Preface		χυ
Acknowledgments		xix
Chapter I.	Introduction	1
	The Nature of a Partnership	1
	Approaches to Partnership Taxation (Asset vs. Entity)	4
	Overview of Subchapter K and Partnership Taxation	6
	Key Partnership Tax Themes Throughout the Text	10
	Choice of Entity and Related Issues	14
	Nontax Factors	15
	Tax Factors	15
	Check-the-Box and Electing the Tax Regime	22
Chapter 2.	Formation of Partnerships	25
	Introduction	25
	Nonrecognition Framework	28
	Basis, Holding Period, and Character	30
	Outside Basis	31
	Inside Basis	32
	Holding Period	37
	Character Matters	39
	Converting from a Sole Proprietorship	40
Chapter 3.	Accounting for Partnership Operations	47
	Introduction	47
	Partnership Taxable Income	48
	Computing the Partnership's Taxable Income: § 703	49
	Separately Stated Items: § 702	51
	Partners' Distributive Share	54
	Synthesis of Partnership Taxable Income and Partner's	
	Distributive Share	56
	Timing Matters	59
	The Partnership's Taxable Year	59
	Taxable Year of Including a Partner's Distributive Share	60
	Taxable Year of the Partnership	61

	Partnership Accounting Methods	66
	Additional Limits on Losses	68
	Basis Limitation	69
	At-Risk Limitation	73
	Passive Losses	77
	Applying the Loss Limitations	80
	Capital Accounts	81
	Maintenance of Capital Accounts	82
Chapter 4.	Partnership Allocations Part I: § 704(b)	97
	Introduction	97
	Substantial Economic Effect	100
	Economic Effect	100
	Capital Account Requirement	101
	Liquidation Requirement	104
	Deficit Restoration Obligation Requirement	105
	Synthesis of the Main Test	107
	Alternate Test for Economic Effect	108
	Qualified Income Offset Provisions	111
	Partial Economic Effect	116
	Economic Equivalence	118
	Substantiality	118
	General Rule for Substantiality	119
	Shifting Tax Consequences	121
	Transitory Allocations	125
	The Concept of Strong Likelihood and the	
	Partnership Agreement	126
	Partner's Interest in the Partnership	128
	Items That Cannot Have Economic Effect	130
Chapter 5.	Partnership Allocations Part II:	
	§ 704(c) and Built-In Gain or Loss	143
	Introduction	143
	General Matters and Definitions	146
	The Traditional Method	147
	Traditional Method with Curative Allocations	153
	Remedial Allocation Method	157
Chapter 6.	Partnership Liabilities	173
	Introduction	173
	Determining the Partner's Share of Liabilities	175
	Recourse Liabilities	176

	Nonrecourse Liabilities	178
	Partnership Minimum Gain	178
	Nonrecourse Deductions	179
	Partners' Share of Partnership Minimum Gain	180
	Section 704(c) Gain	181
	Partner's Share of Excess Nonrecourse Liabilities	181
	Allocating Nonrecourse Deductions	187
Chapter 7.	Distributions and Payments from a	
	Partnership	203
	Introduction	203
	Operating Distributions	204
	Distributions of Property Other Than Money	208
	Liquidating Distributions	216
	Character Issues and Holding Period	222
	Distributions of "Hot Assets" and § 751(b)	222
Chapter 8.	Payments Between a Partnership and	
	its Partners: § 707	243
	Introduction	243
	Partner Acting in a Non-Partner Capacity: § 707 (a) Payments Sales of Property Between a Partnership and a	245
	Partner Acting in a Non-Partner Capacity	247
	Disguised Payments for Services and Sales	248
	Disguised Payments for Services	249
	Disguised Sales	250
	Guaranteed Payments	254
	Section 707 Synthesis	256
Chapter 9.	Other Payments to Service Partners	263
	Introduction	263
	Payment with a Capital Interest in the Partnership	267
	Payment with a Profits Interest in the Partnership	271
Chapter 10.	Selling, Exiting, Terminating, and	
	Other Partnership Exits	287
	Introduction	287
	Sale of a Partnership Interest	287
	The Transferor-Partner	290
	Additional Look-Through and Collateral	205
	Impacts for Transferor-Partner	297

The Transferee-Partner	300
§ 754 Elections and § 743 Adjustments	303
Life After the § 743(b) Adjustment	312
Liquidating Distributions	314
Death of a Partner	317
Impact of Death or Retirement on the Taxable Year	318
Death of a Partner and Income in Respect of a Decedent	319
Termination of a Partnership	320
Varying and Shifting Partnership Interests	322
Partnership Mergers	327
Partnership Divisions	330
Table of Internal Revenue Code Sections	343
able of Treasury Regulations	
able of Administrative Rulings and Materials	
index	353