

# Table of Contents

<b>Basis.....</b>	<b>1</b>
<b>What is basis.....</b>	<b>1</b>
<b>Cost basis.....</b>	<b>1</b>
Purchased property.....	2
Real property.....	2
Loans to acquire property.....	11
Cost segregation.....	12
Business purchase.....	13
<b>Asset development.....</b>	<b>16</b>
Asset production.....	16
<b>Basis other than cost.....</b>	<b>19</b>
Gift.....	19
Like-kind exchange.....	24
Involuntary conversion.....	27
Inherited property.....	29
Inherited community property.....	35
Property received for services.....	37
Bargain purchases.....	37
Restricted property.....	37
Property changed to business or rental use.....	38
<b>Adjusted basis.....</b>	<b>39</b>
Casualties and thefts.....	40
Canceled debt excluded from income.....	41
Manufacturer or seller rebates.....	41
Easements.....	42
Gas-guzzler tax.....	42
Adoption credit.....	42

<b>Stocks, Bonds and Mutual Funds .....</b>	<b>47</b>
<b>Stocks.....</b>	<b>47</b>
Qualified small business stock .....	48
Short sales .....	49
<b>Bonds.....</b>	<b>49</b>
Bond premiums .....	49
Bond discounts .....	50
<b>Mutual funds.....</b>	<b>51</b>
FIFO method.....	52
Specific identification method.....	52
Average basis method .....	52
<b>Wash sales.....</b>	<b>56</b>
Substantially identical property.....	57
Repurchase by spouse.....	57
<b>Partnership and S Corporation Basis .....</b>	<b>62</b>
<b>Tracking basis .....</b>	<b>62</b>
<b>Partner basis.....</b>	<b>62</b>
Partner's initial outside basis.....	63
Adjusting outside basis .....	64
Transferring assets.....	65
Charitable donations .....	66
Property distributions.....	66
Partnership indebtedness and outside basis .....	66
Zero basis rule .....	68
Sale or exchange of a partnership interest.....	68
At-risk limitations .....	69
<b>S corporation shareholder basis .....</b>	<b>72</b>
Shareholder's initial stock basis .....	72
Adjusting stock basis .....	73
Transferring assets.....	74

Timing of basis adjustments.....	75
Ordering rule for basis adjustments .....	75
Debt basis.....	76
At-risk limitations.....	78
<b>Appendix.....</b>	<b>86</b>
<b>Index.....</b>	<b>94</b>