Index

A

ABSOLUTE DISTRIBUTION

Tax distributions, **6:8**

ACCELERATION EVENTS

See index heading Transfers of Appreciated Property by Partnerships with Foreign Persons

ACCOUNTANTS

Audits, engagement of accountants, 28:79

Contributed property - Section 704(c). See index heading Contributed Property - Section 704(c)

Internal rate of return, working with attorneys and analysts, **5:1**, **5:3**

Tax distributions, 6:6

ACCOUNTS PAYABLE

Contributed property - Section 704(c), 11:88

ACCRUAL METHOD PARTNERSHIPS

Guaranteed payments, income inclusion rules, 9:12

ACTIVELY-TRADED ASSETS

Securities partnerships and reverse Section 704(c) aggregation, **15:5**

ACTIVITY TEST

See index heading Carried Interests and Section 1061 Regulations

ADDITIONAL CAPITAL

Alternate test for economic effect, obligation to contribute as limited deficit restoration obligation, 13:28

ADJUSTMENTS TO BASIS

Generally, 24:1 to 24:13

For detailed treatment see index heading Basis
Adjustments

ADMISSION OF NEW PARTNERS

Economic effect, no revaluation of assets and special allocation of sales gain, **12:48**

Nonrecourse deductions, minimum gain, 17:68

ADVANCES OR DRAWINGS

Generally, 7:1 to 7:18

Administrative authorities, generally, **7:10 to 7:18**

Bankruptcy court, relief of liabilities discharged by, **7:14**

ADVANCES OR DRAWINGS—Cont'd

Cancellation of indebtedness, relief of liabilities from, **7:12**

Consequences of characterization of distribution, 7:1

Deferred Section 752 amount under Section 108(i), 7:17

Exchange of properties with liabilities, 7:18

Guidance concerning what is necessary for distribution to be advance or drawing, 7:7

Loans, compared, 7:6

Obligation to repay advance or drawing, 7:5

Partnership agreement, drafting of, 7:9

Progress payments, distribution of, 7:10, 7:11

Providing relief to taxpayers that could be subject to double income recognition involving a reduction in partnership debt, 7:15

Ouestions, 7:3

Relief of liabilities as advance or drawing, 7:8, 7:12 to 7:14

Section 731, general rule of nonrecognition, **7:2** Section 1446(d) payment of Section 1446 tax on behalf of a partner, **7:16**

Service partnerships, 7:4

Theory, generally, 7:1 to 7:9

AGGREGATION

Contributed property - Section 704(c), 11:2, 11:68, 11:69

Qualified business income deduction. See index heading Qualified Business Income Deduction (Section 199A)

Securities partnerships and reverse Section 704(c) aggregation

generally, 15:1 to 15:20

for detailed treatment see index heading Secu-RITIES PARTNERSHIPS AND REVERSE SECTION 704(c) AGGREGATION

ALLOCATION OF LOSSES

Carried Interests and Section 1061 Regulations, 30:190

ALTERNATE TEST FOR ECONOMIC EFFECT

Generally, 13:1 to 13:28

Additional capital, obligation to contribute as limited deficit restoration obligation, **13:28**

Adventure with qualified income offset Clark Raymond, **13:17**

ALTERNATE TEST FOR ECONOMIC EFFECT—Cont'd

Contributions

additional capital, limited deficit capital account restoration obligations, 13:28 promissory note of partner, contribution to partnership and loss allocation to partner, 13:27

Distributions

capital accounts, distribution not following, 13:23

planned distributions, capital adjustment for, 13:24

Elimination of deficit restoration obligation, 13:26

Example of alternate test for economic effect, 13:21

Examples, generally, 13:19 to 13:28

Expected future allocations of certain losses and deductions, special capital account adjustments, 13:7 to 13:10

Failing

base example, 13:20

Failure of alternate test, 13:22, 13:23

Limitation of loss, 13:18

Limited deficit capital account restoration obligations

generally, **13:4**, **13:12**

contribution of additional capital, 13:28 elimination of obligation, 13:26

Minimum gain, share as deficit capital account restoration obligation, 13:3

Partnership interests, 14:31

Planned distributions, capital adjustment for, 13:24

Promissory note of partner, contribution to partnership and loss allocation to partner, 13:27

Qualified income offset

generally, 13:13 to 13:16

requirements, 13:14

unexpected adjustments, 13:15

Reasonably expected future depletion allowances, special capital account adjustments, 13:6

Reasonably expected future distributions, special capital account adjustments, 13:11

Requirements, 13:2

Respected loss allocation where partners have qualifying deficit restoration obligations, 13:25

Special capital account adjustments

generally, 13:5 to 13:11

reasonably expected future depletion allowances, 13:6

reasonably expected future distributions, **13:11** Section 1.751-1 adjustment, **13:10**

ALTERNATE TEST FOR ECONOMIC EFFECT—Cont'd

Special capital account adjustments—Cont'd Section 704(e) downward adjustment to capital account, 13:8

Section 706(d) adjustment, 13:9

Substantiality, 23:11

Unexpected adjustments, qualified income offset, 13:15

AMENDMENTS TO RETURNS

Audits. See index heading Audits

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Securities partnerships and reverse Section 704(c) aggregation, **15:20** Target allocations, **21:14**

AMORTIZATION OF BUILT-IN LOSS PROPERTY

Basis adjustments, sale or exchange transactions and death of partner, 25:33

ANALYSTS

Internal rate of return, working with attorneys and accountants, 5:1, 5:3

ANTI-ABUSE RULES

Basis adjustments, substantial built-in loss, sale or exchange transactions and death of partner, 25:44

Contributed property - Section 704(c), 11:45 Recourse or nonrecourse partnership debt, 16:32

ANTIDEFICIENCY LAWS

Recourse or nonrecourse partnership debt, 16:17

APPLICABLE PARTNERSHIP INTEREST

See index heading Carried Interests and Section 1061 Regulations

APPLICABLE TRADE OR BUSINESS

See index heading Carried Interests and Section 1061 Regulations

APPORTIONMENT

Audits, payment of imputed underpayment, 28:82

APPRECIATED PROPERTY

See index heading Transfers of Appreciated Property by Partnerships with Foreign Persons

ASSUMPTION OF LIABILITIES

Capital accounts, 10:54

ASSUMPTION OF UNLIMITED PARTNER SOLVENCY

Economic effect generally, **12:26 to 12:48**

ASSUMPTION OF UNLIMITED PARTNER SOLVENCY—Cont'd

Economic effect—Cont'd

for detailed treatment see index heading Eco-NOMIC EFFECT

ATTORNEYS

Audits, engagement of counsel, 28:79

Internal rate of return, working with accountants and analysts, 5:1, 5:3

Tax distributions, 6:6

AUDITS

Generally, 28:1 to 28:90

Absolving partnership of liability for tax on pushout of adjustments to reviewed-year partners (Section 6226), **28:36**

Accountants, engagement of, 28:79

Amendments to returns of partners

imputed underpayment, payment by partnership (Section 6225), **28:28**

partnership audit provisions, 28:78

Apportionment of payment of imputed underpayment, 28:83

Attribute adjustments, imputed underpayment, payment by partnership (Section 6225), **28:24**

Binding effect of elections, push-out of adjustments to reviewed-year partners (Section 6226), **28:40**

Cessation of existence of partnership, push-out of adjustments to reviewed-year partners (Section 6226), **28:52**

Confidential partner information, 28:63

Conflicts among partners

partnership deal with intergenerational, 28:80

Cooperation with audit, 28:65, 28:85, 28:86

Correction of errors in statements, push-out of adjustments to reviewed-year partners (Section 6226), **28:44**

Counsel, engagement of, 28:79

Definition of partnership-related item, 28:6

Developments on audit, information to partners regarding, 28:75

Disregarded entities, push-out of adjustments to reviewed-year partners (Section 6226), 28:49

Election out of new audit rules, 28:59, 28:60

Electronic reporting of statements, push-out of adjustments to reviewed-year partners (Section 6226), **28:43**

Examination procedure, 28:3

Filing requirement under BBA partnership rules, **28:4**

Former partners, indemnification with respect to payment of imputed underpayment, **28:84**

Fractions rule, imputed underpayment, payment by partnership (Section 6225), **28:27**

AUDITS—Cont'd

Funding of audit, 28:66, 28:86

Funding payment of imputed underpayment, **28:81 to 28:83**

Imputed underpayment, payment by partnership (Section 6225)

generally, 28:18 to 28:29

amended returns of partners, 28:28

apportionment of payment, 28:83

attribute adjustments, 28:24

Calculation of imputed underpayment, 28:23

computation of imputed underpayment, 28:19

concept of imputed underpayment, **28:19** considerations, **28:58**

examples, 28:25

former partners, indemnification with respect to payment, **28:84**

fractions rule, 28:27

funding payment of imputed underpayment, 28:81 to 28:83

liquidation of partnership, funding payment of imputed underpayment after, **28:81**

modification procedure, 28:20

notice of approval or denial of request for modification, **28:22**

payment of imputed underpayment, **28:18** penalties, **28:30**

pull-in procedure for taxing adjustments to reviewed-year partners, **28:29**

request for modification, 28:21

tax exempt use property, **28:26** time

adjustments, 28:31

Interest. Penalties and interest, below

Liquidation of partnership, funding payment of imputed underpayment after, 28:81

Maximum number of partners, limits on, **28:61** Modifications

imputed underpayment, payment by partnership (Section 6225)

push-out of adjustments to reviewed-year partners (Section 6226), **28:45**

Non-pass through adjustments

examples, 28:11

Notice of approval or denial of request for modification of imputed underpayment, payment by partnership (Section 6225), **28:22**

Not partnership related item, examples generally, **28:8**, **28:10**

Partner consistency with partnership return requirement, 28:16

Partner-level audits

examples, 28:12

Partner qualifications so partnership can elect out, **28:60**

AUDITS—Cont'd	AUDITS—Cont'd
Partnership audit provisions	Partnership audit provisions—Cont'd
generally, 28:43 to 28:79	resignation or removal of representative of
amendments to partner tax returns, 28:78	partnership, 28:68
apportionment of payment of imputed underpayment, 28:83	restraints on transfers of partnership interests, 28:61
basic mechanical provisions, 28:56	reviewed-year partner's potential for being thrown under the bus, 28:64
compensation of representative of partnership, 28:69	role of partners in audit, 28:72
confidential partner information, 28:63	termination of partnership, 28:89
considerations in drafting, 28:53, 28:87	Partnership audit rules
control of representative of partnership, 28:70	election out, 28:15
cooperation with audit, 28:65, 28:85, 28:86	Partnership-level audits
counsel and accountants, engagement of, 28:79	examples, 28:13
developments on audit, information to partners	Partnership related item, examples
regarding, 28:75	generally, 28:7
election out, 28:59 , 28:60	Penalties and interest
examples, 28:90 former partners, indemnification with respect	imputed underpayment, payment by partner- ship (Section 6225), 28:30
to payment of imputed underpayment, 28:84	push-out of adjustments to reviewed-year partners (Section 6226), 28:46
funding of audit, 28:66 , 28:86	Pull-in procedure for taxing adjustments to
funding payment of imputed underpayment, 28:81 to 28:83	reviewed-year partners, imputed underpay- ment, payment by partnership (Section
imputed underpayment, considerations, 28:58	6225), 28:29
imputed underpayment, payment by partner-	Push-out of adjustments to reviewed-year
ship (Section 6225), 28:76, 28:81 to 28:83	partners (Section 6226) generally, 28:32 to 28:52
indemnification of representative of partner-	absolving partnership of liability for tax on
ship, 28:71	adjustments, 28:36
information from partners, 28:62	additional reporting-year tax of reviewed-year
lenders to partnership as limiting authority of partnership representative, 28:74	partner, 28:47 adjusting reviewed-year partners' tax for
liability of representative of partnership, 28:73	reporting year, 28:35
liquidation of partnership, funding payment of	attributes, adjustments to, 28:50
imputed underpayment after, 28:81	binding effect of elections, 28:40
maximum number of partners, limits on, 28:61	cessation of existence of partnership, 28:52
memorandum, conducting partnership audits,	correction of errors in statements, 28:44
28:88	disregarded entities, 28:49
partner qualifications so partnership can elect out, 28:60	electronic reporting of statements, 28:43
push-out of adjustments to reviewed-year	examples
partners (Section 6226), 28:77	adjustments to partner basis and capital accounts, 28:51
representative of partnership	operation of rules, 28:34
generally, 28:57 , 28:67 to 28:74	examples of push-out, 28:48
compensation, 28:69	invalid elections, 28:37
control, 28:70	making election, 28:33
designation of partnership representative, 28:54	mechanics of elections, 28:39
indemnification, 28:71	modifications to adjustments, 28:45
lenders to partnership as limiting authority	partnership audit provisions, 28:77
of partnership representative, 28:74	penalties and interest, 28:46
liability, 28:73	push-out statements to partners, 28:41
power or authority of partnership representative, 28:55 , 28:74	reporting consistency, 28:42 timing
resignation or removal. 28:68	elections, 28:38

AUDITS-Cont'd

Representative of partnership partnership audit provisions, above Restraints on transfers of partnership interests, **28:61**

Role of partners in audit, **28:72**

Scope of new partnership audit rules, 28:5

Tax audits, generally, 28:1 to 28:90

Taxes under Chapters 2, 2A, 3, and 4, 28:9

Tax exempt use property, imputed underpayment, payment by partnership (Section 6225), 28:26

Technical explanation of scope of BBA partnership

rules, 28:14

Terminology, 28:2

Time

imputed underpayment, payment by partnership (Section 6225), above

push-out of adjustments to reviewed-year partners (Section 6226), above

В

BANKRUPTCY

Advances or drawings, relief of liabilities discharged by bankruptcy court, **7:14**

BASIS ADJUSTMENTS

Generally, 24:1 to 24:13

Allocation of basis adjustment among partnership assets, sale or exchange transactions and death of partner, 25:9

Allocations of adjusted tax basis under Section 613A(c)(7)(D), **12:54**

Amortization of built-in loss property, sale or exchange transactions and death of partner, **25:33**

Another partner, distributions of Section 743 basis adjusted property to, **25:16**

Anti-abuse rule, substantial built-in loss, sale or exchange transactions and death of partner, **25:44**

Assets in which partner has no interest, allocations within special rules classes of property, adjustments under Section 743(b), allocation of Section 755 adjustments, 27:25

Built-in losses

sale or exchange transactions and death of partner, below

Section 734 adjustments, below

Section 755 adjustments, allocation of, 27:43

Capital gain property, allocations within classes of property, adjustments under Section 743(b), allocation of Section 755 adjustments, 27:24

Carryover adjustments. Section 755 adjustments, allocation of, below

BASIS ADJUSTMENTS—Cont'd

Classes of property. Section 755 adjustments, allocation of, below

Complete liquidation of partner's interest, distributions of Section 743 basis adjusted property, sale or exchange transactions and death of partner, **25:17**

Consecutive transfers of partnership interests, substantial built-in loss, sale or exchange transactions and death of partner, 25:40

Contributed property - Section 704(c). See index heading Contributed Property - Section 704(c)

Contributions. Sale or exchange transactions and death of partner, below

Corporations

distributions, Section 734 adjustments, below recognition of gain, stock of corporate partner Section 734 adjustments, distributions, **26:16**

Section 755 adjustments, allocation of, 27:54

sale or exchange transactions and death of partner, contributions of Section 743 basis adjusted property, **25:13**

Section 755 adjustments, allocation of, below Death of partner. Sale or exchange transactions and death of partner, below

Decedent, income in respect of. Section 755 adjustments, allocation of, below

Deduction, effect of basis adjustment in determination of, sale or exchange transactions and death of partner, **25:20**

Deemed Section 754 election, substantial built-in loss, sale or exchange transactions and death of partner, 25:38

Depletion, sale or exchange transactions and death of partner, **25:22**

Depreciation of built-in loss property, sale or exchange transactions and death of partner, 25:33

Distributions

sale or exchange transactions and death of partner, below

Section 734 adjustments. Distributions, Section 734 adjustments, below

Distributions, Section 734 adjustments

generally, 26:1 to 26:17

built-in loss

generally, 26:11 to 26:14

liquidating distributions, 26:14

tiered partnerships and adjustments on account of distribution, 26:12

transferee partner or Section 704(a)(1)(C) partner, adjustment after distribution to, **26:13**

decrease in basis, 26:6

BASIS ADJUSTMENTS—Cont'd

- Distributions, Section 734 adjustments—Cont'd increase in basis, 26:5
 - Internal Revenue Service Audit Technique Guide comments on Section 734 and 743, 26:2
 - Internal Revenue Service Audit Technique Guide on partnerships, **26:4**
 - liquidating distributions, built-in loss, **26:14** recognition of gain, stock of corporate partner, **26:16**
 - recovery of Section 734 adjustments, **26:8** returns, **26:7**
 - Revenue Ruling 92-15, 26:10
 - stock of corporate partner
 - generally, 26:15 to 26:17
 - example, 26:17
 - recognition of gain, 26:16
 - tiered partnerships and adjustments on account of distribution, built-in loss, **26:12**
 - transferee partner or Section 704(a)(1)(C) partner, adjustment after distribution to, **26:9**, **26:13**
- Fair market value, allocation of Section 755 adjustments, 27:8
- Gain, effect of basis adjustment in determination of, sale or exchange transactions and death of partner, 25:19
- Gift of partnership interest with built-in loss, sale or exchange transactions and death of partner, 25:41
- Good will and going concern value, Section 197 intangibles, allocation of Section 755 adjustments, 27:15
- Hypothetical transaction, adjustments under Section 743(b), allocation of Section 755 adjustments, **27:20**
- Income, effect of basis adjustment in determination of, sale or exchange transactions and death of partner, 25:19
- Internal Revenue Service Audit Technique Guide comments on Section 743, sale or exchange transactions and death of partner, **25:3**
- Internal Revenue Service Audit Technique Guide comments on Section 755, allocation of Section 755 adjustments, **27:2**
- Internal Revenue Service Audit Technique Guide comments on Sections 734 and 743
 - generally, 24:1 to 24:13
 - distributions, Section 734 adjustments, 26:2
- Internal Revenue Service Audit Technique Guide on partnerships
 - distributions, Section 734 adjustments, 26:4
- Section 755 adjustments, allocation of, **27:3** Liquidating distributions, built-in loss, distribu-
- Liquidating distributions, built-in loss, distributions, Section 734 adjustments, **26:14**

BASIS ADJUSTMENTS—Cont'd

- Loss, effect of basis adjustment in determination of, sale or exchange transactions and death of partner, 25:19
- Minimum gain chargeback, sale or exchange transactions and death of partner, **25:48**
- Nominee reporting, sale or exchange transactions and death of partner, **25:27**
- Nonrecourse deductions, computation of minimum gain, **17:29**
- Notice to partnership by transferee, sale or exchange transactions and death of partner, 25:25 to 25:29
- Oil and gas partnership, transfer of interest in, sale or exchange transactions and death of partner, 25:24
- Ordinary income property, allocations within classes of property, adjustments under Section 743(b), allocation of Section 755 adjustments, 27:23
- Partial partnership interest, sale or exchange transactions and death of partner, **25:11**
- Partnership gross value. Section 755 adjustments, allocation of, below
- Recognition of gain. Corporations, above Recovery of Section 734 adjustments, distributions, Section 734 adjustments, **26:8**
- Reliance of partnership on written notice, sale or exchange transactions and death of partner, 25:28
- Returns, distributions, Section 734 adjustments, 26.7
- Reverse Section 704(c) allocations, substantial built-in loss, sale or exchange transactions and death of partner, **25:34**, **25:35**
- Sale or exchange transactions and death of partner
 - generally, 25:1 to 25:48
 - allocation of basis adjustment among partnership assets, **25:9**
 - another partner, distributions of Section 743 basis adjusted property to, **25:16**
 - anti-abuse rule, substantial built-in loss, **25:44** built-in loss. Substantial built-in loss, below in
 - this group complete liquidation of partner's interest, distributions of Section 743 basis adjusted
 - property, **25:17**consecutive transfers of partnership interests, substantial built-in loss, **25:40**
 - contributions of built-in loss property, **25:32** contributions of Section 743 basis adjusted property
 - corporation, contribution to, 25:13
 - upper-tier partnership contribution to lowertier partnership, **25:12**, **25:46**, **25:47**
 - corporation, contributions of Section 743 basis adjusted property to, **25:13**

BASIS ADJUSTMENTS—Cont'd	BASIS ADJUSTMENTS—Cont'd
Sale or exchange transactions and death of	Sale or exchange transactions and death of
partner—Cont'd	partner—Cont'd
death of partner, 25:26	substantial built-in loss—Cont'd
decreases to basis, 25:21	anti-abuse rule, 25:44
deduction, effect of basis adjustment in determination of, 25:20	built-in gain and built-in loss, 25:31
deemed Section 754 election, substantial	consecutive transfers of partnership interests, 25:40
built-in loss, 25:38	contributions of built-in loss property, 25:32
depletion, 25:22	deemed Section 754 election, 25:38
depreciation and amortization of built-in loss	depreciation and amortization of built-in
property, 25:33	loss property, 25:33
distributions of Section 743 basis adjusted property	determination of substantial built-in loss, 25:39
generally, 25:14 to 25:17	gift of partnership interest with built-in loss,
another partner, distribution to, 25:16	25:41
complete liquidation of partner's interest, 25:17	partnership property with built-in losses, transfer of, 25:36
transferee, distribution to, 25:15 effect of basis adjustment, generally, 25:18 to	reverse Section 704(c) allocations, 25:34 , 25:35
25:29	substituted basis transactions, 25:42
enabling Section 754 basis adjustment election,	tiered partnerships, 25:43, 25:45
25:6	substituted basis transactions, substantial
failure of transferee to comply with notice	built-in loss, 25:42
requirement, 25:29 gain, effect of basis adjustment in determina-	tax return, required statement on, 25:23 tiered partnerships, substantial built-in loss,
tion of, 25:19	25:43, 25:45
general rules, 25:4 to 25:6	transferee, distributions of Section 743 basis
gift of partnership interest with built-in loss,	adjusted property to, 25:15
25:41	upper-tier partnership contribution to lower-
income, effect of basis adjustment in determi-	tier partnership, Section 743 basis
nation of, 25:19 Internal Revenue Service Audit Technique	adjusted property, 25:12 , 25:46 , 25:47 Section 197 intangibles. Section 755 adjustments
Guide on Section 743, 25:3	allocation of, below
loss, effect of basis adjustment in determina-	Section 734(b), adjustments under. Section 755
tion of, 25:19	adjustments, allocation of, below
minimum gain chargeback, 25:48	Section 743(b), adjustments under. Section 755
nominee reporting, 25:27	adjustments, allocation of, below
notice to partnership by transferee, 25:25 to	Section 754 elections
25:29 oil and gas partnership, transfer of interest in,	generally, 24:4 to 24:13 drafting partnership agreement to address elec-
25:24	tion, 24:6
outside basis of transferee in partnership inter-	general features, 24:7
est, 25:7	sale or exchange requirement, 24:10
partial partnership interest, sale of, 25:11	sale or exchange transactions, 24:11 to 24:13
partnership property with built-in losses,	time and method of making election, 24:8
transfer of, 25:36	unsigned elections, 24:9
reliance of partnership on written notice, 25:28	Section 755 adjustments, allocation of
reverse Section 704(c) allocations, substantial built-in loss, 25:34 , 25:35	generally, 27:1 to 27:55
Section 754 elections, 24:11 to 24:13	assets in which partner has no interest, alloca-
share of transferee of adjusted tax basis to	tions within classes of property, adjustments under Section 743(b), 27:25
partnership, 25:8 to 25:10	basic allocation rules, 27:6
subsequent transfers of partnership interest,	built-in losses, 27:43
25:10	capital gain property, allocations within classes
substantial built-in loss	of property, adjustments under Section
generally, 25:30 to 25:45	743(b), 27:24

BASIS ADJUSTMENTS—Cont'd	BASIS ADJUSTMENTS—Cont'd
Section 755 adjustments, allocation of—Cont'd	Section 755 adjustments, allocation of—Cont'd
carryover adjustments	Section 734(b), adjustments under—Cont'd
Section 734(b), adjustments under, 27:41	special rule, allocations between classes of
Section 743(b), adjustments under, alloca-	property, 27:37
tions within classes of property,	Section 743(b), adjustments under
substituted basis transactions, 27:34,	generally, 27:18 to 27:35
27:51	application, 27:19
classes of property, allocations between	assets in which partner has no interest,
Section 734(b), adjustments under, below in this group	allocations within classes of property, 27:25
Section 743(b), adjustments under, below in	capital gain property, allocations within
this group	classes of property, 27:24
classes of property, allocations within	carryover adjustment, allocations within
Section 734(b), adjustments under, below in	classes of property, substituted basis
this group	transactions, 27:34 , 27:51
Section 743(b), adjustments under, below in	classes of property, allocations between
this group	generally, 27:21
coordination of Sections 755 and 1060, 27:7	substituted basis transactions, below in
decedent, income in respect of	this subgroup
adjustments under Section 743(b), 27:28	classes of property, allocations within
partnership gross value, 27:11	generally, 27:24 to 27:27
fair market value, 27:8	assets in which partner has no interest,
good will and going concern value, Section	27:25
197 intangibles, 27:15	capital gain property, 27:24
hypothetical transaction, adjustments under	examples, 27:27
Section 743(b), 27:20	limitation on decrease of basis, 27:26,
Internal Revenue Service Audit Technique Guide comments on Section 755, 27:2	27:33, 27:50
Internal Revenue Service Audit Technique	ordinary income property, 27:23
Guide on partnerships, 27:4	substituted basis transactions, below in
ordinary income property, allocations within	this subgroup
classes of property, adjustments under	hypothetical transaction, 27:20
Section 743(b), 27:23	income in respect of decedent, 27:28
partnership gross value	ordinary income property, allocations within
generally, 27:9 to 27:13	classes of property, 27:23
decedent, income in respect of, 27:11	substituted basis transactions
special situations, 27:10	generally, 27:29 to 27:35, 27:44 to 27:52
substituted basis transactions, 27:12	carryover adjustment, allocations within
recognition of gain, stock of corporate partner,	classes of property, 27:34 , 27:51
27:54	classes of property, allocations between
Section 197 intangibles	generally, 27:30, 27:45 to 27:47
generally, 27:14 to 27:16	decreases, 27:47
good will and going concern value, 27:16	increases, 27:46
value, 27:14 to 27:16	no adjustment, 27:45
Section 734(b), adjustments under	classes of property, allocations within
generally, 27:36 to 27:42	generally, 27:31 to 27:34, 27:48 to
carryover adjustment, 27:41	27:51
classes of property, allocations between	carryover adjustment, 27:34, 27:51
generally, 27:36	decreases, 27:32, 27:33, 27:49
special rule, 27:37	increases, 27:31, 27:48
classes of property, allocations within	limitations in decrease of basis, 27:33,
decreases, 27:39	27:50
increases, 27:38	examples, 27:35, 27:52
example, 27:42	- · · · · · · · · · · · · · · · · · · ·
limitation in decrease of basis, 27:40	special rule, adjustments under Section 734(b), 27:37
minumon in decrease of basis, #1.To	#1 • U 1

BASIS ADJUSTMENTS—Cont'd

Section 755 adjustments, allocation of—Cont'd special situations, partnership gross value, 27:10

stock of corporate partner

generally, 27:53 to 27:55

example, 27:55

recognition of gain, 27:54

substituted basis transactions

partnership gross value, 27:12

Section 743(b), adjustments under, above in this group

value, Section 197 intangibles, 27:14 to 27:16

Subsequent transfers of partnership interest, sale or exchange transactions and death of partner, 25:10

Substantial built-in loss. Sale or exchange transactions and death of partner, above

Substituted basis transactions

sale or exchange transactions and death of partner, substantial built-in loss, **25:42**

Section 755 adjustments, allocation of, above

Tiered partnerships

sale or exchange transactions and death of partner, substantial built-in loss, **25:43**, **25:45**

Section 734 adjustments, built-in loss, distributions, 26:12

Time, Section 754 elections, 24:8

Transferee partner or Section 704(a)(1)(C) partner, adjustment after distribution to, Section 734 adjustments, **26:9**, **26:13**

Unsigned Section 754 elections, 24:9

Upper-tier partnership contribution to lower-tier partnership, Section 743 basis adjusted property, sale or exchange transactions and death of partner, 25:12, 25:46, 25:47

Value

partnership gross value. Section 755 adjustments, allocation of, below

Section 197 intangibles, allocation of Section 755 adjustments, **27:14 to 27:16**

BASIS SHIFTING TRANSACTION

Generally, 8A:1 to 8A:8

Adjusting transactions, 8A:2 to 8A:4

Basis disparity transactions and economic substance, **8A:5**

Basis shifting transactions, Biden revenue proposals, **8A:8**

Basis shifting transactions, disclosure of, **8A:7** General tax principles, **8A:1**

Transaction disclosure statement, 8A:6

BIG FOUR ACCOUNTING FIRMS

Securities partnerships and reverse Section 704(c) aggregation, **15:19**

"BOOK" ACCOUNTING

Contributed property - Section 704(c), 11:5,

"BOOK" CAPITAL ACCOUNTS

Generally, 10:34

"BOOK" GAIN OR LOSS

Contributed property - Section 704(c), 11:5, 11:27

"BOOK" INCOME

Contributed property - Section 704(c), 11:5, 11:27

"BOOK" ITEMS

Capital accounts, determination of amount, 10:91

"BOOK" TAX DISPARITY

Economic effect, allocation and application of ceiling rule, **12:47**

Simple allocations, allocations in accordance with partners' interests, **20:10**

BOOK-UP

Target allocation provisions preclude adjustments, 21:25

"BOOK" VALUE

Capital accounts, adjustments, 10:90

BUILT-IN GAIN OR BUILT-IN LOSS

Basis adjustments. See index heading Basis Adjustments

Contingent debt, 16A:19, 16A:25, 16A:27

Contributed property - Section 704(c). See index heading Contributed Property - Section 704(c)

BUSINESS INCOME

See index heading Qualified Business Income Deduction (Section 199A)

 \mathbf{C}

CANCELLATION

Advances or drawings, relief of liabilities from cancellation of indebtedness, **7:12**

CAPITAL ACCOUNTS

Generally, 10:1 to 10:102

Accounting

adjustments where guidance is lacking, 10:25, 10:77

minor discrepancies, 10:24, 10:76

restatement of capital accounts, **10:26**, **10:79**

Acquisition of interest in partnership from partner, revaluation, **10:83**

Adjustments, 10:1

book value, 10:13

noncompensatory option, exercise of, 10:27, 10:28

CAPITAL ACCOUNTS—Cont'd	CAPITAL ACCOUNTS—Cont'd
Amount of money contributed and money	Distributions—Cont'd
distributed, 10:49	revaluations, distribution of property or money
Assumption of liabilities, 10:54	in liquidation of partnership interest, 10:87
Basic maintenance rules, 10:48	Economic effect, 12:13
Basis adjustments to Section 38 property, 10:18	Events, revaluations, 10:81
"Book" capital accounts, 10:34	Expenses, Section 709, 10:16
"Book" items, determining amount of, 10:91	Fair market value of property
"Book" value, adjustments to reflect, 10:90	determination, 10:14
Capital shifts, 10:78	revaluations, value on date of adjustment,
Carried interests and section 1061 proposed regulations, 30:37	10:92
Contingent debt, liabilities, 16A:47	Gas and oil properties, depletion, 10:19
Contingent liabilities, 10:59	Guaranteed payments, 10:23, 10:75
Contributed property - Section 704(c), partner-	Guarantee of partnership liabilities by partner, 10:55
ships that do not maintain capital accounts,	Historical record partnership economics, 10:31
11:43, 11:66	Husband and wife, 10:51
Contributions	Increases to, 10:4
amount of money contributed and money	Internal Revenue Service Vies of, 10:30
distributed, 10:49	Liabilities and capital accounts, generally, 10:32 ,
promissory notes, 10:61 , 10:62	10:52 to 10:59
property, 10:10, 10:60	Limitations on adjustments, 10:73
revaluations, 10:85	Liquidation of partner, distribution of promissory
Debt instruments, contribution by creditor for	note, 10:66
partnership interest, 10:99	Losses, disallowed, 10:17
Decreases to, 10:5	Maintaining tax capital accounts, 10:102
Definitions	Maintenance requirements, 10:2, 10:3
generally, 10:35 to 10:47	Market interest rates, liabilities with above or
detailed definition, treasury regulations, 10:40 , 10:41 , 10:43 to 10:45	below, 10:53 Minor discrepancies, accounting, 10:24, 10:76
form 1065, 10:8	Multiple interests in partnership, partner with,
generally accepted accounting principles, defi-	10:50
nition based on, 10:7, 10:46	Noncompensatory option
highly detailed definition, 10:47	exercise of, 10:27 , 10:28
liability treatment, 10:9	holder characterization as a partner, 10:29
long form definition based on allocation	Nonrecourse deductions, allocation tests, 17:48
regulations, 10:38, 10:39	Numbers based examples of simple capital
savings clauses, 10:42	account maintenance, 10:33
short form definition based on allocation	Oil and gas, 10:19
regulations, 10:37	Options, 10:100, 10:101
simple definition based on allocation regula-	Partnership interests
tions, 10:36	generally, 14:11
Depletion	for detailed treatment see index heading Partnership Interests
oil and gas properties, generally, 10:19	Partnership level characterization, 10:74
particularly depletion, 10:22	Payables and receivables, revaluations, 10:97
Detailed examination of capital account mainte-	Promissory notes
nance, generally, 10:48 to 10:79	contributions, 10:61, 10:62
Disallowed losses, 10:17	distributions, 10:65 , 10:66
Disregarded entity incurring economic risk of loss of partnership liability, 10:57	Property
Distributions	contributed, 10:10, 10:60
amount of money contributed and money	distributed, 10:11, 10:64
distributed, 10:49	Property subject to liability, 10:58
promissory notes, 10:65 , 10:66	Reliance by partnership on partners' interests in
property, 10:11, 10:64	partnership, revaluations, 10:84

CAPITAL ACCOUNTS—Cont'd

Relinquishment of interest in partnership by partner, revaluations, 10:83

Restatement of capital accounts, **10:26**, **10:79** Revaluations

generally, 10:12, 10:80 to 10:97

acquisition of interest in partnership from partner, **10:83**

"book" items, determining amount of, **10:91** "book" value, adjustments to reflect, **10:90** contributions of cash or property, **10:85**

distribution of property or money in liquidation of partnership interest, 10:87

events, 10:81

fair market value of partnership property on date of adjustment, **10:92**

payables and receivables, 10:97

reliance by partnership on partners' interests in partnership, 10:84

relinquishment of interest in partnership by partner, 10:83

requirements, 10:82

Section 1.704-1(b)(2)(iv)(g), adjustment in accordance with, **10:94**

securities partnerships, 10:89

service partner, admission of, 10:88

substantial non-tax business purpose in connection with permitted event, **10:96**

time for adjustment of capital accounts, **10:86** unrealized income, allocation if there were taxable disposition for fair market value, **10:93**

variation between adjusted tax basis and book value of property, 10:95

Section 1.704-1(b)(2)(iv)(g), adjustment in accordance with, **10:94**

Section 1.752-7 liabilities, contingent debt, **16A:18**

Section 38 property, basis adjustments to, **10:18**, **10:68**

Section 704(c) considerations, 10:63

Section 705(a)(2)(B) expenditures, 10:15, 10:67

Section 709 expenses, 10:16

Section 732 adjustments, **10:71**

Section 734 adjustments, 10:72

Section 743 adjustments, 10:70

Section 754 elections, 10:21

Securities partnerships, revaluations, 10:89

Security for partnership liability, provision of property by partner for, **10:56**

Service partners, admission of, 10:88, 10:98

Tax capital accounts, maintaining, 10:102

Time for adjustment of capital accounts, 10:86

Transfers of partnership interests, 10:20, 10:69

Unitrary capital accounts, 10:6

CAPITAL ACCOUNTS—Cont'd

Unrealized income, allocation if there were taxable disposition for fair market value, **10:93**Variation between adjusted tax basis and book value of property, revaluations, **10:95**

CAPITAL GAIN PROPERTY

Basis adjustments, allocations within classes of property, adjustments under Section 743(b), allocation of Section 755 adjustments, 27:24

CAPITAL INTEREST

See index heading Carried Interests and Section 1061 Regulations

CAPITALIZED AMOUNTS

Contingent debt, **16A:44**, **16A:45** Contributed property - Section 704(c), **11:85**

CAPITAL SHIFTS

Capital accounts, 10:78

Target allocations, economic effect equivalence, 21:20

CARRIED INTERESTS AND SECTION 1061 REGULATION7

Activity test

generally, 30:82

satisfaction, 30:85

Applicable trade or business

activity test, 30:82, 30:85

Attribution of delegate's actions, **30:84**

Corporation, partnership interest held by, 30:88

Delegate's actions, attribution of, 30:84

Developing specified assets, 30:71

Employee of another entity, partnership interest held by, **30:87**

Investing or developing actions, 30:80, 30:82, 30:83

Multiple entities

specified actions, 30:81

Partnerships

generally, 30:78

interest held by

corporation, 30:88

employee of another entity, 30:87

Raising or returning capital actions, 30:80, 30:82, 30:83

Section 1.1061-3, exceptions to applicable partnership definition, **30:86 et seq.**

Specified actions, 30:81

Specified assets, 30:71

CARRIED INTERESTS AND SECTION 1061 REGULATIONS

Generally, 30:1 to 30:186

Activity test

generally, 30:36

Allocation of losses, 30:190

CARRIED INTERESTS AND SECTION 1061 REGULATIONS—Cont'd	CARRIED INTERESTS AND SECTION 1061 REGULATIONS—Cont'd
Allocations, capital interest, 30:3	Distribution threshold provision, 30:15
Applicable partnership interest	Enactment, 30:2
generally, 30:32 , 30:62	Entity, 30:47
distributed property, 30:41	ES NPA Holding, LLC v. Commissioner, 30:9.50
examples of, 30:67	Explanation, general, 30:25
gain reinvestment, 30:96, 30:106	Failure to make liquidation value election, 30:20
gains and losses, 30:31, 30:33, 30:59	Forfeiture allocations, 30:13 , 30:14 , 30:19
holder, 30:34	Forfeiture of compensatory interests, 30:22
indirect, 30:42, 30:69, 30:70	Gains and losses
lookthrough rule, 30:131 to to 30:134	applicable partnership interest, 30:31, 30:33
one year	capital interest, 30:40
disposition amount, 30:117 , 30:141 , 30:142	one year gain amount, 30:45
distributive share amount, 30:115, 30:123,	three year gain amount, 30:58
30:137, 30:138	unrealized applicable partnership interest,
partnership, contribution to, 30:68	30:59, 30:63
three year	Grantor trusts and entities, 30:66
disposition amount, 30:118, 30:141, 30:142	Holder, API, 30:34
distributive share amount, 30:116, 30:124,	Indirect API, 30:42, 30:69 to 30:71
30:137, 30:139	Installment sale gain, 30:122, 30:150
unrealized gains and losses, 30:59	Interest, passthrough, 30:48
Applicable trade or business	Interest receipt for services, 30:10
generally, 30:35	Investing or developing actions, 30:43, 30:75
activity test, 30:36, 30:72 to 30:74	Issuance of profits, 30:16
relevant, 30:53	Lehman v. Commissioner, 30:4
At-risk limitations, 30:198	Limits on partner8217s ability to claim losses,
Calculating a partner8217s tax basis capital,	30:192
30:197	Lookthrough rule
Campbell v. Commissioner, 30:6	generally, 30:44 , 30:149
Cancellation of indebtedness income, 30:191	applicable partnership interest, 30:131 to to
Capital	30:134
account, 30:37	Loss on sale or exchange of stock, 30:125
gain dividends, 30:123, 30:151	McDougal v. Commissioner, 30:5
gains and losses, 30:91	Multiple entities
interest	combined conduct, 30:76
generally, 30:38 to 30:40	Non-recourse liabilities for Section 752, 30:189
allocations, 30:38 disposition amount, 30:39	Notice 2005-43, 30:11
T	One year gain
gains and losses	generally, 30:113, 30:144
generally, 30:40 , 30:90 , 30:91	amount, 30:45
allocations, 30:92 et seq.	equals less than zero, 30:119
disposition amounts, 30:106, 30:107	Outside basis, 30:194
loans, 30:98	Outside basis limitations, 30:193
passthrough entity, API holder, 30:108	Overview, 30:24
partner, 30:7	Owner taxpayer, 30:46, 30:65, 30:165
Character retention, 30:64	Partnership agreement, 30:185
Clear identification requirement, 30:95	Partnership liabilities, 30:187
Combined conduct, multiple entities, 30:76	Partnerships
Competing issues, 30:23	API contribution to, 30:68
Conference report, 30:26	interest held by
Diamond v. Commissioner, 30:3	qualified electing fund, 30:89
Disposition amount, capital interest, 30:39	S corporation, 30:89
Disposition of partnership interest, 30:201	unrelated person, interest acquired by purchase
Distributed property, 30:41	by, 30:107

CARRIED INTERESTS AND SECTION 1061 REGULATIONS—Cont'd	CARRIED INTERESTS AND SECTION 1061 REGULATIONS—Cont'd
Passive activity losses, 30:199	Related person—Cont'd
Passthrough	transfer to, API to a partnership owned by,
entity	30:160
generally, 30:47, 30:166	Relevant applicable trade or business, 30:53
API holder, capital interest allocation,	Reporting and withholding requirements, 30:202
30:108	Reporting requirements, 30:166
interest, 30:48, 30:69, 30:70, 30:105, 30:133	Reporting rules
look through rule, 30:133	failure to obtain information, 30:165
sale of interest, 30:105	owner taxpayer filing requirements, 30:164
taxpayer, 30:49, 30:65, 30:69 to 30:71	passthrough entities
Preamble to final regulations, 30:29	generally, 30:166
Profits interest award agreement, 30:17	applicable partnership interest holder, 30:166
Provisions	
distribution threshold, 30:15	filing requirement, 30:175 Internal Revenue Service, duty to file with,
forfeiture allocations, 30:14	30:166
issuance of profits, 30:16	penalties, 30:176
Qualified electing fund	recordkeeping requirement, 30:173
capital gain adjustment, 30:127	reporting obligations, meeting, 30:174
one year, 30:126	requesting information, 30:167, 30:169,
partnership interest held by, 30:89	30:171, 30:172
passive foreign investment company, 30:126	requirement to request, furnish and file
pro rata share, 30:126	information, 30:167, 30:168
reporting, 30:182	qualified electing fund reporting, 30:182
three year, 30:127	real estate investment trusts
Raising or returning capital actions, 30:50, 30:75	generally, 30:177 et seq.
Real estate investment trusts	one year amounts disclosure, 30:178
generally, 30:123	pro rata disclosures, 30:180
capital gain dividend, 30:151	report to shareholders, 30:181
disclosures, 30:177 et seq.	three year amounts disclosure, 30:179
one year amounts disclosure, 30:178	regulated investment companies
pro rata disclosures, 30:180	generally, 30:177 et seq.
report to shareholders, 30:181	one year amounts disclosure, 30:178
three year amounts disclosure, 30:179	pro rata disclosures, 30:180
Recharacterization	report to shareholders, 30:181
amount, 30:51, 30:112, 30:140, 30:143,	three year amounts disclosure, 30:179
30:144, 30:147, 30:155	Section 1.1061-6, 30:163 et seq. Revenue Procedure 93-27, 30:8
rules, 30:136	Revenue Procedure 2001-43, 30:9
Recourse liabilities for Section 752, 30:188	S corporation
Recourse liability, 30:105	generally, 30:70
Regulated investment companies	partnership interest held by, 30:89
generally, 30:123	Section 1.223-3, holding periods of partnership
disclosures, 30:177 et seq.	interests, 30:183 et seq.
one year amounts disclosure, 30:178	Section 1.1061-1, 30:30 et seq.
pro rata disclosures, 30:180	Section 1.1061-2, applicable partnership interest
report to shareholders, 30:181	rules, 30:61 et seq.
three year amounts disclosure, 30:179	Section 1.1061-4, computations, 30:111 et seq.
REIT capital gain dividend, 30:151	Section 1.1061-5, transfers to related persons,
Related person	30:152 et seq.
definition, 30:52, 30:54	Section 83
indirect API, 30:71	generally, 30:135
section 1061(d), 30:157 , 30:160 , 30:162	interest receipt for services, 30:10
substantial services by, 30:65	valuation, 30:21

CARRIED INTERESTS AND SECTION 1061 REGULATIONS—Cont'd

Section 83(b) election, 30:12, 30:18

Section 465, 30:196

Section 1061, 30:27

Self-employment tax, 30:200

Service provider, 30:110

Small Business/Self-Employed Partnership Job Aid, 30:184

Specified actions, 30:56, 30:74

Specified assets, 30:57

Structure of regulations, 30:28

Tax allocations/substantial economic effect, 30:186

Tax basis capital account, 30:195

Taxpayer, passthrough, 30:49

Three year gain

generally, 30:114

amount, 30:58

equals less than zero, 30:120

holding period, 30:129, 30:130

Transfer

child by gift, 30:159

related person, 30:160, 30:162

Unrealized gains and losses, 30:59

Unrelated non-service partners, 30:60, 30:97

Unrelated person, 30:108

Valuation, Section 83, 30:21

CARRYOVERS

Basis adjustments. See index heading Basis Adjustments

Nonrecourse deductions. See index heading Non-RECOURSE DEDUCTIONS

Qualified business income deduction. See index heading Qualified Business Income Deduction (Section 199A)

CARVE-OUT PROVISIONS

Recourse or nonrecourse partnership debt, 16:16

CASH DISTRIBUTABLE

Generally, 2:1 to 2:6

Definitions

generally, 2:3 to 2:6

example of detailed definition, 2:6

exclusion of cash from financing or refinancing and cash from sale of capital assets, 2:5

formula definition, 2:4

Exclusion of cash from financing or refinancing and cash from sale of capital assets, 2:5

Formula definition, **2:4**

Person who determine distributable cash, 2:2

Subjective judgments, 2:1

CASH DISTRIBUTIONS

Generally, 2:7 to 2:9

Monthly distributions, 2:8

CASH DISTRIBUTIONS—Cont'd

Simple allocations, 20:1

Simple example, 2:7

Tax distributions, disconnection with corresponding taxable income, **6:7**

Tiered distribution provisions, 2:9

CASH FLOW

Partnership interests, 14:9

CASH METHOD PARTNERSHIPS

Guaranteed payments, income inclusion rules, 9:11

CEILING RULE

Contributed property - Section 704(c). See index heading Contributed Property - Section 704(c)

Economic effect, "book" tax disparity, allocation and application of ceiling rule, 12:47

CHARACTER SPECIAL ALLOCATIONS

Substantiality, shifting allocations, 23:23

CHARGEBACK

Economic effect, assumption of unlimited partner solvency, 12:31

Minimum gain chargeback requirement, nonrecourse deductions

generally, **17:50 to 17:58**

for detailed treatment see index heading Non-RECOURSE DEDUCTIONS

CHARITABLE CONTRIBUTIONS

Economic effect, charitable contributions and foreign taxes, **12:49**

CLAWBACK

Excess distributions, 6:29, 6:30

COMPLEX DISTRIBUTIONS

Generally, **4:1 to 4:29**

American and European distribution waterfalls, 4:23

Cash from operations, 4:1

Definitions

generally, **4:2 to 4:13**

allocation of expenses and reserves, 4:13

capital contributions, 4:2

distributable cash, 4:4

Jean's 8% return, **4:11**

Jean's \$80,000 return, 4:7

jean 5 φου,000 retain, 4.7

Jean's unpaid 8% return, **4:12**

Jean's unpaid \$80,000 return, **4:8**

Martha's 12% return, 4:9

Martha's unpaid 12% return, 4:10

member's unrecovered investment, 4:3

net cash from capital events, 4:5

net cash from financings and refinancings, 4:6

COMPLEX DISTRIBUTIONS—Cont'd	CONTINGENT DEBT—Cont'd
Distribution provision	Section 1.704-4, 16A:9, 16A:11
real estate partnership fund, 4:14, 4:15	Section 1.737-2, 16A:11
REIT operating partnership, 4:16, 4:22	Section 1.752-1 liabilities, 16A:5
Drafting provisions	Section 1.752-7 liabilities
generally, 4:24 to 4:26	generally, 16A:2, 16A:3, 16A:5, 16A:21
distributable cash, distributions of, 4:24	amount of, 16A:22
net cash from capital events, distributions of,	application of 704(b) and (c) to, 16A:30
4:25	built-in loss, 16A:19, 16A:25
net cash from financings and refinancings,	capital accounts, 16A:18
distributions of, 4:26	capitalization, 16A:10
Financing or refinancing of capital assets,	deduction, 16A:10
proceeds from, 4:1	division, shifting liability, 16A:40
Fund organized as a limited partnership, 4:20	liability partner, 16A:23, 16A:24, 16A:35,
Ordering of provisions, 4:28	16A:41, 16A:42
Preferred partnership interests, comments on,	liquidation distribution, 16A:41
4:27	notification of satisfaction of, 16A:43
Real estate joint venture agreement, 4:21	reduction, 16A:32
Real estate limited partnership, 4:19	satisfaction of, 16A:34 , 16A:43
Real estate partnership, 4:18	tiered partnerships, 16A:24
Recapitulation, 4:29	transfer of
Securities partnership, 4:17	generally, 16A:26
COMPOUND INTEREST	liability partner interest, 16A:35
Internal rate of return, 5:7	treatment of, 16A:16 , 16A:19
	valuation of, 16A:17
CONFIDENTIAL INFORMATION	Section 704(b), 16A:30
Audits, 28:63	Section 704(c), 16A:7 , 16A:9 , 16A:30
CONSOLIDATED GROUP RULES	Successor Partner Rule, 16A:8
Substantiality, 23:16	Testing date, 16A:28
•	Tiered partnerships, 16A:24, 16A:46
CONTINGENT DEBT	Trade or business, 16A:29
Generally, 16A:1 to 16A:47	Trading partnerships, exception, 16A:12
Adjusted value, 16A:20	Transfer of interest, 16A:26 , 16A:35 , 16A:37
Built-in loss	
remaining, 16A:25 , 16A:27	CONTINGENT LIABILITIES
Section 1.752-7 liabilities, 16A:19 , 16A:25	Contributed property - Section 704(c), 11:84
Capitalized amounts, 16A:44, 16A:45	CONTRIBUTED PROPERTY - SECTION
Disguised sales rules, 16A:14	704(c)
Divisions, 16A:13, 16A:39, 16A:40	Generally, 11:1 to 11:88
Economic performance, satisfaction, 16A:6	Accountants
Exception, trading and investment partnerships,	pro formas, preparation of, 11:3
16A:12	projections, 11:6
Guaranteed payments, 9:17	Accounts payable, 11:88
Investment partnerships, exception, 16A:12	Acquisition of property, contract or option to
Liabilities, 16A:1	acquire property, 11:82
Liability partner, 16A:23, 16A:24, 16A:35,	Adjusted tax basis. See "Remedial allocations"
16A:41, 16A:42	under this heading
Mergers, 16A:13, 16A:38	Aggregation of contributed property, 11:2, 11:68
Nonrecognition transactions, 16A:36	11:69
Nonrecourse liability, treatment as, 16A:4	Another partnership, contribution of property to,
Partial disposition, 16A:31, 16A:33	11:72
Recourse or nonrecourse partnership debt,	Antiabuse rules, 11:45
contingent obligations, 16:12	Application of traditional method under section,
Satisfaction, economic performance, 16A:6	11:25 et seq.
Section 1.704-1(b)(2)(iv), revisions to, 16A:15	Asset-by-asset computations, 11:38
Section 1.704-3, 16A:9	Basic principles, 11:17

Unreasonable use, remedial allocations, 11:62

CONTRIBUTED PROPERTY - SECTION 704(c)—Cont'd	CONTRIBUTED PROPERTY - SECTION 704(c)—Cont'd
"Book" accounting, 11:5, 11:27	Projections by accountants, 11:6
"Book" gain and tax gain, sale of contributed	Property under section, 11:16
property, 11:30, 11:35	Questionable tax basis, 11:9
"Book" gain or loss and tax gain, sale of contributed property, 11:34	Reasonable method, use of, 11:44, 11:46, 11:49 to 11:51, 11:74
"Book" income and taxable income, sale of	Recordkeeping, 11:87
contributed property, 11:42	Remedial allocations
"Book" loss and tax loss, sale of contributed	generally, 11:52 to 11:64
property, 11:31	adjusted tax basis
Built-in gain or built-in loss	contributed property, 11:57
computation, 11:19, 11:20 contributed property, 11:18 to 11:22	partnership interests, 11:60
elimination through depreciation, 11:21	depreciation, 11:56, 11:58
Capital accounts, partnerships that do not	example, 11:63
maintain, 11:43, 11:66	<u> -</u>
Capitalized amounts, 11:85	minimum gain, partners' shares of, 11:59
Ceiling rule	procedures, 11:53
operation, 11:47	questions, 11:55
sale of contributed property, ceiling rule	sale of contributed property, 11:64
limited past depreciation, 11:33	same effect on each partner's tax liability as
Computational mechanics, 11:26	tax item limited by ceiling rule, 11:54,
Computation of built-in gain or built-in loss,	
11:19, 11:20	unreasonable use, 11:62
Contingent liabilities, 11:84	Retirement of partner, 11:23
Conversion of book allocations into tax alloca-	Revaluation of partnership property, 11:4
tions, 11:15	Sale of contributed property
Coordination of Section 743 and Section 704(c),	generally, 11:28
imperfections in, 11:76 Curative allocations, 11:48 to 11:51	"book" gain and tax gain, 11:30, 11:35
De minimis rule for small disparities, 11:86	"book" gain or loss and tax gain, 11:34
Depreciation	"book" income and taxable income, 11:42
elimination of built-in gain, 11:21	"book" loss and tax loss, 11:31
gain on sale after depreciation, 11:41	ceiling rule limited past depreciation, 11:33
remedial allocations, 11:56, 11:58	depreciable property, 11:32, 11:33
sale of contributed property, 11:32, 11:33	different sales prices, 11:29
Disguised sale risk, 11:10	remedial allocations, 11:64
Fair market values of contributed property,	Sale of partnership interest with imbedded losses.
aggregation of, 11:2	11:24
Installment sale of Section 704(c) property, 11:80, 11:81	Section 351 contribution of Section 794(c) property, 11:79
Lock-in agreement, 11:11	Section 743 and Section 704(c), imperfections in
Long-term contracts, transfers of, 11:83	coordination of, 11:76
Minimum gain, partners' shares of, 11:59	Small "book"-tax disparities, 11:13
Multiple methods under section, use of, 11:73, 11:74	Subsidiary partnership, recontribution of property to, 11:8, 11:71
Multiple partners contributing Section 704(c) property, 11:39	Tax capital accounting rules vs. book capital accounting rules, 11:14
Net "book" income, overall, 11:37	Tax protection agreement, 11:12
Net "book" loss, overall, 11:36	Tax termination of partnership, 11:65, 11:67
Nonrecognition transactions, dispositions of	Tiered partnerships, 11:70
property in, 11:78	Transfer of partnership interest with Section
Partnership agreement should identify Section 704(c) method, 11:7	704(c) property to a transferee partner, 11:75, 11:77

Pro formas, preparation by accountants, 11:3

CONTRIBUTIONS

Alternate test for economic effect. See index heading Alternate Test for Economic Effect

Basis adjustments. See index heading Basis Adjustments

Capital accounts. See index heading Capital Accounts

Contributed property - Section 704(c)

generally, 11:1 to 11:88

for detailed treatment see index heading Contributed Property - Section 704(c)

Economic effect, distributive share of partner, 12:7

Partnership interests, 14:7

CONVERSION

Contributed property - Section 704(c), book allocations into tax allocations. 11:15

Nonrecourse deductions, debt from nonrecourse debt to recourse debt, minimum gain chargeback requirement, 17:52

COOPERATION

Audits, 28:65, 28:85, 28:86

CORPORATIONS

Basis adjustments. See index heading Basis Adjustments

Partnership interest held by, 30:88, 30:89

COUNSEL

See index heading Attorneys

CURATIVE ALLOCATIONS

Contributed property - Section 704(c), **11:48 to 11:51**

D

DEATH OF PARTNER

Basis adjustments. See index heading Basis Adjustments

DEBT INSTRUMENTS

Capital accounts, contribution by creditor for partnership interest, **10:99**

DEDUCTIONS

Basis adjustments, sale or exchange transactions and death of partner, 25:20

Qualified business income. See index heading QUALIFIED BUSINESS INCOME DEDUCTION (SEC-TION 199A)

DEFICIT CAPITAL ACCOUNT RESTORATION

Alternate test for economic effect generally, **13:4**, **13:12**

for detailed treatment see index heading
ALTERNATE TEST FOR ECONOMIC EFFECT

DEFICIT CAPITAL ACCOUNT RESTORATION—Cont'd

Economic effect

generally, 12:19 to 12:24

for detailed treatment see index heading Eco-NOMIC EFFECT

Exculpatory deductions, 19:12

Partnership interests, 14:17

Recourse or nonrecourse partnership debt, effect on economic risk of loss, 16:24

DEFINITIONS

Capital accounts

generally, 10:35 to 10:47

for detailed treatment see index heading Capital Accounts

Carried interests and Section 1061 proposed regulations, **30:30**

Cash distributable

generally, 2:3 to 2:6

for detailed treatment see index heading Cash DISTRIBUTABLE

Complex distributions

generally, **4:2 to 4:13**

for detailed treatment see index heading Complex Distributions

Economic effect. See index heading Economic Effect

Exculpatory deductions, 19:2, 19:10

Internal rate of return. See index heading Internal Rate of Return

Nonrecourse deductions. See index heading Non-RECOURSE DEDUCTIONS

Partner nonrecourse deductions, 18:4, 18:5

Recourse or nonrecourse partnership debt. See index heading Recourse or Nonrecourse Partnership Debt

Securities partnership, 15:1

Target allocations, 21:2

DE MINIMIS PARTNERS

Nonrecourse deductions, loan from and guarantee by, **17:6**

DE MINIMIS RULE

Contributed property - Section 704(c), small disparities, **11:86**

Recourse or nonrecourse partnership debt. See index heading Recourse or Nonrecourse Partnership Debt

Substantiality, 23:10

DEPLETION

Basis adjustments, sale or exchange transactions and death of partner, 25:22

Economic effect, allocation under percentage depletion method, 12:40

Oil and gas properties, generally, 10:19

Particularly depletion, 10:22

DEPRECIATION

Basis adjustments, built-in loss property, sale or exchange transactions and death of partner, **25:33**

Contributed property - Section 704(c). See index heading Contributed Property - Section 704(c)

DESIGNATED SECURITIES PARTNERSHIPS

Securities partnerships and reverse Section 704(c) aggregation, **15:12**

DIRECT AND INDIRECT PLEDGE RULES

Recourse or nonrecourse partnership debt, 16:11

DISCRETION

Tax distributions, application of provision by manager or general partner, **6:9**, **6:24**, **6:25**

DISGUISED SALE TRANSACTIONS

Contributed property - Section 704(c), **11:10** Guaranteed payments, **9:8**, **9:9**

DISGUISED SERVICE PAYMENTS

Management fees, 9:29

DISREGARDED ENTITIES

Audits, push-out of adjustments to reviewed-year partners (Section 6226), **28:49**

Capital accounts, disregarded entity incurring economic risk of loss of partnership liability, 10:57

Recourse or nonrecourse partnership debt, economic risk of loss, **16:33**

DISTRIBUTABLE CASH

Generally, **2:1 to 2:6**

For detailed treatment see index heading Cash Distributable

DISTRIBUTIONS

Alternate test for economic effect. See index heading Alternate Test for Economic Effect

Applicable partnership interest, 30:41

Basis adjustments. See index heading Basis Adjustments

Capital accounts. See index heading Capital Accounts

Cash distributions

generally, 2:7 to 2:9

for detailed treatment see index heading Cash Distributions

Guaranteed payments. See index heading $G_{\text{UARANTEED}} \ P_{\text{AYMENTS}}$

Tax distributions

generally, 6:1 to 6:38

for detailed treatment see index heading Tax Distributions

Tax provision based quarterly, **6:37**

DISTRIBUTIVE SHARE

Economic effect

generally, 12:3 to 12:7

for detailed treatment see index heading Eco-NOMIC EFFECT

DRAWINGS

Generally, 7:1 to 7:18

For detailed treatment see index heading Advances or Drawings

\mathbf{E}

ECONOMIC EFFECT

Generally, 12:1 to 12:61, 22:1 to 22:31

Adjusted tax basis, allocations under Section 613A(c)(7)(D), 12:54

Admission of partner to partnership with no revaluation of assets and special allocation of sales gain, **12:48**

Allocations

adjusted tax basis under Section 613A(c)(7)(D), **12:54**

disallowed for lack of economic effect, failure to liquidate in accordance with capital accounts, 12:28

reflecting revaluations, 12:51

tax credits, 12:52

Alternate test

generally, 13:1 to 13:28

for detailed treatment see index heading
ALTERNATE TEST FOR ECONOMIC EFFECT

Amendments to partnership agreements, 12:55

Assumption of unlimited partner solvency

generally, 12:26 to 12:48

admission of partner to partnership with no revaluation of assets and special allocation of sales gain, **12:48**

allocation disallowed for lack of economic effect, failure to liquidate in accordance with capital accounts, 12:28

"book"-tax disparity, allocation and application of ceiling rule, **12:47**

chargeback satisfying economic effect, **12:31** depletion deduction, allocation under percentage depletion method, **12:40**

distribution where partners have deemed capital account deficit restoration obligations, 12:33

failure to provide for qualifying capital account deficit restoration obligation, **12:29**

foreign source income, special allocation of income, **12:38**, **12:39**

gain, allocation where there is "book"-tax disparity, **12:41**

offsetting allocations satisfying economic effect, 12:30

ECONOMIC EFFECT—Cont'd	ECONOMIC EFFECT—Cont'd
Assumption of unlimited partner solvency	Definitions—Cont'd
—Cont'd	net losses, 22:16, 22:26
partnership liquidating by percentage interests	net profits, 22:16 , 22:26
and with capital account deficit restora-	net profits from capital events, 22:24
tion obligations, 12:34	nonrecourse deductions, 22:11
partnership with all distributions in accordance	partner minimum gain, 22:10
with specified percentages and no capital account deficit restoration obligation,	partner nonrecourse deductions, 22:12
12:32	percentage interests, 22:17
possibility of adjustment to capital accounts	unrecovered capital contribution, 22:8
not sanctioned by the allocation regula- tions, 12:36	Depletion deduction, allocation under percentage depletion method, 12:40
readjustment of capital accounts and sale of assets, 12:45	Distribution where partners have deemed capital account deficit restoration obligations, 12:33
revalued asset, economic effect of allocation,	Distributive share of partner
12:46	generally, 12:3 to 12:7
sale of partnership interest with no section 754	contributed property, 12:7
election, 12:42	partnership agreement, defined, 12:6
Section 743 loss independent of economic	statutory rules, 12:3 to 12:5
effect regime, allocation of, 12:43, 12:44	Elimination of deficit capital account restoration obligation, 12:24
special allocation of income	Equivalence test
generally, 12:37	generally, 12:50
foreign source income, 12:38, 12:39	substantiality, 23:11
specific item allocations that have economic effect, 12:35	target allocations
Basic requirements, 12:10	generally, 21:19
"Book"-tax disparity, allocation and application	for detailed treatment see index heading
of ceiling rule, 12:47	TARGET ALLOCATIONS
Capital account maintenance, 12:13	Examples, 12:27 to 12:48
Chargeback satisfying economic effect, assump-	Excess percentage depletion, 12:53
tion of unlimited partner solvency, 12:31	Exculpatory deductions, Section 704(b) compli-
Charitable contributions and foreign taxes, 12:49	ant allocations, 22:13
Contributed property, distributive share of partner, 12:7	Foreign source income, special allocation of income, 12:38 , 12:39
Creditable foreign tax expenditures, 12:61	Foreign taxes, charitable contributions and, 12:49
Deficit capital account restoration	Foreign tax expenditures, creditable, 12:61
generally, 12:19 to 12:24	Forfeiture allocations, Section 704(b) compliant
distribution where partners have deemed	allocations, 22:30
obligation, 12:33 elimination of obligation, 12:24	Full term of partnership, satisfaction throughout, 12:11
negotiability of promissory note of which	Fundamental principles, 12:9
partner is maker, 12:23	Gain, allocation where there is "book"-tax
October 2019 regulations, 12:21	disparity, 12:41
partner liability on partnership loans, 12:25	"Layer-cake" allocations with chargeback in
promissory note contributed to partnership by partner, 12:22	provisions for gains and losses from capital events, Section 704(b) compliant alloca-
unpopularity of obligations, 12:20 Definitions	tions, 22:22, 22:27, 22:28
adjusted capital account, 22:6	Liquidation following positive capital account balances
capital account, 22:5	generally, 12:14 to 12:18
capital contribution, 22:7	definition of liquidation, 12:17
capital events, 22:23	exception to liquidation-in-accordance-with-
distributable cash, 22:15	capital-accounts requirement, 12:16
economic risk of loss, 22:14	promissory note of partnership to partner, dis-
liquidation, 22:18	tribution of, 12:15
minimum gain, 22:9	revaluation of capital accounts, 12:18

ECONOMIC EFFECT—Cont'd

Liquidation of partnership by percentage interests and with capital account deficit restoration obligations, assumption of unlimited partner solvency, 12:34

Negotiability of promissory note of which partner is maker, deficit capital account restoration, 12.23

Net profits and net losses with chargeback, Section 704(b) compliant allocations, **22:21**

Offsetting allocations satisfying economic effect, assumption of unlimited partner solvency, 12:30

Partnership interests, 14:4

Partnership with all distributions in accordance with specified percentages and no capital account deficit restoration obligation, assumption of unlimited partner solvency, 12:32

Possibility of adjustment to capital accounts not sanctioned by the allocation regulations, assumption of unlimited partner solvency, 12:36

Preferred return, "layer-cake" allocations, 22:28
Promissory note contributed to partnership by
partner, deficit capital account restoration,
12:22

Purpose, 12:12

Qualifying capital account deficit restoration obligation, failure to provide for, 12:29

Readjustment of capital accounts and sale of assets, assumption of unlimited partner solvency, 12:45

Recapture

generally, 12:56

gain from disposition of interest in oil, gas, geothermal or other properties, 12:59

Section 46 rehabilitation credit, 12:60

Section 1245, 12:57

Section 1250, 12:58

Revaluations

allocations to reflect revaluations, 12:51 capital accounts, liquidation following positive capital account balances, 12:18

economic effect of allocation, revalued asset, 12:46

Sale of partnership interest with no section 754 election, assumption of unlimited partner solvency, **12:42**

Satisfaction throughout full term of partnership, 12:11

Savings clauses, Section 704(b) compliant allocations, **22:31**

Section 704(b) compliant allocations

generally, 22:1 to 22:31

advantages of compliance, 22:1

ECONOMIC EFFECT—Cont'd

Section 704(b) compliant allocations—Cont'd basic test of economic effect, requirements of, 22:3

definitions. See "Definitions" under this heading

exculpatory deductions, 22:13

forfeiture allocations, 22:30

"layer-cake" allocations with chargeback in provisions for gains and losses from capital events, 22:22, 22:27, 22:28

net profits and net losses with chargeback, 22:21

preferred return, "layer-cake" allocations, 22:28

regulatory allocation provisions, 22:19

savings clauses, 22:31

semi-compliant partnership agreements, 22:2

service partners, 22:29

simple agreement, 22:4

simple allocation and distribution scheme, 22:20

Section 743 loss independent of economic effect regime, allocation of, **12:43**, **12:44**

Semi-compliant partnership agreements, Section 704(b), **22:2**

Service partners, Section 704(b) compliant allocations, 22:29

Special allocation of income. See "Assumption of unlimited partner solvency" under this heading

Substantial economic effect

generally, 12:2, 12:8 to 12:50, 23:11

for detailed treatment see index heading Substantiality

Tax credits, allocations of, 12:52

Test for economic effect, generally, 12:9 to 12:49

ECONOMIC PROFITS AND LOSSES

Partnership interests, 14:8

EFFECTIVELY CONNECTED INCOME

Withholding on distributions, statutory provisions, **8:1, 8:3**

ELECTRONIC REPORTS

Audits, push-out of adjustments to reviewed-year partners (Section 6226), **28:43**

EMPLOYMENT

Guaranteed payments, partner as employee of partnership, 9:23

EQUIVALENCE TEST

Economic effect

generally, **12:50**

for detailed treatment see index heading Eco-NOMIC EFFECT

ESTABLISHED SECURITIES MARKETS

Securities partnerships and reverse Section 704(c) aggregation, **15:6**

ESTIMATED TAXES

Tax distributions, 6:18

EVENTS

Capital accounts, revaluations, 10:81

EXCHANGE OF PROPERTIES

Advances or drawings, exchange of properties with liabilities, **7:18**

EXCULPATORY DEDUCTIONS

Generally, 19:1 to 19:15

Allocation, generally, 19:7 et seq.

Avoiding drafting for exculpatory deductions, 19:13

Calculation, 19:4, 19:5

Deemed deficit restoration obligation, 19:12

Definitions, 19:2, 19:10

Economic effect, Section 704(b) compliant allocations, 22:13

Examples, 19:14, 19:15

Identification, 19:6

Minimum gain, production of, **19:3**, **19:5**, **19:8** Provisions defining exculpatory deductions,

19:10

Simple allocations, 20:4

 \mathbf{F}

FAIR MARKET VALUE

Basis adjustments, allocation of Section 755 adjustments, 27:8

Capital accounts

determination, 10:14

revaluations, value on date of adjustment, 10:92

Contributed property - Section 704(c), aggregation, 11:2

"FILL-UP" ALLOCATIONS

Partnership interests, 14:18

FINANCING OR REFINANCING

Complex distributions, capital assets, 4:1

FIXED PERCENTAGES

Nonrecourse deductions, 17:3

FOREIGN PARTNERS

Withholding on distributions, income that is not effectively connected income, **8:1**

FOREIGN PERSONS

Transfers to. See index heading Transfers of Appreciated Property by Partnerships with Foreign Persons

FOREIGN SOURCE INCOME

Economic effect, special allocation of income, 12:38, 12:39

FOREIGN TAX EXPENDITURES

Creditable, 12:61

FORFEITURE ALLOCATIONS

Economic effect, Section 704(b) compliant allocations, 22:30

FORMER PARTNERS

Audits, indemnification with respect to payment of imputed underpayment, **28:84**

FRACTIONS RULE

Audits, imputed underpayment, payment by partnership (Section 6225), **28:27**

FUTURE DISTRIBUTIONS

Tax distributions as advance, 6:8

G

GAAP

Accounting when using its target allocation provision, 21:26

GAIN

Applicable partnership interest. See index heading Carried Interests and Section 1061 Regulations

Basis adjustments, sale or exchange transactions and death of partner, **25:19**

Capital interest, 30:40

Economic effect, allocation where there is "book"-tax disparity, **12:41**

Gain deferral method. See index heading Transfers of Appreciated Property by Partnerships with Foreign Persons

Gains and losses. See index heading Carried Interests and Section 1061 Regulations Minimum gain. See index heading Minimum Gain

GAS AND OIL

Capital accounts, depletion, 10:19

GENERAL PRINCIPLES

Generally, 1:1 to 1:6

Guidelines for drafting, 1:5, 1:6

Litigation, guidelines for drafting for, 1:6

Objectives of drafting allocations, 1:3

Outline of deal, 1:4

Scope, 1:2

GIFTS

Basis adjustments, gift of partnership interest with built-in loss, sale or exchange transactions and death of partner, **25:41**

GIMMICKED ALLOCATIONS

Substantiality, 23:4

GOOD WILL AND GOING CONCERN VALUE

Basis adjustments, Section 197 intangibles, allocation of Section 755 adjustments, **27:16** examples, **27:17**

GROSS RECEIPTS

Guaranteed payments, contingent management fees, 9:26

GUARANTEED PAYMENTS

Generally, 9:1 to 9:29

Accrual method partnerships, income inclusion rules, **9:12**

Advisor general partner of investment partnership, management fees for investment advising services, 9:27

Capital accounts, 10:23, 10:75

Cash method partnerships, income inclusion rules, **9:11**

Contingencies, 9:17

Disguised sale transactions, 9:8, 9:9

Disguised service payments, management fees, **9:29**

Distributions

management fees, payments to partner treated as distributions, **9:28**

satisfaction of guaranteed payment with distribution of partnership property, **9:22**

Drafting, 9:1, 9:2

Employee of partnership, partner as, 9:23

Examples, 9:2

General concept, 9:4

General rules, generally, 9:3 to 9:7

Gross receipts, management fees contingent on, 9:26

Income inclusion rules

generally, 9:10 to 9:12

accrual method partnerships, 9:12

cash method partnerships, 9:11

Income of partnership, determination without regard to, **9:21**

Issues, generally, 9:13 to 9:26

Management fees

generally, 9:25 to 9:29

advisor general partner of investment partnership, payments for investment advising services, 9:27

disguised service payments, 9:29

distributions, payments to partner treated as, 9:28

gross receipts, management fees contingent on, 9:26

partnership receipts, payments contingent on, 9:25

Minimum distributions, 9:5

Positive cash flow, payments payable out of or measured by, **9:19**

GUARANTEED PAYMENTS—Cont'd

Preferred returns, 9:15, 9:16

Reasonable guaranteed payments for capital, disguised sale transactions, **9:9**

Recipient who has no interest in partnership, **9:20** Retirement of partner, **9:7**

Returns on capital, guaranteed payments as, 9:5

Salaries, guaranteed payments as, **9:5**Service partners receiving an interest in unreal-

ized appreciation in partnership assets, **9:18**Service providers, identifying a guaranteed payment to, **9:24**

Tax treatment, 9:6

GUARANTEES

Capital accounts, guarantee of partnership liabilities by partner, 10:55

Guaranteed payments

generally, 9:1 to 9:29

for detailed treatment see index heading Guaranteed Payments

Nonrecourse debt and economic risk of loss, **16:26, 16:28, 16:36**

Nonrecourse deductions. See index heading Non-RECOURSE DEDUCTIONS

H

HUSBAND AND WIFE

Capital accounts, 10:51

HYPOTHETICAL TRANSACTIONS

Basis adjustments, adjustments under Section 743(b), allocation of Section 755 adjustments, 27:20

Ι

IDENTIFICATION

Exculpatory deductions, 19:6

IMPUTED UNDERPAYMENT

Audits

generally, 28:18 to 28:29

for detailed treatment see index heading Audits

INCOME

Adventure with the qualified offset Clark Raymond, 13:17

Basis adjustments, sale or exchange transactions and death of partner, 25:19

INCOME INCLUSION RULES

Guaranteed payments

generally, 9:10 to 9:12

for detailed treatment see index heading Guaranteed Payments

INSTALLMENT SALES

Section 704(c) property, **11:80, 11:81**

INTERDEALER MARKET

Securities partnerships and reverse Section 704(c) aggregation, **15:7**

INTEREST

Applicable partnership interest. See index heading Carried Interests and Section 1061 REGULATIONS

Audits. See index heading Audits

Capital interest. See index heading CARRIED Interests and Section 1061 Regulations

INTEREST RATE

Preferred returns, computing returns, 3:15

INTERGENERATIONAL CONFLICTS

Partnership deal, among partners, 28:80

INTERNAL RATE OF RETURN

Generally, **5:1 to 5:23**

Accountants, attorneys and analysts working together, 5:1, 5:3

Analysts, attorneys and accountants working together, 5:1, 5:3

Attorneys, accountants and analysts working together, 5:1, 5:3

Careless distribution provision, 5:13

Common errors in drafting conditions, 5:4

Compound interest formula, 5:7

Computational conventions for capital contributions and distributions, 5:17

Computational issues, 5:11

Definition

generally, 5:19

formula definition, 5:15, 5:23

spreadsheet results and use of monthly convention, definition based on, 5:21

360-day year, definition based on, 5:16 XIRR. 5:22

Distribution clauses, 5:19

Drafting, 5:4, 5:12

Examples, generally, **5:10**, **5:13** to **5:23**

Formula, 5:9

Formula definition, 5:15, 5:23

Investment yield, 5:6

Less ambiguous distribution provision, 5:14

Modeling distribution provisions, 5:2

Present value concepts, 5:5, 5:8

Spreadsheet results, provision based on

light-weight provision, **5:18**

more sophisticated provision, 5:20

Spreadsheet results and use of monthly convention, definition based on, 5:21

Theory of internal rate of return, generally, 5:5 to 5:12

360-day year, definition based on, 5:16 XIRR, 5:22

INTERNAL REVENUE SERVICE AUDIT TECHNIQUE GUIDE COMMENTS ON SECTION 743

Basis adjustments, sale or exchange transactions and death of partner, 25:3

INTERNAL REVENUE SERVICE AUDIT TECHNIQUE GUIDE COMMENTS ON **SECTION 755**

Basis adjustments, allocation of Section 755 adjustments, 27:2

Outline of, regulations, 27:5

INTERNAL REVENUE SERVICE AUDIT TECHNIQUE GUIDE COMMENTS ON SECTIONS 734 AND 743

Basis adjustments. See index heading Basis **ADJUSTMENTS**

INTERNAL REVENUE SERVICE AUDIT **TECHNIQUE GUIDE ON PARTNERSHIPS**

Basis adjustments. See index heading Basis Adjustments

INVESTMENT PARTNERSHIPS

Securities partnerships and reverse Section 704(c) aggregation, **15:3**

INVESTMENT YIELD

Internal rate of return, 5:6

L

LAWYERS

See index heading Attorneys

"LAYER-CAKE" ALLOCATIONS

Economic effect, Section 704(b) compliant allocations, 22:22, 22:27, 22:28

LIKE-KIND EXCHANGES

Partnership interests, 14:28

LIMITED PARTNERS

Recourse or nonrecourse partnership debt, guarantee and economic risk of loss, 16:25

LIQUIDATION

Audits, funding payment of imputed underpayment after liquidation of partnership, 28:81

Basis adjustments, liquidating distributions, built-in loss, distributions, Section 734 adjustments, 26:14

Capital accounts, distribution of promissory note,

Contingent debt, liability partner's interest, 16A:41

Economic effect

generally, 12:14 to 12:18

LIQUIDATION—Cont'd

Economic effect—Cont'd

for detailed treatment see index heading Eco-NOMIC EFFECT

Failure to make liquidation value election, 30:20 Partnership interests, rights of partners to distributions of capital, 14:10

Tax distributions, partnership or partnership interest, 6:19, 6:20

LOANS

Advances or drawings, compared, **7:6** Tax distributions, **6:8**

LOCK-IN AGREEMENTS

Contributed property - Section 704(c), 11:11

LOOKTHROUGH RULE

Generally, 30:44

M

MANAGEMENT COMPANIES

Securities partnerships and reverse Section 704(c) aggregation

generally, 15:2

for detailed treatment see index heading Securities Partnerships and Reverse Section 704(c) Aggregation

MANAGEMENT FEES

Guaranteed payments

generally, 9:25 to 9:29

for detailed treatment see index heading Guaranteed Payments

MARKET INTEREST RATES

Capital accounts, liabilities with above or below rates, 10:53

MINIMUM DISTRIBUTIONS

Guaranteed payments, 9:5

MINIMUM GAIN

Alternate test for economic effect, share as deficit capital account restoration obligation, 13:3

Contributed property - Section 704(c), 11:59

Exculpatory deductions, 19:3, 19:5, 19:8

Nonrecourse deductions

generally, 17:26 to 17:41

for detailed treatment see index heading Non-RECOURSE DEDUCTIONS

Partner nonrecourse deductions. See index heading Partner Nonrecourse Deductions

MINIMUM GAIN CHARGEBACK

Basis adjustments, sale or exchange transactions and death of partner, **25:48**

MULTIPLE DEBTS

Nonrecourse deductions, computation of minimum gain for property, 17:28

N

NET "BOOK" INCOME

Contributed property - Section 704(c), 11:37

NET "BOOK" LOSS

Contributed property - Section 704(c), 11:36

NET PROFITS AND NET LOSSES

Economic effect, Section 704(b) compliant allocations, **22:21**

Partnership interests, liquidation, 14:26

NETTING APPROACHES

Securities partnerships and reverse Section 704(c) aggregation

generally, 15:13 to 15:17

for detailed treatment see index heading Securities Partnerships and Reverse Section 704(c) Aggregation

NETTING INCREASES AND DECREASES

Nonrecourse deductions, minimum gain, 17:27, 17:67

NEW YORK STATE BAR ASSOCIATION

Securities partnerships and reverse Section 704(c) aggregation, **15:18**Target allocations, **21:13**

NONRECOGNITION TRANSACTIONS

Contributed property - Section 704(c), 11:78

NONRECOURSE DEDUCTIONS

Generally, 17:1 to 17:69

Adjusted tax basis different from book value, computation of minimum gain for property with, 17:29

Admission of new partner, minimum gain, **17:68** Allocation tests

generally, 17:48 to 17:59

capital account maintenance and capital account liquidation, 17:48

minimum gain chargeback requirement. See "Minimum gain chargeback requirement" under this heading

other material allocations and capital account adjustments, 17:59

reasonable consistency, 17:49

All partnership assets, security based on, 17:9, 17:10

Amount, 17:43

Basic operation of allocation tests, 17:66

Capital account maintenance and capital account liquidation, allocation tests, 17:48

NONRECOURSE DEDUCTIONS—Cont'd Carryovers minimum gain, carryover of distributions from proceeds of nonrecourse debt, 17:39 ordering and sourcing rules, 17:64 Composition, 17:47 Conversion of debt from nonrecourse debt to recourse debt, minimum gain chargeback requirement, 17:52 Debt as recourse for some purposes and nonrecourse for other purposes, 17:7 **Definitions** net losses, 17:45 net profits, 17:45 nonrecourse deduction, 17:46 De minimis partner, loan from and guarantee by, Distribution of proceeds to partner, nonrecourse borrowing and minimum gain, 17:37 Example of provision allocating nonrecourse deductions, 17:44 Examples from regulations, 17:66 to 17:69 Fixed percentages, allocation by, 17:3 Guarantee by partner of obligation that is unsecured and nonrecourse to partnership borrower, 17:19 Guarantee of obligation that is secured and nonrecourse to partnership borrower all partners, guarantee by, 17:18 related person, guarantee by, 17:21 single partner, guarantee by, 17:17, 17:20 Implication of minimum gain chargeback as part of partnership agreement, 17:56 Lender as partner or person related to partner, secured obligations, 17:22, 17:23 Minimum gain generally, 17:26 to 17:41 adjusted tax basis different from book value, computation for property with, 17:29 admission of new partner and revaluation, 17:68 carryover of distributions from proceeds of nonrecourse debt, 17:39 chargeback requirement. See "Minimum gain chargeback requirement" under this headdetermination of amount, 17:26 distribution of proceeds to partner, nonrecourse borrowing, 17:37 examples of computations, 17:30 multiple debts, computation for property subject to, **17:28** netting increases and decreases, 17:27, 17:67 option of partnership to treat certain distributions to partner of proceeds of nonre-

course debt as distribution not allocable to

increase in minimum gain, 17:38

```
NONRECOURSE DEDUCTIONS—Cont'd
  Minimum gain—Cont'd
     partner's share at end of partnership taxable
         year, 17:32
    partner's share of net reduction in minimum
         gain, 17:33
    recourse debt or liability that becomes nonre-
         course debt or liability, 17:35, 17:36
    revaluations, 17:31, 17:34
    special purpose entities, 17:41
    tiered partnerships, 17:40
    transfer of minimum gain on transfer of
         partnership interest, 17:42
  Minimum gain chargeback requirement
     generally, 17:50 to 17:58
     components, 17:54
    conversion of debt from nonrecourse debt to
         recourse debt. 17:52
     examples, 17:51 to 17:58
    implication of chargeback as part of partner-
          ship agreement, 17:56
     ordering and sourcing rules, 17:62, 17:63
    reductions of minimum gain where capital
         contributions used to repay nonrecourse
         debt or used to increase basis of property
         subject to nonrecourse debt, 17:53
     Section 1031 exchanges, 17:57
    termination of partnership, 17:58
     waiver of requirement, 17:55
  Multiple debts, computation of minimum gain for
       property subject to, 17:28
  Multiple properties securing nonrecourse debt,
       17:69
  Netting increases and decreases, minimum gain,
       17:27, 17:67
  Nonrecourse liability, defined, 17:4
  Only material partnership asset, obligation
       secured by, 17:12, 17:13
  Option of partnership to treat certain distributions
       to partner of proceeds of nonrecourse debt
       as distribution not allocable to increase in
       minimum gain, 17:38
  Ordering and sourcing rules
     generally, 17:60 to 17:65
     carryovers, 17:64
     losses of partnership, exceeding of, 17:61
    minimum gain chargebacks, 17:62, 17:63
    reversing regulatory allocations, 17:65
  Partner nonrecourse deductions
     generally, 18:1 to 18:12
     for detailed treatment see index heading
         PARTNER NONRECOURSE DEDUCTIONS
  Partnership itself, recourse to, 17:10 to 17:13
  Partner's interests in partnership, allocations
       under, 17:70
  Partner's share at end of partnership taxable year,
```

minimum gain, 17:32

NONRECOURSE DEDUCTIONS—Cont'd

Partner's share of net reduction in minimum gain, minimum gain, 17:33

Partner with economic risk of loss, secured obligations, 17:8, 17:9

Reasonable consistency, allocation tests, **17:49** Recourse debt or liability that becomes nonre-

course debt or liability, minimum gain, 17:35, 17:36

Reductions of minimum gain where capital contributions used to repay nonrecourse debt or used to increase basis of property subject to nonrecourse debt, 17:53

Revaluations

generally, 17:68

minimum gain, 17:31, 17:34, 17:68

Sample provision allocation nonrecourse deductions, 17:25

Section 1001, 17:5

Section 1031 exchanges, minimum gain chargeback requirement, **17:57**

Secured obligations

generally, 17:8 to 17:13

all partnership assets, security based on, 17:9, 17:10

lender as partner or person related to partner, 17:22, 17:23

limitation of recourse to security, **17:8** only material partnership asset, obligation secured by, **17:12**, **17:13**

partnership itself, recourse to, **17:10 to 17:13** partner with economic risk of loss, **17:8, 17:9** specific property, obligation not secured by, **17:11**

Single member LLC, unsecured obligation with recourse to assets, 17:14 to 17:16

Sourcing. See "Ordering and sourcing rules" under this heading

Special cases, generally, 17:7 et seq.

Special purpose entities, minimum gain, 17:41

Target allocations, 21:24

Tax basis and debt, 17:2

Termination of partnership, minimum gain chargeback requirement, 17:58

Tiered partnerships, minimum gain, 17:40

Transfer of minimum gain on transfer of partnership interest, 17:42

Waiver of minimum gain chargeback requirement, 17:55

NONRECOURSE PARTNERSHIP DEBT

Generally, 16:1 to 16:36

For detailed treatment see index heading Recourse or Nonrecourse Partnership Debt

NOTIONAL PRINCIPAL CONTRACT

Securities partnerships and reverse Section 704(c) aggregation, **15:9**

0

OFFSETTING ITEMS

Economic effect, assumption of unlimited partner solvency, 12:30

Partnership interests, 14:36

OIL AND GAS

Basis adjustments, transfer of interest in partnership, sale or exchange transactions and death of partner, 25:24

Capital accounts, depletion, 10:19

Recapture of gain from disposition of interest in oil, gas, geothermal or other properties, 12:59

OPERATING DISTRIBUTIONS

Generally, 3:1 et seq.

Advances or drawings

generally, 7:1 to 7:18

for detailed treatment see index heading Advances or Drawings

Complex distributions

generally, 4:1 to 4:29

for detailed treatment see index heading Complex Distributions

Internal rate of return

generally, 5:1 to 5:23

for detailed treatment see index heading
Internal Rate of Return

Preferred returns

generally, 3:1 to 3:17

for detailed treatment see index heading Preferred Returns

Simple operating distribution provisions

generally, 2:1 to 2:9

See index heading SIMPLE OPERATING DISTRIBUTION PROVISIONS

Tax distributions

generally, **6:1 to 6:38**

for detailed treatment see index heading Tax Distributions

OPTIONS

Capital accounts, 10:100, 10:101

ORDERING RULES

Nonrecourse deductions

generally, 17:60 to 17:65

for detailed treatment see index heading Non-RECOURSE DEDUCTIONS

ORDINARY INCOME PROPERTY

Basis adjustments, allocations within classes of property, adjustments under Section 743(b), allocation of Section 755 adjustments, 27:23

Disallowance of allocation, 14:29

Economic effect, allocations with, 14:4

PARTNERSHIP INTERESTS—Cont'd Economic profits and losses, interests of partners PARTNER NONRECOURSE DEDUCTIONS in, 14:8 Generally, 18:1 to 18:12 Examples, generally, 14:25 to 14:36 Defined, 18:4, 18:5 Explicit allocations under basic rule, 14:5 Distributions of proceeds of partner nonrecourse "Fill-up" allocations, 14:18 debt and effect on partner minimum gain, Four factors, generally, 14:7 to 14:12 Fundamental principles of economic effect, 14:21 Minimum gain chargeback, generally, 18:6, 18:7 Gross vs. net allocation scheme, and guaranteed Ordering rules payments, 14:24 generally, 18:11 Hypothetical sale, description of, 14:12, 14:25 to minimum gain chargeback, 18:12 14:27 Share of minimum gain, 18:9 Like-kind exchange, 14:28 Simple allocations, 20:3 Limited deficit capital account restoration obliga-Sourcing rules, 18:8 tions, 14:17 Target allocations, 21:16 Liquidation, rights of partners to distributions of capital upon, 14:10 **PARTNERSHIP** Net losses, liquidation with, 14:26 Audit rules Nonrecourse debt, liquidation with, 14:27 Filing requirement under BBA, 28:4 Nonrecourse deductions, 17:70 Technical explanation of scope of BBA, 28:14 Offsetting items, 14:36 GAAP application, accounting Possible approaches, generally, 14:22 to 14:24 target allocation provision, 21:26 Pro rata reallocation, 14:33 Relative contributions of partners to partnership, PARTNERSHIP AGREEMENT 14:7 Carried Interests and Section 1061 Regulations, Revolving capital accounts, 14:20 30:185 Special limited rule, 14:3 Specific items of income and loss, 14:14 **PARTNERSHIP AGREEMENTS** Substantiality Advances or drawings, 7:9 generally, 23:6, 23:11 Contributed property - Section 704(c), identificapartnership agreement, satisfaction of capital tion of method, 11:7 account maintenance and capital account Simple allocations. See index heading SIMPLE liquidation requirements, 14:15 ALLOCATIONS reallocation after failure of allocation, 14:32 PARTNERSHIP INTERESTS Uniqueness of solution, 14:13 Generally, 14:1 to 14:36 Unresolved issues under basic regulation, 14:2 Alternate economic effect, 14:31 Value-equals-basis presumption, 14:19, 14:34 Applicable partnership interest. See index head-PARTNERSHIP LIABILITIES ing Carried Interests and Section 1061 Carried Interests and Section 1061 Regulations, REGULATIONS 30.187 Basic regulation, 14:2 et seq. Book value, 14:23 PASS-THROUGH ENTITIES Cancellation of indebtedness income, 14:35 Carried interests and section 1061 proposed regulations, 30:47 Capital accounts Qualified business income deduction. See index generally, 14:11 heading Qualified Business Income Deducliquidation in accordance with capital accounts TION (SECTION 199A) during first five years, 14:30 Substantiality rule, 23:16 maintenance and liquidation requirements, satisfaction by partnership agreement, **PAYABLES** substantiality test, 14:15 Capital accounts, revaluations, 10:97 Capital contribution obligations, 14:17 Cash flow and other non-liquidating distributions, **PAYMENTS** interests of partners in, 14:9 Guaranteed payments Contributions of partners to partnership, 14:7 generally, 9:1 to 9:29

for detailed treatment see index heading

GUARANTEED PAYMENTS

PENALTIES

Audits. See index heading Audits

PLEDGE RULES

Recourse or nonrecourse partnership debt, direct and indirect, **16:11**

PREFERENCES

Target allocations, economic effect equivalence, 21:20

PREFERRED RETURNS

Generally, 3:1 to 3:17

Annually compounded preferred return; 365/366-day year (actual/actual ISDA), **3:4**

Computational period to use in computing return, **3:16**

Conventions

compounding, 3:13

contributions and distributions, 3:12

Daily compounded preferred return; 365/366-day year (actual/actual ISDA), **3:7**

Daily compounded preferred return based on 360-day year of equal 30-day months (30/ 360 US), **3:8**

Date of contribution vs. date of distribution, preferred capital as receiving return for, **3:10**

Define preferred capital amount that bears return, 3:9

Distributions considered in determining whether return has been satisfied, **3:17**

Drafting principles, generally, 3:9 to 3:17

Drafting provisions

generally, 3:1 to 3:3

badly drafted preferred return, 3:2

simple preferred return, 3:1

Economic effect, "layer-cake" allocations, 22:28

Examples, generally, 3:4 to 3:8

Guaranteed payments, 9:15, 9:16

Interest rate for computing return, 3:15

Lapse of unpaid return if not paid during year, 3:14

Monthly compounded preferred return; 365/366-day year (actual/actual ISDA), **3:6**

Semi-annually compounded preferred return; 365/366-day year (actual/actual ISDA), **3:5** Time funds are contributed or distributed. **3:11**

PRESENT VALUE

Internal rate of return, 5:5, 5:8

Substantiality, after-tax, present value limitation on basic substantiality test, 23:14

PRESUMPTIONS

Recourse or nonrecourse partnership debt, satisfaction presumption, **16:14**

Substantiality. See index heading Substantiality Value-equals-basis presumption. See index heading Value-Equals-Basis Presumption

PRO FORMAS

Contributed property - Section 704(c), preparation by accountants, 11:3

PROGRESS PAYMENTS

Advances or drawings, distributions, 7:10, 7:11

PROJECTIONS

Contributed property - Section 704(c), accountants, **11:6**

PROMISSORY NOTES

Alternate test for economic effect, contribution to partnership and loss allocation to partner, 13:27

Capital accounts

contributions, 10:61, 10:62

distributions, 10:65, 10:66

Economic effect, deficit capital account restoration, 12:22

PRO RATA REALLOCATION

Partnership interests, 14:33

PUSH-OUT OF ADJUSTMENTS TO REVIEWED-YEAR PARTNERS (SECTION 6226)

Audits

generally, 28:32 to 28:52

for detailed treatment see index heading Audits

Q

QUALIFIED BUSINESS INCOME DEDUCTION (SECTION 199A)

Generally, 29:1 to 29:151

Accounting, 29:103

Actuarial science, 29:104

Aggregation (Section 1.199A-4)

generally, 29:81 to 29:93

examples, 29:93

individuals

disclosure requirements, 29:88, 29:89

operating rules, 29:85

pass through entities, 29:86

reporting and consistency, 29:87

pass through entities

generally, 29:90

disclosure requirements, 29:91, 29:92

individuals, 29:86

purpose, 29:83

rules, generally, 29:84

scope, 29:83

Treasury Decision 9847, preamble, 29:82

Alternative minimum tax, coordination with, 29:48

Athletics, 29:107

Basis, unadjusted. W-2 wages and unadjusted basis after acquisition of qualified property,

QUALIFIED BUSINESS INCOME DEDUCTION (SECTION 199A)—Cont'd	QUALIFIED BUSINESS INCOME DEDUCTION (SECTION 199A)—Cont'd
Section 1.199A-2 determination, below	Operational rules (Section 1.199A-1)—Cont'd
Brokerage services, 29:109	cooperatives, reduction of income received
Carryover rules	from, 29:50
computation examples, 29:32	definitions, above
negative combined qualified REIT dividends/	disregarded entities, 29:44 effect of deduction, 29:43
qualified PTP income, 29:31 negative total qualified business income	net investment income tax, 29:45
amount, 29:30	net operating loss, 29:47
Commodities. Specified service, trade, or busi-	overview, 29:4, 29:5, 29:28
ness (SSTB) (Section 1.199A-5), below	Puerto Rico, 29:46
Computation of deduction, taxable income above	REITs, below
threshold amount	self-employment tax, 29:45
generally, 29:33	special rules, 29:43 to 29:50, 29:79
aggregated trade or business, 29:36	threshold amount, below
calculation of QBI component, 29:38	underpayments, accuracy-related penalties,
carryover, 29:37	29:49
netting, 29:37	W-2 wages and unadjusted basis after acquisi-
qualified business income component, 29:34 to 29:38	tion of qualified property, below Partnerships, publicly traded. Relevant pass
specified service trade or business (SSTB)	through entities, publicly traded partner-
exclusion, 29:35	ships, trusts and estates (Section 1.199A-6),
Computation of deduction, taxable income not	below
exceeding threshold amount, 29:29	Pass through entities
Consulting, 29:106	aggregation, above
Cooperatives, reduction of income received from, 29:50	relevant pass through entities, publicly traded partnerships, trusts and estates (Section
Definitions	1.199A-6), below
generally, 29:6	Performing arts, 29:105
aggregated trade or business, 29:7	Puerto Rico provisions, 29:46, 29:73
applicable percentage, 29:8	Qualified business income (QBI)
net capital gain, 29:9	definitions, 29:11, 29:12
phase-in range, 29:10	REITs, below
qualified business income (QBI), 29:11, 29:12	total QBI amount, 29:19
qualified PTP income, 29:13	Qualified PTP income
qualified REIT dividends, 29:14	defined, 29:13
reduction amount, 29:15	REITs, below
relevant pass through entity (RPE), 29:16	REITs
specified service trade or business (SSTB),	carryover rules, 29:31
29:17	qualified REIT dividends
De minimis rule, gross receipts of \$25 million or	and qualified PTP income, 29:76 to 29:79
less, 29:122	defined, 29:14
Disregarded entities, 29:44	Section 1.199A-3, below in this group
Effect of deduction, 29:43	qualified REIT dividends/qualified PTP income
Explanation of Section 199A, 29:2	component
FAQs, 29:1	generally, 29:39
Net investment income tax, 29:45	examples, 29:42
Net operating loss, 29:47	negative combined income, 29:41
Operational rules (Section 1.199A-1)	Section 1.199A-3, below in this group
generally, 29:3 to 29:50	specified service trade or business (SSTB)
alternative minimum tax, coordination with,	exclusion, 29:40
29:48	Section 1.199A-3 QBI, qualified REIT
carryover rules, above	dividends and qualified PTP income
computation of deduction, above	generally, 29:63

QUALIFIED BUSINESS INCOME	QUALIFIED BUSINESS INCOME
DEDUCTION (SECTION 199A)—Cont'd	DEDUCTION (SECTION 199A)—Cont'd
REITs—Cont'd	Rules. Operational rules (Section 1.199A-1),
Section 1.199A-3 QBI, qualified REIT	above
dividends and qualified PTP income	Securities, dealing in, 29:112
—Cont'd	Self-employment tax, 29:45
allocation of items among directly conducted trades or businesses, 29:75	Specified service, trade, or business (SSTB) (Section 1.199A-5)
fact sheet SF-2018-8, 29:80	generally, 29:94 to 29:132
guaranteed payments for use of capital,	accounting, 29:103
29:66	actuarial science, 29:104
net operating losses, 29:69	athletics, 29:107
other deductions, 29:70	brokerage services, 29:109
previously disallowed losses, 29:68	commodities
Puerto Rico, 29:73	active conduct of business, 29:115
qualified business income, defined, 29:64	dealing in, 29:113
qualified items of income, gain, deduction and loss	directly holds commodities as inventory or similar property ((B)(3)), 29:116
generally, 29:71	directly incurs substantial expenses in
items not taken into account, 29:72	ordinary course ((B)(4)), 29:117
Section 481 adjustments, 29:67	significant activities ((B)(5)), 29:118
Section 751 gain, 29:65	consulting, 29:106
Treasury Decision 9847, preamble, 29:62	definition of SSTB, 29:98
wages, 29:74	de minimis rule, gross receipts of \$25 million
Relevant pass through entities, publicly traded	or less, 29:122
partnerships, trusts and estates (Section	directly incurs substantial expenses in ordinary course ((B)(4)), 29:118
1.199A-6)	effect, 29:95, 29:96
generally, 29:133 to 29:151	employee, trade or business of performing ser-
computational rules for publicly traded partnerships, 29:142	vices as generally, 29:97, 29:128
computational rules for RPEs, 29:136, 29:137	federal employment tax classification,
overview, 29:134	29:129
relevant pass through entities (RPEs), generally, 29:135	former employees still employees, presumption, 29:130 to 29:132
reporting rules for publicly traded partnerships,	examples, 29:121
29:142, 29:143	financial services, 29:108
reporting rules for RPEs	gross receipts
generally, 29:136, 29:138	de minimis rule, gross receipts of \$25 mil-
disclosures, 29:138	lion or less, 29:122
failure to report information, 29:141	greater than \$25 million, 29:123, 29:124
other items, 29:140	health field, 29:101
trade or business directly engaged in, 29:139	hedging transactions, 29:100
trusts, estates and beneficiaries, application to	investing and investment management, 29:110
generally, 29:144 to 29:151	law, 29:102
grantor trusts, 29:145	legal services, 29:102
non-grantor trusts and estates	other tax rules, no effect on, 29:99
generally, 29:146 to 29:151	partnership interests, dealing in, 29:119
allocation among trust or estate and bene-	performing arts, 29:105
ficiaries, 29:147	qualified active sale, 29:114
anti-abuse rule, creation of trust to avoid exceeding threshold amount, 29:150 , 29:151	reputation or skill as principal asset of trade or business, 29:120 scope, 29:95
calculation at entity level, 29:146	securities, dealing in, 29:112
small business trusts, electing, 29:149	services or property provided to SSTB
threshold amount, 29:148, 29:150	generally, 29:125

QUALIFIED BUSINESS INCOME	QUALIFIED FINANCIAL ASSETS
DEDUCTION (SECTION 199A)—Cont'd Specified service, trade, or business (SSTB) (Sec-	Securities partnerships and reverse Section
tion 1.199A-5)—Cont'd	704(c) aggregation generally, 15:4
services or property provided to SSTB	for detailed treatment see index heading Secu-
—Cont'd	RITIES PARTNERSHIPS AND REVERSE SECTION
fifty percent or more common ownership, 29:126, 29:127	704(c) Aggregation
significant activities ((B)(5)), 29:116	QUALIFIED INCOME OFFSET
trading services, 29:111	Alternate test for economic effect
Treasury Decision 9847, preamble, 29:94	generally, 13:13 to 13:16
Threshold amount	for detailed treatment see index heading Alternate Test for Economic Effect
generally, 29:18 to 29:27	ALIERNATE TEST FOR ECONOMIC EFFECT
computation of deduction, above	R
total QBI amount, 29:19	
trade or business	REAL PROPERTY TRANSACTIONS
generally, 29:20	Withholding on distributions, statutory provisions, 8:2
determining existence, 29:21	Siolis, 6: 2
explanation, 29:22	REASONABLE METHOD
Notice 2019-07, 29:24	Contributed property - Section 704(c), 11:44,
preamble to regulations, 29:23	11:46, 11:49 to 11:51
Revenue Procedure 2019-38, 29:25 UBIA of qualified property, 29:26	RECAPITULATION
W-2 wages, 29:27	Complex distributions, 4:29
Trade or business	RECAPTURE
specified service, trade, or business (SSTB)	See index heading Economic Effect
(Section 1.199A-5), above	•
threshold amount, above	RECEIVABLES Conital accounts revaluations 10.07
Trading services, 29:111	Capital accounts, revaluations, 10:97
Trusts and estates. Relevant pass through entities,	RECOGNITION OF GAIN
publicly traded partnerships, trusts and	Basis adjustments. See index heading Basis
estates (Section 1.199A-6), below	Adjustments
UBIA of qualified property, 29:26 Underpayments, accuracy-related penalties,	RECORDKEEPING
29:49	Contributed property - Section 704(c), 11:87
W-2 wages and unadjusted basis after acquisition	RECOURSE OR NONRECOURSE
of qualified property, Section 1.199A-2	PARTNERSHIP DEBT
determination	Generally, 16:1 to 16:36
generally, 29:51 to 29:61	Anti-abuse, 16:32
scope, 29:52 to 29:61	Antideficiency laws, 16:17
Treasury Decision 9847, preamble, 29:51	Bottom guarantees and economic risk of loss, final regulations, 16:36
unadjusted basis immediately after acquisition and Section 743(b) basis adjustments	Carve-out provisions, nonrecourse, 16:16
generally, 29:58	Classification of debt, generally, 16:1 to 16:33
computation of partner's share, 29:60, 29:61	Contingent obligations, 16:12
excess basis adjustments, 29:59 to 29:61	Deficit capital account restoration obligation,
unadjusted basis immediately after acquisition	effect on economic risk of loss, 16:24
of qualified property	Definitions
generally, 29:54	liability, 16:3
partnership, acquisition of qualified property	nonrecourse liability, Section 704, 16:5
held by, 29:56	related person, 16:19
qualified property, 29:55	De minimis rule
S corporation, acquisition of qualified property held by, 29:57	small partner guarantor, 16:30 small partner lender made by lender regularly
W-2 wages, 29:53	engaged in lending business, 16:29
	00

RECOURSE OR NONRECOURSE PARTNERSHIP DEBT—Cont'd

Direct and indirect pledge rules, 16:11

Disregarded entities and economic risk of loss, 16:33

Economic risk of loss

generally, 16:9

final regulations on bottom guarantees and risk of loss, 16:36

recourse liability, 16:20

Express statement that debt is nonrecourse, **16:15** General principles, **16:4**

Guarantee of nonrecourse debt and economic risk of loss, 16:26, 16:28

LB&I concept unit on treatment of certain liabilities, **16:22**, **16:23**

Liability, defined, 16:3

Limited partner guarantee and economic risk of loss, 16:25

Nonrecourse liability, 16:5, 16:6, 16:8

Overlapping risk of loss, 16:35

Part recourse and part nonrecourse debt, 16:27

Pledge rules, direct and indirect, 16:11

Reimbursement rights, 16:13

Related parties

lenders or guarantors, 16:7

liability on obligation, 16:18, 16:19

Related parties, liability for partnership debt, **16:21**

Satisfaction presumption, 16:14

Section 1.752-7 liabilities, **16:34**

Section 704, 16:2, 16:5

Section 752, **16:2**, **16:6**, **16:18**

Section 1001, **16:2, 16:10**

Subrogation, guarantee of nonrecourse debt with right of, 16:26

Tiered partnerships and economic risk of loss, 16:31

REITS AND RICS

Qualified business income. See index heading Qualified Business Income Deduction (Section 199A)

Substantiality, 23:17

RELATED PARTIES

Recourse or nonrecourse partnership debt. See index heading Recourse or Nonrecourse Partnership Debt

RELIANCE

Basis adjustments, reliance of partnership on written notice, sale or exchange transactions and death of partner, 25:28

Capital accounts, reliance by partnership on partners' interests in partnership, **10:84**

REMEDIAL ALLOCATIONS

Contributed property - Section 704(c) generally, **11:52 to 11:64**

for detailed treatment see index heading Contributed Property - Section 704(c)

REPORTING REQUIREMENTS

Carried Interests and Section 1061 Regulations, 30:202

REPRESENTATIVE OF PARTNERSHIP

Audits

generally, 28:17

for detailed treatment see index heading Audits

RETIREMENT OF PARTNER

Contributed property - Section 704(c), 11:23

Guaranteed payments, 9:7

Target allocations, 21:12, 21:21

REVALUATIONS

Capital accounts

generally, 10:80 to 10:97

for detailed treatment see index heading Capital Accounts

Contributed property - Section 704(c), 11:4

Economic effect. See index heading Economic Effect

Nonrecourse deductions

generally, **17:68**

for detailed treatment see index heading Non-RECOURSE DEDUCTIONS

REVERSE SECTION 704(c) AGGREGATION

Generally, 15:1 to 15:20

For detailed treatment see index heading Securities Partnerships and Reverse Section 704(c) Aggregation

REVOLVING CAPITAL ACCOUNTS

Partnership interests, 14:20

S

SAFE HARBOR

Target allocations, partners' interests in partnership, **21:9**

SALARIES

Guaranteed payments, 9:5

SALE OF CONTRIBUTED PROPERTY

Generally, 11:28

For detailed treatment see index heading Contributed Property - Section 704(c)

SALE OR EXCHANGE TRANSACTIONS

Basis adjustments

generally, 25:1 to 25:48

for detailed treatment see index heading Basis Adjustments

SATISFACTION PRESUMPTION

Recourse or nonrecourse partnership debt, 16:14

SAVINGS CLAUSES

Economic effect, Section 704(b) compliant allocations, 22:31

SECURED OBLIGATIONS

Nonrecourse deductions

generally, 17:8 to 17:13

for detailed treatment see index heading Non-RECOURSE DEDUCTIONS

SECURITIES PARTNERSHIPS

Capital accounts, revaluations, 10:89

Securities partnerships and reverse Section 704(c) aggregation

generally, 15:1 to 15:20

for detailed treatment see index heading Secu-RITIES PARTNERSHIPS AND REVERSE SECTION 704(c) AGGREGATION

SECURITIES PARTNERSHIPS AND REVERSE SECTION 704(c) AGGREGATION

Generally, 15:1 to 15:20

Actively-traded assets, 15:5

American Institute of Certified Public Accountants recommendations, **15:20**

Big Four accounting firm recommendations, 15:19

Debt market, 15:8

Designated securities partnerships, 15:12

Established securities markets, 15:6

Full netting approach, 15:16, 15:17

Interdealer market, 15:7

Investment partnerships, 15:3

Management companies

generally, 15:2

qualified financial assets, 15:10

Netting approaches

generally, 15:13 to 15:17

full netting approach, **15:16**, **15:17**

partial netting approach, 15:14, 15:15

permitted approaches, 15:13

New York Bar Association recommendations, 15:18

Notional principal contract, 15:9

Partial netting approach, 15:14, 15:15

Public comments, 15:18 to 15:20

Qualified financial assets

generally, 15:4

management company, assets of, 15:10

tiered partnership interests, 15:11

Securities partnership, defined, 15:1

Tiered partnership interests and qualified financial assets, **15:11**

SELF-EMPLOYMENT TAX

Carried Interests and Section 1061 Regulations, 30:200

SERVICE PARTNERS

Advances or drawings, 7:4

Capital accounts, admission of partners, 10:88, 10:98

Economic effect, Section 704(b) compliant allocations, 22:29

SERVICE PROVIDERS

Guaranteed payments, 9:24

Tax distributions where partnership agreement allocates income without corresponding cash, creating potential tax liability, 6:23

SHIFTING ALLOCATIONS

Substantiality

generally, 23:18

for detailed treatment see index heading Substantiality

SHIFTING TAX CONSEQUENCES TEST

Substantiality, 23:25

SIMPLE ALLOCATIONS

Generally, **20:1** to **20:10**

"Book" tax disparity in contributed property, allocations in accordance with partners' interests, 20:10

Cash distributions, 20:1

Detailed allocation provision, 20:7

Exculpatory deductions, 20:4

Partner nonrecourse deductions, 20:3

Partnership agreements

requirement of some mandatory allocation provisions, **20:2**

silence regarding allocations of income, gain, loss and deduction, **20:5**

Silence regarding allocations of income, gain, loss and deduction, partnership agreements, **20:5**

Simple allocation provision, 20:6

Straight percentage allocations, 20:8, 20:9

SIMPLE OPERATING DISTRIBUTION PROVISIONS

Generally, 2:1 to 2:9

Cash distributable

generally, 2:1 to 2:6

for detailed treatment see index heading Cash DISTRIBUTABLE

Cash distributions

generally, 2:7 to 2:9

for detailed treatment see index heading Cash Distributions

SINGLE MEMBER LLC

Nonrecourse deductions, unsecured obligation with recourse to assets, 17:14 to 17:16

SOURCING RULES

Nonrecourse deductions generally, **17:60 to 17:65** for detailed treatment see index heading Non-RECOURSE DEDUCTIONS

SPECIAL CAPITAL ACCOUNT ADJUSTMENTS

Alternate test for economic effect generally, 13:5 to 13:11 for detailed treatment see index heading ALTERNATE TEST FOR ECONOMIC EFFECT

SPECIAL PURPOSE ENTITIES

Nonrecourse deductions, minimum gain, 17:41

SPOUSES

Capital accounts, 10:51

SPREADSHEETS

Internal rate of return. See index heading Internal Rate of Return

STATE TAXES

Tax distributions, 6:14

STRAIGHT PERCENTAGE ALLOCATIONS

Generally, 20:8, 20:9

SUBROGATION

Recourse or nonrecourse partnership debt, guarantee of nonrecourse debt, **16:26**

SUBSIDIARY PARTNERSHIPS

Contributed property - Section 704(c), recontribution of property to, **11:8, 11:71**

SUBSTANTIAL BUILT-IN LOSS

Basis adjustments. See index heading Basis
Adjustments

SUBSTANTIALITY

Generally, 23:1 to 23:25

After-tax, present value limitation, **23:14** Alternate test for economic effect, **23:11**

Character special allocations, shifting allocations, 23:23

Consolidated group rules, 23:16

De minimis rule, 23:10

Economic effect, generally, **12:2**, **12:8** to **12:50**, **23:11**

Elements, 23:13

Equivalence test, 23:11

Five-year presumption, 23:15, 23:22

Gimmicked allocations, protection against, 23:4

Partnership interests

generally, 23:6, 23:11

SUBSTANTIALITY—Cont'd

Partnership interests—Cont'd for detailed treatment see index heading

PARTNERSHIP INTERESTS

Pass-through entity rules, 23:16

Presumptions

five-year presumption, 23:15, 23:22

shifting allocations, 23:19

transitory allocations, 23:21

REITs and RICs. 23:17

Shifting allocations

generally, 23:18

character special allocations, 23:23

examples, 23:23

presumptions, 23:19

Shifting tax consequences test, 23:25

Substantial economic effect, 23:3, 23:7

Target allocations, 21:23

Transitory allocations

generally, 23:20

example, 23:24

presumptions, 23:21

Value-equal-basis presumption, 23:8, 23:9

SUBSTITUTED BASIS TRANSACTIONS

Basis adjustments. See index heading Basis Adjustments

SUCCESSOR PARTNER RULE

Contingent debt, 16A:8

Т

TARGET ALLOCATIONS

Generally, 21:1 to 21:26

Issues considered, 21:4

American Institute of Certified Public

Accountants proposed revenue ruling, 21:14

Background, 21:6

Capital contribution obligations, 21:18

Capital shifts, economic effect equivalence,

21:20

Conjectures and observations, 21:7, 21:11

Definitions, 21:2

Disagreements and misconceptions, 21:3

Drafting target allocations, 21:8

Economic effect equivalence

generally, 21:19

preferences and capital shifts, 21:20

Gross item allocations, 21:10, 21:17

Misconceptions and disagreements, 21:3

New York State Bar Association report, 21:13

Nonrecourse deductions, 21:24

Observations and conjectures, 21:7, 21:11

Partner nonrecourse deductions, 21:16

Partnership, GAAP accounting, when using its provision, **21:26**

TARGET ALLOCATIONS—Cont'd

Preferences, economic effect equivalence, 21:20

Retirement of partner, 21:12, 21:21

Safe harbor under partners' interests in partnership, 21:9

Simple example of the provision, 21:15

Substantiality, 21:23

Target allocation provisions preclude 8220book-up8221 adjustments, **21:25**

Uniqueness, 21:11, 21:22

Unresolved issues, 21:5

TAX CUTS AND JOBS ACT

See index heading Qualified Business Income Deduction (Section 199A)

TAX DISTRIBUTIONS

Generally, 6:1 to 6:38

Absence of provision, 6:2

Absolute distribution, tax distribution as, 6:8

Accountants and lawyers, roles of, 6:6

Advance against future distributions, tax distribution as, **6:8**

Appropriateness of provision, 6:3

Assumed tax rate and net income for year, provision based on, **6:27**

Background, generally, 6:1 to 6:6

Cash distributions and corresponding taxable income, disconnection between, **6:7**

Cash required to make distributions, partnership without, **6:17**

Changes in tax law, 6:15

Cumulative tax liability, distribution provision based on, **6:35**

Discretion of manager or general partner in applying provision, **6:9**, **6:24**, **6:25**

Drafting provisions, generally, 6:22 to 6:30

Estimated taxes, 6:18

Formula definition of tax rate, 6:28, 6:33, 6:34

Future distributions, tax distribution as advance against, **6:8**

General considerations in drafting provision, generally, **6:7 to 6:22**

Importance of provision, 6:1

Income subject to distribution, 6:12

Lawyers and accountants, roles of, 6:6

Liquidation of partnership or partnership interest, 6:19, 6:20

Loan, tax distribution as, 6:8

Losses of partnership in prior years, 6:13

Matrix of formula rates that provides different rates for different characters of income and takes into account prior losses, **6:33**, **6:34**

Needs of specific transaction, reflection of, 6:4

Other formulas, 6:31, 6:32

Other provisions, 6:36

Provision based on quarterly, **6:37**

TAX DISTRIBUTIONS—Cont'd

Recoupment of tax distribution payments at time of liquidation of partnership or partnership interest, **6:19**

Service provider, distributions where partnership agreement allocates income without corresponding cash, creating potential tax liability, **6:23**

Simple formula and net taxable income, distribution provision based on

generally, 6:29

blending over history of partnership, 6:29

clawback of excess distributions, 6:29, 6:30

Simple provision, 6:22

Specific transactions, 6:4, 6:5

Stated, fixed tax rate and net income for year, provision based on, **6:26**

State taxes

creditable against partner's state income tax, **6:16**

effect of, 6:14

Tax audit adjustments, 6:21

Tax rate of partner, effect of, 6:10, 6:11

Testing, **6:38**

TAX PROTECTION AGREEMENTS

Contributed property - Section 704(c), 11:12

TAX TERMINATIONS

Contributed property - Section 704(c), **11:65**, **11:67**

TERMINATION OF PARTNERSHIP

Nonrecourse deductions, minimum gain chargeback requirement, **17:58**

Tax audit provisions, 28:89

TEST FOR ECONOMIC EFFECT

Generally, 12:9 to 12:49

For detailed treatment see index heading Eco-NOMIC EFFECT

TESTING

Tax distributions, 6:38

TIERED DISTRIBUTIONS

Cash distributions, 2:9

TIERED PARTNERSHIPS

Basis adjustments. See index heading Basis Adjustments

Contributed property - Section 704(c), 11:70

Nonrecourse deductions, minimum gain, 17:40

Recourse or nonrecourse partnership debt, economic risk of loss, **16:31**

Section 1.752-7 liabilities, contingent debt, **16A:24**

Securities partnerships and reverse Section 704(c) aggregation, qualified financial assets, **15:11**

TIME	TRANSFERS OF APPRECIATED PROPERTY
Audits. See index heading Audits	TO PARTNERSHIPS WITH FOREIGN
Basis adjustments, Section 754 elections, 24:8	PERSONS (SECTION 721(C))—Cont'd
Capital accounts, adjustment of, 10:86	Procedural and reporting rules—Cont'd
Preferred returns, time funds are contributed or	ceasing to have related foreign person as
distributed, 3:11	partner, 11A:47
TD A MCCEPIC OF A DDDECLATED DD ODEDTW	domestic partnerships treated as foreign,
TRANSFERS OF APPRECIATED PROPERTY	11A:34
TO PARTNERSHIPS WITH FOREIGN	effectively connected income, 11A:36
PERSONS (SECTION 721(C))	examples, 11A:43 to 11A:49
Generally, 11A:1 to 11A:52	gain deferral reporting, 11A:31 to 11A:33
Acceleration events and exceptions	limitations period on assessment of tax, exten-
generally, 11A:21 , 11A:22	sion of, 11A:35
fully taxable dispositions of portion of partner- ship interest, 11A:29	limited remedial allocation method for anti- churning property, 11A:49
partial acceleration events, 11A:25 to 11A:27	relief for nonwillful failure to file or comply,
regulatory allocations, 11A:26	11A:42
Section 367 transfers of Section 721(c) prop-	Schedule K-1 below
erty to foreign corporation, 11A:28,	Section 367 transfers of Section 721(c) prop-
11A:48	erty to foreign corporation, 11A:48
Section 734 adjustment, distributions of other property resulting in, 11A:27	Section 6031 filing obligation, partnership with, 11A:39
successor events, 11A:24	signatory, 11A:41
termination events, 11A:23	tiered partnership structures, applying gain
Anti-churning property	deferral method, 11A:37
gain deferral method, application of, 11A:52	treaty benefits, waiver of, 11A:39
limited remedial allocation method, 11A:49	Regulations. Temporary regulations, below
	Schedule K-1
Built-in gain, 11A:7	information on Schedule, 11A:40
Ceasing to have related foreign person as partner, 11A:47	related foreign partners, 11A:38
	Section 721(c) partnership
Distributive share, partner's, 11A:50	determination, 11A:44
Domestic partnerships treated as foreign, 11A:34	temporary regulations, 11A:4, 11A:10
Effectively connected income, 11A:14, 11A:36	Section 721(c) property
Extension of limitations period on assessment of tax, 11A:35	determination, 11A:45
Gain deferral method	temporary regulations, 11A:5, 11A:11
	Signatory, procedural and reporting rules, 11A:41
generally, 11A:16	Temporary regulations
annual reporting, 11A:33	generally, 11A:3 to 11A:15
consistent allocation method, 11A:18	built-in gain, 11A:7
interest expense, special rules, 11A:19	effectively connected income property, contri-
reporting, 11A:31 to 11A:33	bution of, 11A:14
requirements, 11A:13, 11A:17	excluded property, 11A:8 gain deferral contribution, 11A:9
research and development expenditures,	gain deferral contribution, 11A:9 gain deferral method, above
special rules, 11A:19	intangibles (Section 197(f)(9)), contribution to
temporary regulations, 11A:6, 11A:13	partnership, 11A:15
tiered partnerships, 11A:20, 11A:37	section 721(c) partnership, 11A:4 , 11A:10
Intangibles (Section 197(f)(9)), contribution to	section 721(c) partnersing, 111.14, 111.110 section 721(c) property, 11A:5, 11A:11
partnership, 11A:15	tiered partnerships, 11A:12
Limitations period on assessment of tax, extension of 114.35	Tiered partnerships
sion of, 11A:35	* *
Notice 2015-54, 11A:2	assets-over tiered partnerships, 11A:46
Procedural and reporting rules	gain deferral method, 11A:20, 11A:37
generally, 11A:30 to 11A:49	Section 704(c) computations, 11A:51
annual reporting, gain deferral method, 11A:33	temporary regulations, 11A:12
assets-over tiered partnerships, 11A:46	Treaty benefits, waiver of, 11A:39

TRANSFERS OF PARTNERSHIP INTERESTS

Capital accounts, 10:20, 10:69

Contributed property - Section 704(c), 11:75, 11:77

Minimum gain, transfer of, 17:42

TRANSITORY ALLOCATIONS

Substantiality generally, 23:20

for detailed treatment see index heading Substantiality

U

UNEXPECTED ADJUSTMENTS

Alternate test for economic effect, qualified income offset, 13:15

UNIQUENESS

Target allocations, 21:11, 21:22

UNREALIZED INCOME

Capital accounts, allocation if there were taxable disposition for fair market value, 10:93

V

VALUE

Basis adjustments. See index heading Basis Adjustments

VALUE-EQUALS-BASIS PRESUMPTION

Partnership interests, **14:19**, **14:34** Substantiality, **23:8**, **23:9**

W

WAIVER

Nonrecourse deductions, minimum gain chargeback requirement, **17:55**

WAIVER—Cont'd

Treaty benefits, 11A:39

WIFE AND HUSBAND

Capital accounts, 10:51

WITHHOLDING ON DISTRIBUTIONS

Generally, 8:1 to 8:7

Detailed provision, 8:7

Drafting provisions, generally, 8:5 to 8:7

Effectively connected income, statutory provisions, **8:1**, **8:3**

Elements in provisions, 8:5

Foreign partners, income that is not effectively connected income, **8:1**

Forms, **8:4**

Real property transactions, statutory provisions, 8:2

Simple provision, 8:6

Statutory provisions

generally, 8:1 to 8:3

effectively connected income, 8:1, 8:3

foreign partners, income that is not effectively connected income, **8:1**

real property transactions, 8:2

WITHHOLDING REQUIREMENTS

Carried Interests and Section 1061 Regulations, 30:202

X

XIRR

Internal rate of return, 5:22