

## 26 U.S. Code § 743 - Special rules where section 754 election or substantial built-in loss

### (d) SUBSTANTIAL BUILT-IN LOSS

(1) **IN GENERAL** For purposes of this section, a partnership has a substantial built-in loss with respect to a transfer of an interest in the partnership if—

(A) the partnership's adjusted basis in the partnership property exceeds by more than \$250,000 the fair market value of such property, or

(B) the transferee partner would be allocated a loss of more than \$250,000 if the partnership assets were sold for cash equal to their fair market value immediately after such transfer.

### (2) REGULATIONS

The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of paragraph (1) and section 734(d), including regulations aggregating related partnerships and disregarding property acquired by the partnership in an attempt to avoid such purposes.