge	67
Chapter 2: Solutions and Suggested Responses	69
Chapter 3: S Corporations	71
¶301 Eligibility, Election, and Formation	71
¶302 Special Taxes Applicable to S Corporations That Were Formerly Regular Corporations	80
¶303 Treatment of Income by the Shareholder	88
¶304 Treatment of S Corp Distributions to Shareholders	96
¶305 Termination of Election	108
¶306 Tax Administration	114
Chapter 3: Test Your Knowledge	115
Chapter 3: Solutions and Suggested Responses	119
Case Table	123
Glossary	126
Index	127
Final Exam Copy	128