

1961

## Survey of Tax Literature (December 7-8, 1961)

William & Mary Law School

---

### Repository Citation

William & Mary Law School, "Survey of Tax Literature (December 7-8, 1961)" (1961). *Faculty Exams: 1944-1973*. 80.  
<https://scholarship.law.wm.edu/exams/80>

Copyright c 1961 by the authors. This article is brought to you by the William & Mary Law School Scholarship Repository.  
<https://scholarship.law.wm.edu/exams>

SURVEY OF TAX LITERATURE

December 7 and 8, 1961

*Get the methodology down part*

1. Please ascertain the answers to the two following problems. After you have satisfied yourself that you have the answers, please set forth the instructions that you would give to someone else as to how to find the answers to these problems.

A corporation owned assets which had appreciated in value in the amount of \$50,000. The corporation was liquidated in one calendar month in 1961, and the five equal shareholders (all individuals) elected to be treated as qualified electing shareholders. There were accumulated earnings of \$7,500 and the corporation had cash of \$6,000 and stock and securities acquired after 1953 in the amount of \$4,000; each shareholder had a basis for his stock of \$12,000. How are liquidating distributions to be reported for tax purposes by each of the shareholders?

*See 333  
of Code  
1.333-1  
1.333-2  
1.333-4  
4 examples  
(1)(2)(3)  
(4)(5)*

A corporation had inventories that had cost \$50,000 with a present fair market value of \$75,000. Its other assets were furniture and fixtures with a fair market value of \$10,000 and \$5,000 in cash. Twelve persons each owned eight of the 100 shares; the remaining stock was owned by Individual M. Two years after incorporation, the shareholders collectively sold their stock to another corporation for an aggregate gain of \$30,000. Discuss the taxability of the gain insofar as each shareholder is concerned.

*Property - liquidation of, gain or loss recognized,  
§ 1001 of Code , § 1.1001-1(a)  
§ 1002 § 1.002-1*

*Capital assets - defined  
§ 1221 § 1.1221-1 (a) (i)*

*Capital gains & losses - defined (4110) (11000) → § 1222  
- deduction for → § 1202  
1.1202-1*