**Sec. 1001. Determination of Amount   
of and Recognition of Gain or Loss**

**(a) Computation of Gain or Loss.** **The gain from the sale or other disposition of property** shall be the **excess** of the **amount realized** therefrom **over** the **adjusted basis** ..

**(b) Amount Realized.** The **amount realized** from the sale or other disposition of property shall be the **sum of any money received plus the fair market value of the property** (other than money) received..

**(c) Recognition of Gain or Loss. Except as** **otherwise provided** in this subtitle, the entire amount of the **gain or loss**, determined under this section, on the sale or exchange of property **shall be recognized.**

**(d) Installment Sales.** .

# Sec. 351.Transfer to Corporation Controlled by Transferor

**(a) General Rule. No gain or loss** shall be recognized if **property is transferred** to a corporation by **one or more persons** **solely in exchange for stock** in such corporation and immediately after the exchange such person or persons are in **control** (as defined in section 368(c)) of the corporation.

**(b) Receipt of Property.**

**(1) gain (if any)** to such recipient shall be recognized, but not in **excess** of-

**(A)** the amount **of money** received, plus

**(B)** the **fair market value** of such other   
property received; and

**(2) no loss** to such recipient shall be recognized.

# Sec. 357. Assumption of Liability

**(a) General Rule**. …

**(1)** taxpayer receives property **under sec, 351**, and

**(2)** as part of the consideration, **another party** to   
the exchange **assumes a liability of the taxpayer**,

then such **assumption shall not be treated as money or other property, and shall not prevent the exchange from being within the provisions of section 351** or 361, as the case may be.

## (b) Tax Avoidance Purpose…

## (c) Liabilities in Excess of Basis.

**(1) In general.** ..

if the sum of the amount of the **liabilities assumed exceeds the total of the adjusted basis** of the property transferred pursuant to such exchange,   
then such **excess** shall be considered as a **gain** from the sale or exchange of a capital asset or of   
property which is not a capital asset, as the case may be.

**Sec. 358. Basis to Distributees**

**(a) General Rule.** ..

**(1) Nonrecognition property.** The **basis** of the property permitted to be **received** under such section without the recognition of gain or loss shall be the **same as that of the property exchanged**-

**(A) decreased by-**

**(i)** the **fair market value of any other property** (except money) **received** by the taxpayer,

**(ii)** the amount of any **money received** by the taxpayer, and

**(iii)** the amount of **loss to the taxpayer** which   
was **recognized** on such exchange, and

**(B) increased by—**

**(i)** the amount which was treated as a dividend, and

**(ii)** the amount of **gain to the taxpayer which was recognized** on such exchange ..

**(2) Other property.** The **basis** of any   
**other property** (except money) received by the taxpayer shall be its **fair market value**.

## (d) Assumption of Liability.

**(1) In general.** Where, as part of the consideration   
to the taxpayer, another party to the exchange **assumed a liability of the taxpayer**, such assumption shall, for purposes of this section,   
**be treated as money received** by   
the taxpayer on the exchange.

# Sec. 362. Basis to Corporations

**(a) Property Acquired by Issuance of Stock.** If property was acquiredin connection with a section 351 transaction…

**(2)** .. **the basis shall be the same as it would be in the hands of the transferor, increased in the amount of gain recognized to the transferor on such transfer……**..

**368(c) Control Defined.**    
For purposes of …this part … , the term “control” means ownership of stock possessing at least **80 percent of the total combined voting power of all classes of stock** entitled to vote..

# Sec. 1032. Exchange of Stock for Property

**(a) Nonrecognition of Gain or Loss**. **No gain or loss shall be recognized to a corporation** on the receipt of money or other property in **exchange for stock**(**including treasury stock**) of such corporation. ..