

1

---

---

---

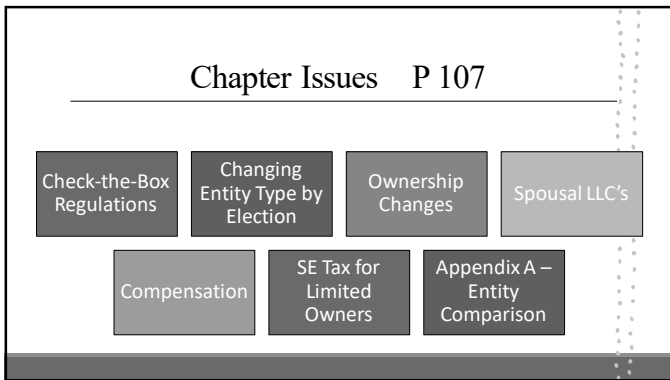
---

---

---

---

---



2

---

---

---

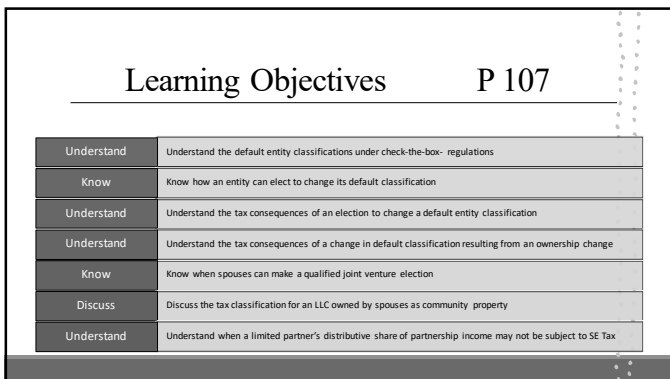
---

---

---

---

---



3

---

---

---

---

---

---

---

---

# Issue 1

CHECK-THE-BOX REGULATIONS

4

---

---

---

---

---

---

---

---

Check-the-Box  
Regulations  
P 109

I.R.C. 7701(a)(2) – Partnership

I.R.C. 7701(a)(3) – Corporation

Form 2553 – election to be taxed as S Corp

Form 8832 – election to be taxed as a C Corp

5

---

---

---

---

---

---

---

---

Default Classification

P 109

FIGURE 4.1  
Classification of Domestic Business Entities

State Law	Federal Tax Default	Federal Tax Elections
Sole proprietorship	Income reported by owner	None
Corporation	C corporation	S corporation
Partnership	Partnership	C corporation or S corporation
Single-member LLC	Disregarded entity	C corporation or S corporation
Multimember LLC	Partnership	C corporation or S corporation

6

---

---

---

---

---

---

---

---

## Issue 2

CHANGING ENTITY TYPE BY  
ELECTION

---

7

---

---

---

---

---

---

---

---

Single-Member  
LLC  
P 110

- Elect to be taxed as:
  - S Corporation
  - C Corporation

8

---

---

---

---

---

---

---

---

SMLLC taxed as  
C or S Corp  
P 110

- Assets & Liabilities – contributed in exchange for stock
- I.R.C. 351 – no gain or loss recognized
- Basis of stock is basis of assets contributed
- Recognized gain
  - BOOT received
  - Assumed liabilities > adjusted basis of contributed assets
  - Reduces basis amount equal to liabilities assumed by corporation

9

---

---

---

---

---

---

---

---

Example 4.1 – Assumption of Liabilities

- SMLLC
- Filed 8832 – taxed as Corporation
- Exchanged Property -- \$ 10,000
  - FMV \$ 8,000
- \$ 3,000 Cash
- \$ 4,000 Liabilities
- Realized Gain = \$ 5,000
  - \$ 8,000+3,000+4,000-10,000
- IRC 351 – tax free exchange



10

---

---

---

---

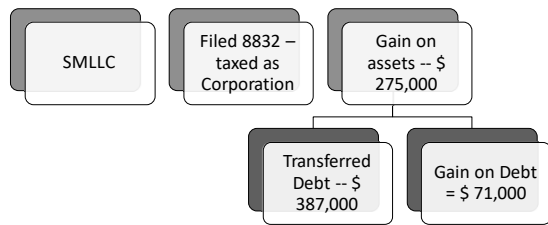
---

---

---

---

Example 4.2 – Assumption of Liabilities  
Exceeds Basis



11

---

---

---

---

---

---

---

---

FIGURE 4.3  
Noah Cohen's Stock Basis

Liabilities assumed by the corporation	\$387,000
Adjusted tax basis of contributed assets	(316,000)
Gain recognized	<u>\$ 71,000</u>
Stock basis	<u>\$ 0</u>

FIGURE 4.2  
Noah Cohen's Balance Sheet

	Adjusted Tax Basis	Fair Market Value
Assets	<u>\$316,000</u>	<u>\$591,000</u>
Liabilities	\$387,000	\$387,000
Capital/equity	(\$71,000)	\$204,000
Total liabilities and capital/equity	<u>\$316,000</u>	<u>\$591,000</u>

P 110-111

12

---

---

---

---

---

---

---

---

Multimember  
LLC to  
Corporation  
P 111

Assets & Liabilities exchanged for  
Stock

Liquidating Partnership in  
exchange for stock

Tax-free transaction if:

- Debt transferred < adjusted tax basis of  
contributed assets
- Contributing taxpayers control > 80% of  
stock

13

---

---

---

---

---

---

---

---

Multimember  
LLC to  
Corporation  
P111-112

Taxable liquidating distribution

Prior 7 yrs Partnership received  
property with pre-contribution gain

A partner receives a disproportionate  
share of \$751 assets

The distribution is deemed part of a  
disguised sale

14

---

---

---

---

---

---

---

---

Example 4.3 – MMLLC to Corporation

- Cole Jackson Designs, LLC
- Tania 60%, Ayesha 40%
- Assets & liabilities transferred to Corp
- Stock Basis \$ 300,000
  - Tania \$ 180,000
  - Ayesha \$ 120,000

15

---

---

---

---

---

---

---

---

**FIGURE 4.4**  
Cole Jackson Designs, LLC Balance Sheet

	Adjusted Tax Basis	Fair Market Value
Assets	\$750,000	\$1,300,000
Liabilities	\$450,000	\$ 450,000
Capital—Tania	190,000	510,000
Capital—Ayesha	120,000	340,000
Total liabilities and capital	\$750,000	\$1,300,000

**FIGURE 4.5**  
Cole Jackson Designs, LLC Balance Sheet—Excess Debt

	Adjusted Tax Basis	Fair Market Value
Assets	\$750,000	\$1,300,000
Liabilities	\$950,000	\$ 950,000
Capital—Tania	(120,000)	210,000
Capital—Ayesha	(80,000)	140,000
Total liabilities and capital	\$750,000	\$1,300,000

**FIGURE 4.6**  
Tania Cole's and Ayesha Jackson's Stock Basis

Liabilities assumed by corporation	\$950,000
Adjusted tax basis of contributed assets	(750,000)
Gain recognized	\$200,000
Stock basis	\$ 0

Example 4.3 – MMLLC to Corporation

16

---

---

---

---

---

---

---

---

---

---



### SMLLC/MMLLC to S Corp P 112

- Small Business Corporation if:
  - Domestic Corp
  - Less than 100 shareholders
  - All owners – US citizens, resident alien individuals, estates, certain trusts or certain tax-exempt organizations
  - Only 1 class of stock
  - Amend Operating Agreements – only one class of stock
  - Preferred distributions
  - Guaranteed rate of return
  - Liquidation according to capital account balances

17

---

---

---

---

---

---

---

---

---

---



### SMLLC/MMLLC to S Corp P 112

- New Members – gain recognition
- Transfer of property in exchange for interest
- No gain if:
  - 80% control
  - Made in formation process
  - Company already formed & operating

18

---

---

---

---

---

---

---

---

---

---



### SMLLC/MMLLC to S Corp P 113

- Example 4.5 – Admission of New LLC Member
- Boot Jack Brewery LLC
- Layla buys in after formation
- Contributed equipment – 10% stock
- No gain
  - Layla does not own > 80%

19

---

---

---

---

---

---

---

---



### SMLLC/MMLLC to S Corp P 113

- Loss Limitations
- Loss allowed to the extent of adjusted basis
- Excess loss over basis – allowed when excess amount is repaid to the partnership
- Losses of S Corp Shareholder – limited to shareholders stock basis & bona fide debt
- Carry over losses

20

---

---

---

---

---

---

---

---



### SMLLC/MMLLC to S Corp P 114

- Example 4.6 – Debt Basis
- Sunshine Ridge Ski School
- Sunshine Ridge gets loan from bank
- Loss allocated to members
- Partnership – members use debt as basis
- S Corp shareholders – do not use debt as basis

21

---

---

---


---

---

---

---

---



**SMLLC/MMLLC to S Corp**  
P 114

- Cross-Reference: Partners Outside Basis & claiming losses
- Gain on Appreciated Assets
  - FMV > Adjusted Basis
  - Gain passed through to Shareholder
- UNLESS Built-In-Gains tax
- Cross-Reference: 751(b) Hot Assets

22

---

---

---


---

---

---

---

---



**SMLLC/MMLLC to S Corp**  
P 115

- Example 4.7 – Partnership Distributions
  - Distribute gear with no adverse tax consequences
- Cross-Reference – Partner Elections
  - 754 elect to adjust basis of partnership property
  - Outside basis different than Inside basis
  - Optional Basis Adjustment Election

23

---

---

---

---

---

---

---

---

**Issue 3**

OWNERSHIP CHANGES

---

24

---

---

---

---

---

---

---

---



Changing SMLLC to MMLLC P 116	Sale
	Gift
	Death – distribution to multiple heirs
	Divorce
	Relocation
	Distribution to others

---

---

---

---

---

---

---

---

25

Changing MMLLC to SMLLC P 116	Sale
	Gift
	Redemption
	Death of Member
	Divorce – non-community property state
	Relocation
	Merger
	Purchase – partner retirement

---

---

---

---

---

---

---

---

26

Tax MMLLC to SMLLC P 117	<ul style="list-style-type: none"><li>▪Practitioner Note: §736 distribution to retired partner<ul style="list-style-type: none"><li>▪Treated as owner until payments received</li></ul></li><li>▪§731(a) – liquidating distribution of assets<ul style="list-style-type: none"><li>▪Partner recognizes gain when \$\$\$ distributed &gt; adjusted basis</li><li>▪Distribution is only cash and/or unrealized receivable and inventory<ul style="list-style-type: none"><li>▪Partner recognizes loss when adjusted basis &gt; distribution</li></ul></li></ul></li></ul>
--------------------------------	---

---

---

---

---

---

---

---

---

27

Practitioner  
Note  
P 117

- MMLLC taxed as a Corporation
- Changed from MMLLC to SMLLC
- SMLLC treated as Corporation

28

---

---

---

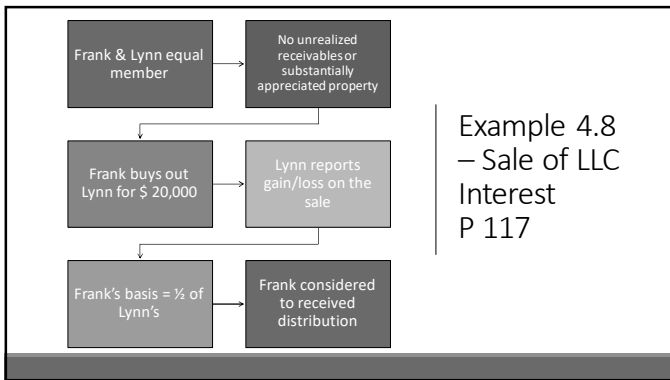
---

---

---

---

---



29

---

---

---

---

---

---

---

---

Example 4.9 – Sale of LLC to Unrelated Party  
P 118

- Greg & Georgia equal members
- No unrealized receivables
- No substantially appreciated inventory
- Ian buys them out for \$ 10,000 each
- Liquidating distributions to Greg & Georgia
- Ian's basis = \$ 20,000

30

---

---

---

---

---

---

---

---

Tax on SMLLC to MMLLC P 119

---

- Practitioner Note – Rev. Rul. 95-37
  - General Partnership to MMLLC = no gain/loss
  - No new EIN
- Practitioner Note – New EIN required?
  - MMLLC to SMLLC
  - SMLLC to MMLLC
  - [www.irs.gov/businesses/small-businesses-self-employed/do-you-need-a-new-ein](http://www.irs.gov/businesses/small-businesses-self-employed/do-you-need-a-new-ein)

31

---

---

---

---

---

---

---

---

Example 4.10 –  
Sale of SMLLC  
Interest  
P 118

---

Marcia Garcia

---

Capital assets

---

Bridget buys 50% interest -- \$ 5,000

---

Co-owners taxed as MMLLC

---

Marcia – gain/loss on deemed sale

---

Bridget Basis = \$ 5,000

---

Marcia Basis = 50% of old assets

32

---

---

---

---

---

---

---

---

Example 4.1 – Contribution to LLC P 119

---

Joseph – SMLLC

---

Capital Assets

---

Barbara buys 50% interest -- \$ 10,000

---

Co-owners taxed as MMLLC

---

Joseph – no gain/loss

---

Barbara's Basis = \$ 10,000

---

Joseph Basis = basis of old assets

33

---

---

---

---

---

---

---

---

# Issue 4

## SPOUSAL LLC

---

34

---

---

---

---

---

---

---

### Partnership is..... P 120

Syndicate	Group	Pool
Joint Venture	Other unincorporated organization that carries on any business	Financial operation
Venture	NOT a corporation, trust or estate	

35

---

---

---

---

---

---

---

### Qualified Joint Venture P 120

Unincorporate business	Only members are spouses	Must file joint tax return	Elect not to be taxed as Partnership
Do not file Form 1065	Can File separate Schedule C, Schedule F & Schedule SE	Schedule E – QJV box Line 2	Observation – LLC Ownership cannot elect out

36

---

---

---

---

---

---

---

Spouses &  
Qualified Joint  
Venture  
P 121 & 122

- Electing QJV – don't file Form 1065
- EIN – needed when
  - Excise tax
  - Employment tax
  - Alcohol/tobacco/firearms returns
- Example 4.12 – QJV with Employees
- Practitioner Note – Wage Report Matching
- Community Property States

37

---

---

---

---

---

---

---

---

Issue 5  
COMPENSATION

---

38

---

---

---

---

---

---

---

---

Member Comp  
& Guaranteed  
Payments  
P 123

- NO Wages – partners & MMLLC members
- Wages – service providing S Corp Shareholders
- Guaranteed Payments – service providing MMLLC Members
- Example 4.13 – Guaranteed Payment & Distributive Share
- Example 4.14 – Guaranteed Payment Creates Loss

39

---

---

---

---

---

---

---

---

**QBI – Qualified Business Income P 124**

TCJA of 2017 – 20% deduction	Pass-through entity shareholders, partners, members	Does not include wages paid to owners
Does not include Guaranteed payments – service providers	Include Guaranteed payments -- capital	Unreasonable Compensation – S Corp Shareholders include distributions

40

---

---

---

---

---

---

---

---

**§179 Deduction P 125**

```

graph TD
    A[Limits apply to LLC] --> B[Limits apply to LLC Members - allocation]
    B --> C[Positive taxable income]
    C --> D[Pass-through on Schedule K-1]
    
```

41

---

---

---

---

---

---

---

---

**Example 4.15**

**Guaranteed Payments & §179**

P 125

- Corey & Zara equal members
- Zara – \$50,000 guaranteed payments
- Business taxable income \$ 100,000
- §179 -- \$ 70,000 property

	LLC	Corey	Zara
Taxable business income	\$100,000		
Guaranteed payment	(50,000)	\$ 0	\$50,000
Remaining business income allocation	\$ 50,000	25,000	25,000
Allocated ordinary income		\$25,000	\$75,000
Section 179 deduction allocation	\$ 70,000	\$35,000	\$35,000

42

---

---

---

---

---

---

---

---

Example 4.16 –  
SMLLC Entity  
Choice  
P 125

Savannah – organic apple orchard

Net Income = \$ 100,000

What entity type should she be?

---

---

---

---

---

---

---

---

43

**FIGURE 4.8**  
Savannah Abel's Tax on Disregarded Entity Income

Income (all QBI)	\$100,000	
Deduction for one-half SE tax (\$100,000 × 0.9235 × 15.3% × 50%)	(7,065)	
Standard deduction	(14,600)	
Taxable income before the QBI deduction	\$78,335	
Tentative QBI deduction [((\$100,000 – \$7,065) × 20%)]	\$18,587	
QBI deduction taxable income limitation (\$78,335 × 20%)	\$15,667	
Lesser of tentative QBI deduction or QBI taxable income limitation	(15,667)	
Taxable income	<u>\$62,668</u>	
Tax using the 2024 tax rate schedules*		\$ 8,840
SE tax (\$100,000 × 0.9235 × 15.3%)		14,130
Total tax liability		<u>\$22,970</u>

\*(\$62,668 – \$47,150) × 22% = \$3,414 + \$5,426 = \$8,840

Figure 4.8 –  
Disregarded  
P 126

---

---

---

---

---

---

---

---

44

**FIGURE 4.9**  
Savannah Abel's Tax on C Corporation Income

C corporation income before wages paid to Savannah	\$100,000	
Wages paid to Savannah	(70,000)	
Employer FICA tax (\$70,000 × 7.65%)	(5,355)	\$5,355
Net C corporation income	\$24,645	
Corporate income tax (\$24,645 × 21%)		5,175
Savannah's wage income	\$70,000	
Standard deduction	(14,600)	
Savannah's taxable income before QBI deduction	\$55,400	
QBI deduction	0	
Savannah's taxable income after QBI deduction	\$55,400	
Savannah's tax using the 2024 rate schedules*		7,241
Employee FICA tax (\$70,000 × 7.65%)		5,355
Total tax liability		<u>\$23,128</u>

\*(\$55,400 – \$47,150) × 22% = \$1,815 + \$5,426 = \$7,241

Figure 4.9  
– C Corp  
P 127

---

---

---

---

---

---

---

---

45

**FIGURE 4.10**  
**Savannah Abel's Tax on S Corporation Income**

S corporation income before wages paid to Savannah	\$100,000	
Wages paid to Savannah	(70,000)	
Employer FICA tax (\$70,000 × 7.65%)	(5,355)	\$ 5,355
Net S corporation income passed through to Savannah	\$24,645	
Savannah's wage income	70,000	
Standard deduction	(14,600)	
Savannah's taxable income before QBI deduction	\$80,045	
QBI deduction not limited by taxable income (\$24,645 × 20%)	(4,929)	
Savannah's taxable income	\$75,116	
Savannah's tax using the 2024 tax rate schedules*	11,579	
Employee FICA tax (\$70,000 × 7.65%)	5,355	
Total tax liability	<u>\$22,289</u>	

\*1875,116 - \$47,150 + 22% = \$6,153 + \$5,426 = \$11,579

Figure  
4.10 –  
S Corp  
P 127

---

---

---

---

---

---

---

---

---

---

46

Which is best?

**FIGURE 4.11**  
**Comparison of Disregarded Entity, C Corporation, and S Corporation**

	Disregarded Entity	C Corporation (no distributions)	S Corporation
Entity tax	\$ 0	\$10,530	\$ 5,355
Owner FICA/SE tax	14,130	5,355	5,355
Owner income tax	8,840	7,241	11,579
Total tax liability	<u>\$22,970</u>	<u>\$23,126</u>	<u>\$22,289</u>

---

---

---

---

---

---

---

---

---

---

47

Example 4.17 – MMLLC Choice of Entity	Manufacturing company
	Uncle Shane – 50% of initial capital
	Kady – 25% & full-time service provider
	Quenton – 25% & part-time service provider
	24% ordinary tax bracket
	15% capital gains & qualified dividends

---

---

---

---

---

---

---

---

---

---

48



Figure 4.12  
Partnership & Guaranteed Payments  
P 129

	Kady	Quenton	Shane
Guaranteed payment	\$100,000	\$50,000	\$ 0
LLC ordinary income (\$240,000 – \$100,000 – \$50,000)	22,500	22,500	45,000
Deduction for one-half of SE tax			
Kady [(\$122,500 × 0.9235 × 15.3%) × 50%]			
Quenton [(\$72,500 × 0.9235 × 15.3%) × 50%]			
Shane (no SE tax*)	(8,654)	(5,122)	(0)
Taxable income before QBI deduction	\$113,846	\$67,378	45,000
QBI deduction			
Kady and Quenton [(\$22,500 – \$1,590**) × 20%]			
Shane (\$45,000 × 20%)	(4,182)	(4,182)	(9,000)
Taxable income	\$109,664	\$63,196	\$36,000
Ordinary income tax at 24%	\$ 26,319	\$ 15,167	\$ 8,640
SE tax			
Kady (\$122,500 × 0.9235 × 15.3%)			
Quenton (\$72,500 × 0.9235 × 15.3%)			
Shane (no SE tax**)	17,309	10,244	0
Total tax liability	\$ 43,628	\$ 25,411	\$ 8,640

\*Shane may be treated as a limited partner (see the later discussion of SE tax for limited partners).  
\*\*One-half of SE tax on LLC ordinary income is \$1,590 [(\$22,500 × 0.9235 × 15.3%) × 50%].

49

Figure 4.13  
Partnership & Special Allocations  
P 130

	Kady	Quenton	Shane
Special allocation	\$100,000	\$50,000	\$0
LLC ordinary income (\$240,000 – \$100,000 – \$50,000)	22,500	22,500	45,000
Deduction for one-half of SE tax			
Kady [(\$122,500 × 0.9235 × 15.3%) × 50%]			
Quenton [(\$72,500 × 0.9235 × 15.3%) × 50%]			
Shane (no SE tax (limited partner))	(8,654)	(5,122)	(0)
Taxable income before QBI deduction	\$113,846	\$67,378	45,000
QBI deduction			
Kady (\$113,846 × 20%)			
Quenton (\$67,378 × 20%)			
Shane (\$45,000 × 20%)	(22,769)	(13,476)	(9,000)
Taxable income	\$ 91,077	\$ 53,902	\$ 36,000
Ordinary income tax at 24%	21,858	12,936	8,640
SE tax			
Kady (\$122,500 × 0.9235 × 15.3%)			
Quenton (\$72,500 × 0.9235 × 15.3%)			
Shane (no SE tax (limited partner))	17,309	10,244	0
Total tax liability	\$ 39,167	\$ 23,180	\$ 8,640

50

Figure 4.14  
C Corp  
P 131

	C Corporation	Kady	Quenton	Shane
C corporation income	\$240,000			
Wages	(150,000)	\$100,000	\$50,000	\$ 0
FICA tax (\$150,000 × 7.65%)	(11,475)			
Qualified dividends	N/A	5,000	5,000	10,000
Taxable income before QBI deduction	\$ 78,525	\$105,000	\$55,000	\$10,000
QBI deduction	0	0	0	0
Taxable income after QBI deduction	\$ 78,525	\$105,000	\$55,000	\$10,000
Ordinary income tax				
C corporation (\$78,525 × 21%)				
Kady (\$100,000 × 24%)				
Quenton (\$50,000 × 24%)				
Shane (\$0 × 24%)	16,490	24,000	12,000	\$ 0
Tax on qualified dividends				
Kady and Quenton (\$5,000 × 15%)				
Shane (\$10,000 × 15%)	N/A	750	750	1,500
FICA tax				
Kady (\$100,000 × 7.65%)				
Quenton (\$50,000 × 7.65%)				
Shane (\$0 × 7.65%)	11,475	7,650	3,825	0
Total tax liability	\$ 27,965	\$ 32,400	\$ 16,575	\$ 1,500

51

Figure 4.15  
S Corp  
P 131

	S Corporation	Kady	Quenton	Shane
S corporation income	\$240,000			
Wages	(150,000)	\$100,000	\$50,000	\$ 0
FICA tax (\$150,000 × 7.65%)	(11,475)			
Corporate income				
Kady and Quenton (\$78,525 × 25%)				
Shane (\$78,525 × 50%)	\$78,525	19,631	19,631	39,263
Ordinary income before QBI deduction		\$119,631	\$69,631	\$39,263
QBI deduction				
Kady (\$19,631 × 20%)				
Quenton (\$19,631 × 20%)		(3,926)	(3,926)	(7,853)
Shane (\$39,263 × 20%)				
Taxable income		\$115,705	\$65,705	\$31,410
Ordinary income tax				
Kady (\$115,705 × 24%)				
Quenton (\$65,705 × 24%)				
Shane (\$31,410 × 24%)	\$ 0	\$27,769	\$15,769	\$7,538
FICA tax				
Kady (\$100,000 × 7.65%)				
Quenton (\$50,000 × 7.65%)	11,475	7,650	3,825	0
Shane (\$0 × 7.65%)				
Total tax liability	\$11,475	\$35,419	\$19,594	\$7,538

52

	Partnership with Guaranteed Payments	Partnership without Guaranteed Payments	C Corporation	S Corporation
Entity tax	N/A	N/A	\$27,965	\$11,475
Owner FICA/SE tax	\$27,553	\$27,553	11,475	11,475
Owner income tax	50,126	43,434	39,000*	51,076
Total tax	\$77,679	\$70,987	\$78,440	\$74,026

\* Includes only \$20,000 in distributions taxed as qualified dividends

Figure 4.16 -- Comparison P 131

53

Issue 6

SE TAX FOR LIMITED OWNERS

---

54

Treas. Reg.  
1.1402(a)-2(h)(2)

P 134

Not a Limited Partner if:

Personally liable for debts

Authority to contract

Participates more than 500  
hours during year

55

---

---

---

---

---

---

---

---

More than One Class of Interest P 134

Limited Partner – specific class of

Own a substantial, continuing interest in that specific  
class of partnership interest

Rights & obligations are identical to rights &  
obligations of limited partners

56

---

---

---

---

---

---

---

---

Exception to One Class of Interest P 134

Bifurcate distributive share by disregarding  
guaranteed payments for services

Distributed share – identical to others

Exclude Net Earnings from SE – returns of capital

57

---

---

---

---

---

---

---

---

Service Partners P 135

---

Not a limited partner

---

Not a service partner if provides de minimis services

---

A Service Partnership – health, law, engineering,  
architecture, accounting, actuarial science, consulting

58

---

---

---

---

---

---

---

---

<p>Andy – 25% for \$ 10,000, does not perform services</p> <ul style="list-style-type: none"> <li>• Limited Partner</li> <li>• No SE Tax</li> </ul>	<p>Chad – 25% for \$ 10,000, 1,000 hours &amp; \$ 10,000 guaranteed payments</p> <ul style="list-style-type: none"> <li>• GP subject to SE Tax</li> <li>• NOT a Limited Partner – probably LLC Member</li> <li>• Manager/General partner</li> <li>• SE Tax on pass through income</li> </ul>	<p>Brian – 50% for \$ 20,000, 600 hours &amp; \$ 6,000 guaranteed payments</p> <ul style="list-style-type: none"> <li>• GP subject to SE Tax</li> <li>• NOT a Limited Partner</li> <li>• No SE Tax on pass through income</li> </ul>
<p>Example 4.18 – SE Tax on LLC Members <span style="float: right;">P 135-135</span></p>		

59

---

---

---

---

---

---

---

---

I.R.C. §1401(a) – imposes SE Tax

➔

Trade or Business

➔

Distributive share of income from trade or business

I.R.C. §1402(a)(13) – excludes limited partners distributive share from SE Tax

➔

I.R.C. §702(a)(8) – distributive share subject to SE

↓

Case Law P 136

60

---

---

---




---

---

---

---

---

		
LICENSED ATTORNEY'S	LLC MEMBERS NOT LIMITED PARTNERS	DISTRIBUTING INCOME SUBJECT TO SE TAX
Castigliola v. Commissioner		P 137

61

---

---

---






---

---

---

---

---

				
INVESTMENT FIRM	1 GENERAL PARTNER	3 LIMITED PARTNERS – SERVICE PROVIDERS	“...LIMITED PARTNER EXCEPTION APPLIES ONLY TO A LIMITED PARTNER WHO IS FUNCTIONING AS A LIMITED PARTNER, AND IT REFERS ONLY TO PASSIVE INVESTORS.”	PRACTITIONER NOTE – RENKEMEYER V. COMMISSIONER
Soroban Capital Partners v. Commissioner P 137				

62

---

---

---

---

---


---

---

---

Appendix A – Entity Comparison

Pages 139-143



63

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---