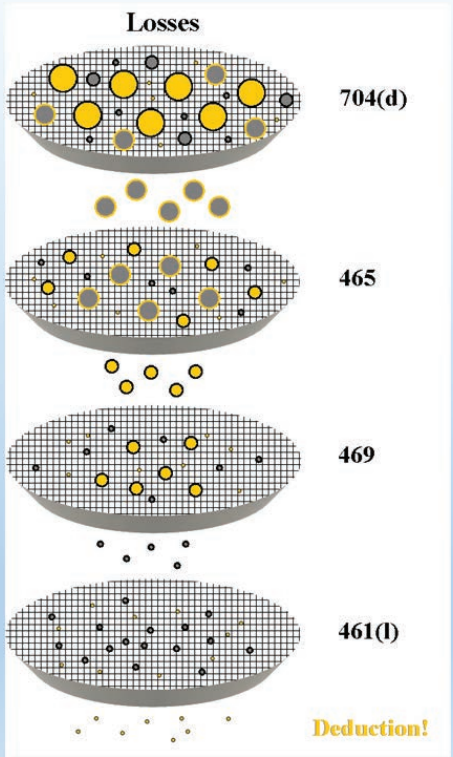
67TH ANNUAL TAXATION CONFERENCE
THE UNIVERSITY OF TEXAS SCHOOL OF LAW

New Rules on Section 461(l) – Limitations on Excess Business Losses (Everyone Pays!)

R. Brent Clifton

Thursday, December 5, 2019, 10:00-11:00 am

WINSTEAD
ATTORNEYS



II. PARTNER'S BASIS IN PARTNERSHIP INTEREST

Section 705 Increases in Basis:

- contributions of money or property
- allocations of taxable and tax-exempt income
- depletion in excess of depletable basis
- increase in share of liabilities

II. PARTNER'S BASIS IN PARTNERSHIP INTEREST

Section 705 Decreases in Basis:

- distributions
- losses
- nondeductible expenditures and noncapitalizable expenses
- depletion deduction not in excess of depletable basis
- decrease in share of liabilities

II. PARTNER'S BASIS IN PARTNERSHIP INTEREST

Example of § 752 increase:

50/50 partnership

A contributes:		$50
B contributes:		
Property:	$100	
Debt:	<$50>	$50

A's basis = $50 + (50% x 50 debt = 25) = 75

II. PARTNER'S BASIS IN PARTNERSHIP INTEREST

Example of § 752 decrease:

B basis in contributed property	$100
Less: debt relief (50 x 50%)	<$25>
B's basis	$75

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