

810-3-8-.20 Recognition of Gain or Loss on Transfer of Property to and Distribution of Property by a Subchapter K Entity.

(1) For all taxable years with respect to which a preliminary assessment of income tax could be made under the provisions of Section 40-2A-7, Code of Alabama 1975, as of May 27, 1997, or thereafter:

(a) Contribution of property to a subchapter K entity - The amount of gain or loss recognized on the contribution of property to a subchapter K entity in exchange for an interest in the subchapter K entity shall be determined in accordance with 26 U.S.C. § 721.

(b) Distribution of property by a subchapter K entity - The amount of gain or loss recognized on the distribution of property by a subchapter K entity shall be determined in accordance with 26 U.S.C. § 731.

(2) No refunds shall be due or issued by reason of this regulation with respect to taxable years beginning before January 1, 1997.

(3) For interpretation of federal statutes adopted by the Alabama Legislature see Rule 810-3-1.1-.01, Operating Rules.

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