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TAX APPEAL BOARD OF THE STATE OF DELAWARE

PAUL E. & BETTY A. DISABATINO,
E. ANDREW & BARBARA DISABATINO,
Petitioners,

Docket No. 832,833

v.
DIRECTOR OF REVENUE,
Respondent.

Before: Joseph S. Yucht, Esquire, Chairman; John H. Cordrey, Esquire, Vice Chairman; Regina C. Dudzeic and Harry B. Roberts, Jr., Members.

Jerome K. Grossman, Esquire, of Bayard, Hendleman & Murdoch, P.A., for Petitioners.

Joseph Patrick Hurley, Jr., Esquire, Deputy Attorney General for Respondents.

DECISION AND ORDER

John H. Cordrey, Esquire, Vice Chairman. The parties have stipulated to the facts of the case. They are contained in the stipulation which is attached hereto as "Exhibit A" and incorporated herein by reference. A brief summary of the facts show that petitioners, Pennsylvania residents, are owners of a limited partnership known as Plaza L.P. The limited partnership owned real property in Delaware and its sole business was the rental of that property. By agreement dated August 18, 1981, all general and limited partners of Plaza L. P. agreed to sell all of their partnership interest in Plaza L. P. and, while they reported the income as Section 1231 gain on their federal return, they did not report any income from the sale on their non-resident Delaware personal income tax returns.

Petitioners assert that 30 Del. C Section 1122(c), which provides:

Income from intangible personal property, including ...gains from the disposition of intangible personal property, shall constitute income derived from sources within this State only to the extent that such income is from property employed by the taxpayer in a business, trade, commerce, profession or vocation carried on in this State.

controls in the instant case. They argue that the item that was sold was an interest in a limited partnership, an interest in a limited partnership is intangible personal property, and the limited partnership is not employed by petitioners in a business, trade, commerce, profession, or vocation carried on in Delaware, therefore, the income from the sale is not taxable in Delaware for a non-resident.

Respondent contends that 30 Del.C. Section 1122(c) is either the inappropriate subsection or, if 1122(c) applies, petitioners are engaged in a business in the State of Delaware and subject to taxation on this transaction under that subsection.

Respondent initially argues that Section 1122(a) provides for the inclusion of a non-resident's income, gain, loss and deductions derived from or connected with sources in this state including his distributive share of partnership income. Section 1122(b) defines "items of gain, loss ... derived from, or connected with, sources within this State..." in two sections which the respondent contends are material in the instant case, subsections (2) and (3).

Section 1122(b)(2) provides gain is considered as Delaware source if attributable to: "the ownership or disposition of any interest in real or tangible personal property in this State." Respondent argues the sale of the limited partnership is in reality a sale of real estate located in Delaware or is gain attributable to the sale of Delaware real estate. This argument is based upon the premise that the Board should "look through" the partnership, as it is not considered an "entity," and tax the petitioners as true owners, and sellers, of Delaware real estate.

This argument ignores a prior ruling of this Board, Crothers v. Director of Revenue, Tax Appeal Board, Dkt. No. 712 (1980). In Crothers a non-resident stockholder sold his stock in a Delaware corporation which owned Delaware real estate. The Board held that the sale of the stock did not result in Delaware source income. In fact, Respondent has agreed, in his brief and at oral argument, that had the limited partnership been a "C corporation" there could be no tax imposed on the transaction involved here. The Board finds that there is no difference between the sale of the intangible interest (stock) in a corporation owning Delaware real estate and the sale of the intangible interest in a limited partnership owning Delaware real estate. Both sales are clearly sales of intangible personal property and the differences asserted by Respondent between the "aggregate" and "entity" theories are immaterial to the present inquiries.

Section 1122(b)(3) provides gain attributable to "a business, trade, commerce, profession or vocation carried on in this State" is Delaware source gain. Respondent urges the Board to find that the aggregate theory mandates a partner be treated as carrying on a business in Delaware as the limited partnership is engaged in the rental of property in Delaware, and thus the income considered Delaware source. The facts of this case indicate a sale of the limited partnership interest of a business carried on in Delaware, not engaging in the business in Delaware of selling limited partnerships. Assuming for the moment that the Petitioners may be considered to transact business in the State under the aggregate theory, this section does not reach this transaction as the Petitioners were not engaged in the business of selling limited partnerships in Delaware, rather, at most, engaging in the business of renting property.

Respondent finally argues that this is not the sale of a partnership interest but is a sale of assets and a termination of the partnership. The parties have stipulated that the transaction was a sale of the partnership interest and Respondent has cited no cases persuasive to the Board through which

the Board might recast the form of the transaction which was entered into by the Petitioners.

The sole issue remaining is whether the transaction is taxable under Section 1122(c). The statute requires the intangible property be "...employed by taxpayer in a business, trade, commerce, profession or vocation carried on in this State," in order to be Delaware source income. There are no facts to support such a conclusion in this case. A clear reading of the statute and Crothers, supra, result in this transaction not being characterized as Delaware source income.

For the foregoing reasons the Notice of Assessment issued by the Director of Revenue in the instant matter is reversed.

IT IS SO ORDERED.

Feb. 13, 1987

John H. Cordrey
Joseph G. ...
Charles B. ...
Regina C. ...

BEFORE THE TAX APPEAL BOARD OF THE STATE OF DELAWARE

PAUL E. & BETTY A. DISABATINO
E. ANDREW & BARBARA DISABATINO

Petitioners,

v.

DIRECTOR OF REVENUE,

Respondent.

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TAX APPEAL BOARD

Docket No. 832 & 833

STATEMENT OF FACTS

NOW COME the parties in the above-captioned cause of action, by their respective representatives, and hereby stipulate and agree as follows:

1. Petitioners, Paul E. and Betty A. DiSabatino, are husband and wife with residence at 114 Temple Road, Glen Mills, Pennsylvania 19342, and E. Andrew and Barbara DiSabatino are husband and wife with residence at 444 Pierce Road, Kennett Square, Pennsylvania 19348.

2. Petitioners Paul E. DiSabatino and E. Andrew DiSabatino were general partners and limited partners in the limited partnership Plaza L.P. (A copy of the partnership agreement is attached hereto and incorporated as part of the Stipulation of Facts herein by reference).

3. Paul E. DiSabatino and E. Andrew DiSabatino contributed their interest in certain real property situated in the City of Wilmington to the limited partnership Plaza L.P.

4. This aforesaid real property was the Plaza Apartments located at Delaware Avenue and Franklin Street, Wilmington, Delaware, consisting of 215 completed apartment units and 15 commercial suites, improvements and a parking building on Hancock

Street.

5. According to the final Delaware partnership return, the partnership owned and leased residential apartment units, and Paul E. DiSabatino and E. Andrew DiSabatino devoted "part" of their time to the business of the partnership. (Said return is incorporated as part of the Statement of Facts herein by reference).

6. The partnership had employees who carried out the day-to-day affairs of the business of the partnership. Paul E. DiSabatino and E. Andrew DiSabatino utilized their partnership interest in making ultimate management decisions, e.g., refinancing of the real property, sale of the partnership interest. They did not utilize their partnership interest in the day-to-day affairs of the partnership.

7. Paul E. DiSabatino and E. Andrew DiSabatino are principles in and employed full time by Ernest DiSabatino and Sons whose business is that of contracting.

8. By agreement dated August 18, 1981, all of the limited and general partners of the Plaza Limited Partnership sold or agreed to sell all of their partnership interests in the limited partnership. Attached hereto and incorporated herein by reference as part of the Statement of Facts is the agreement of sale.

9. Paul E. DiSabatino and E. Andrew DiSabatino realized and recognized a gain on the sale of their partnership interests which gain was reported in their respective personal federal income tax returns as Section 1231 gain from an installment sale.

10. Petitioners did not report the net capital gain or the ordinary gain on their respective non-resident Delaware personal income tax returns.

11. The Director of Revenue issued a notice of assessment

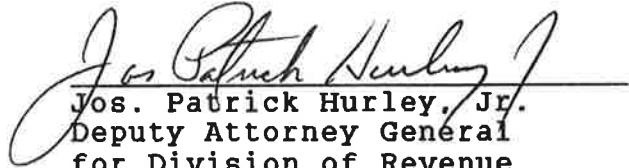
for tax and interest based upon the inclusion of these amounts in Petitioners non-resident return as Delaware source income.

12. The sole asset of the partnership was the apartment complex buildings and its fixtures and appliances.

13. For federal tax purposes the sale of a partnership interest is considered the sale or exchange of a capital asset except to the extent of unrealized receivable and substantially appreciated inventory.



Mr. Howard H. Simon, C.P.A.
Simon, Master & Sidlow, P.A.
2002 West 14th Street
Wilmington, DE 19806



Jos. Patrick Hurley, Jr.
Deputy Attorney General
for Division of Revenue
820 N. French Street
Wilmington, DE 19801

Box #374

1981

1981

Rev Code 001

~~1980~~ DELAWARE ~~1980~~

PARTNERSHIP RETURN

For Calendar Year 1980

or other taxable year beginning January 1, 1981 ~~1980~~ and ending August 18, 1981

Name PLAZA, L.P.		Employer Identification Number 51-0233348	
Number and Street 2601 West 4th Street		Type of Business Apartment rentals	
City or Town Wilmington, Delaware	State 19805	Zip Code	

- A. DID YOU FILE A PARTNERSHIP FORM 300 IN 1979 YES NO
- B. ARE ANY PARTNERS NON-RESIDENTS OF DELAWARE YES NO

- 1. Attach complete copy of U.S. Partnership Return of Income Form 1065 (including all schedules and statements).
- 2. Complete for each non-resident partner only (attach additional schedule if necessary):

Partner's share of income, deduction, etc. (Enter amounts from Schedule K1, Form 1065)	Partner A		Partner B		Portion, if any, of items not derived from or connected with sources in Dela			
					Partner A		Partner B	
a. Salary, interest, and ordinary income (loss) (Line 1(a) & (b), Schedule K1)	(732)		(1,464)					
b. Additional first-year depreciation (Line 2, Sch. K1)								
c. Qualifying dividends (Line 4, Schedule K1)								
d. Net short-term gain (loss) from sale or exchange of capital assets (Line 5(a)&(b) Schedule K1)								
e. Net long-term gain (loss) from sale or exchange of capital assets (Line 6(a)&(b) Schedule K1)								
f. Net gain (loss) from involuntary conversions due to casualty or theft (Line 7(a)&(b) Schedule K1)								
g. Net gain (loss) from sale or exchange of property under section 1231 (Line 8(a)&(b) Schedule K1)								
h. Contributions (Line 10(a) & (b), Schedule K1)								
i. Expense account allowance (Line 11, Schedule K1)								
J. Jobs Credit (Line 12, Schedule K1)								

Under penalties of perjury, I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

Sign here

Eugene J. ...
Signature of partner or member

12/14/81
Date

Sign here

William ... CPA
Signature of preparer other than partner or member

SIMON, MASTER & SIDLOW, P.A. 11/20/81
Wilmington, Delaware 19803

FINAL RETURN

Form 1065 Department of the Treasury Internal Revenue Service

U.S. Partnership Return of Income For calendar year 1980, or fiscal year beginning January 1, 1981 and ending August 18, 1981

1981 1065

Partnership details: Name (PLAZA, L.P.), Address (2601 West 4th Street, Wilmington, Delaware 19805), Employer ID (51-0233348), Date started (1/5/79), Business code (6511)

Accounting method: (1) Cash (checked), (2) Accrual, (3) Other. Final return? (checked) Yes.

Partnership status: Limited partnership? (checked) Yes. Amortizable basis? (checked) Yes.

IMPORTANT—Fill in all applicable lines and schedules. If you need more space, see page 1 of the Instructions.

Main income and deduction table with columns for description, sub-column, and amount. Includes Income (lines 1a-12) and Deductions (lines 13a-25).

Schedule A—COST OF GOODS SOLD AND/OR OPERATIONS (See Page 5 of Instructions). Lines 27-34.

Signature and date section: Preparer's signature, date (11/20/81), firm name (SIMON, MASTER & SIDLOW, P.A.), and social security number (142-34-7134).

35 a Check all methods used for valuing closing inventory: (i) Cost (ii) Lower of cost or market as described in regulations section 1.471-4 (see page 5 of Instructions) (iii) Writedown of "sub-normal" goods as described in regulations section 1.471-2(c) (see page 5 of Instructions).

b Did you use any other method of inventory valuation not described in line 35a?

Yes	No

If "Yes," specify methods used and attach explanation.

c Is Form 970 or other statement attached for adoption of LIFO inventory methods?

Yes	No

d Are you engaged in manufacturing?

Yes	No

If "Yes," did you value your inventory using the full absorption method (regulations section 1.471-11)?

Yes	No

e Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory?

Yes	No

If "Yes," attach explanation.

Schedule D—CAPITAL GAINS AND LOSSES (See Page 5 of Instructions)

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price minus expenses of sale	e. Cost or other basis	f. Gain (loss) for the year (d minus e)
1					
2 Partnership's share of net short-term gain (loss), including specially allocated items, from other partnerships and from fiduciaries					
3 Net short-term gain (loss) from lines 1 and 2. Enter here and on Schedule K (Form 1065), line 5					N/A

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

4					
5 Partnership's share of net long-term gain (loss), including specially allocated items, from other partnerships and from fiduciaries					
6 Capital gain distributions					
7 Net long-term gain (loss) from lines 4, 5, and 6. Enter here and on Schedule K (Form 1065), line 6					N/A

Schedule H—INCOME FROM RENTS (See Page 3 of Instructions) If you need more space, attach schedule.

a. Kind and location of property	b. Amount of rent	c. Depreciation (explain in Schedule J)	d. Repairs (attach schedule)	e. Other expenses (attach schedule)
Apartments 1303 Delaware Avenue Wilmington, Delaware	659,690	103,979	37,340	595,614
1 Totals	659,690	103,979	37,340	595,614
2 Net income (loss) (subtract total of columns c, d, and e from column b). Enter here and on page 1, line 7				(77,243)

Schedule I—BAD DEBTS (See Page 4 of Instructions)

a. Year	b. Trade notes and accounts re- ceivable outstanding at end of year	c. Sales on account	Amount added to reserve		f. Amount charged against reserve	g. Reserve for bad debts at end of year
			d. Current year's provision	e. Recoveries		
1975						
1976		N/A				
1977						
1978						
1979						
1980						

Schedule J—DEPRECIATION (See Page 6 of Instructions) If you need more space, use Form 4562

a. Description of property	b. Date acquired	c. Cost or other basis	d. Depreciation allowed or allowable in prior years	e. Method of computing depreciation	f. Life or rate	g. Depreciation for this year
1 Total additional first-year depreciation (but not more than \$2,000). (Do not include in items below. Enter here and on Schedule K, line 2.)						
2 Other depreciation:						
Building	1/5/79	3,376,599	319,328	1.25 DB	25	101,909
Machinery & Equipment	Var.	41,252	1,267	SL	5	2,070
3 Totals						103,979
4 Amount of depreciation claimed in Schedules A and H						103,979
5 Balance (subtract line 4 from line 3). Enter here and on page 1, line 20						-0-

Schedule K—PARTNERS' SHARES OF INCOME, CREDITS, DEDUCTIONS, ETC. (See Pages 6-9 of Instructions)

Enter the total distributive amount for each applicable item listed below.

Note: Enter each partner's distributive share on Schedule K-1. Prepare a separate Schedule K-1 for each partner.

Enter the number of partners in the partnership **▶ 5**

Are any partners in this partnership also partnerships? Yes No

a. Distributive share items		b. Total amount
1 a	Guaranteed payments to partners: (1) Deductible by the partnership (page 1, line 14)	
	(2) Capitalized by the partnership (see page 4 of Instructions)	
b	Ordinary income (loss) (page 1, line 26)	(5,855)
2	Additional first-year depreciation (Schedule J, line 1)	
3	Gross farming or fishing income	
4	Dividends qualifying for exclusion (attach list)	
5	Net short-term capital gain (loss) (Schedule D, line 3)	
6	Net long-term capital gain (loss) (Schedule D, line 7)	
7	Net gain (loss) from involuntary conversions due to casualty or theft (Form 4684)	
8	Other net gain (loss) under section 1231	
9	Net earnings (loss) from self-employment (Schedule N, line 12)	
10 a	Charitable contributions (attach list): 50%, 30%, 20%	
b	Other itemized deductions (attach list)	
11	Expense account allowance	
12	Jobs credit	
13	Taxes paid by regulated investment companies on undistributed capital gains (attach schedule)	
14 a	Payments for partners to a Keogh Plan. (Type of plan ▶)	
b	Payments for partners to an IRA	
c	Payments for partners to Simplified Employee Pension (SEP)	
15 a	Foreign taxes paid (see page 8 of Instructions)	
b	Other income, deductions, etc. (attach schedule)	
16	Oil and gas depletion. (Enter amount—not for partner's use ▶)	
17	Specially allocated items (attach schedule): a Short-term capital gain (loss)	
b	Long-term capital gain (loss)	
c	Ordinary gain (loss)	
d	Other	
18	Tax preference items (see page 9 of Instructions): a Accelerated depreciation on real property:	
	(1) Certified historic structure rehabilitation (167(o) or amortization under 191)	
	(2) Low-income rental housing (167(k))	
	(3) Other government-assisted low-income housing	
	(4) Other real property	11,866
b	Accelerated depreciation on personal property subject to a lease	
	Amortization: c, d, e, f	
g	Reserves for losses on bad debts of financial institutions	
h	Depletion (other than oil and gas)	
i	(1) Excess intangible drilling costs from oil, gas, or geothermal wells	
	(2) Net income from oil, gas, or geothermal wells	
19	Interest on investment indebtedness: a Investment interest expense: (1) Incurred before 12/17/69	
	(2) Incurred before 9/11/75, but after 12/16/69	
	(3) Incurred after 9/10/75	
b	Net investment income (loss)	
c	Excess expenses from "net lease property"	
d	Excess of net long-term capital gain over net short-term capital loss from investment property	
20	Property Qualified for Investment Credit:	
	New property	a 3 or more but less than 5 years
		b 5 or more but less than 7 years
		c 7 or more years
	New commuter highway vehicle	d 3 or more years
	Qualified progress expenditures	e 7 or more years
	Used property	f 3 or more but less than 5 years
		g 5 or more but less than 7 years
		h 7 or more years
	Used commuter highway vehicle	i 3 or more years
21 a	Credit for alcohol used as fuel	
b	Nonconventional source fuel credit	
c	Unused credits from cooperatives	

FORM 1065

AUGUST 18, 1981

SCHEDULE H - REPAIRS

Boiler room repairs	\$ 3,445
Building equipment repairs	2,605
Repair materials	3,255
Contract repairs	15,421
Air conditioning repairs and maintenance	6,322
Elevator maintenance	6,268
Miscellaneous maintenance	24
	<u>\$ 37,340</u>

SCHEDULE H - OTHER EXPENSES

Tenants liability expense	\$ 115
Commissions	3,773
Heat, light and power	127,322
Salaries and wages	108,948
Supplies	6,338
Water	2,721
Exterminators	529
Protection fees	691
Decorating contracts	13,497
Antenna service	3,605
Professional window cleaning	835
Taxes	27,545
Insurance	11,178
Interest	274,301
Amortization *	6,099
Legal and accounting	4,337
Telephone	1,723
Employee benefits	241
Advertising	65
Travel and entertainment	80
Miscellaneous	526
Office expense	1,145
	<u>\$ 595,614</u>

*Amortization: Mortgage placement and organization costs of \$6,099 written off in current year due to payment of the mortgage.

PLAZA, L.P.

51-0233348

FORM 1065

AUGUST 18, 1981

For year ended
12/31/80

OTHER CURRENT ASSETS - SCHEDULE L, LINE 5

Demand note receivable	\$ 600,000	2.
Term note receivable	1,093	
Mortgage escrow deposits	<u>60,639</u>	
	<u>\$ 661,732</u>	

OTHER CURRENT LIABILITIES - SCHEDULE L, LINE 16

Accrued pension expense	\$ 9,241	
Payroll taxes payable	805	
Tenants security deposits	58,245	
Note payable - Bank of Delaware	15,000	
Contracts payable	<u>6,700</u>	
	<u>\$ 89,991</u>	

✓NON-RECOURSE LOANS - SCHEDULE L, LINE 17

Mortgage payable - <u>Plaza, Inc.</u>	<u>\$1,288,144</u>	2.
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PLAZA, L.P.

FORM 1065

AUGUST 18, 1981

SCHEDULE M - RECONCILIATION OF PARTNER

BEGINNING BALANCE

Total
(\$ 404,525)

Capital contributed during year 1/1/81

Note payable assumed by partners	\$1,288,144
Expenses paid by partners	57,917
Payroll taxes liability transferred to partners	1,246
Mortgage payable transferred to partners	3,237,141
Tenants deposits - Liability transferred to partners	<u>60,729</u>
	4,645,177

4,645,177

Ordinary loss

(5,855)

Withdrawals and distributions

Cash and other receivables transferred to partners	(116,901)
Notes receivable assigned to partners	(600,000)
Fixed assets distributed	(3,401,677)
Cash (escrow) distributed	(<u>116,219</u>)

(4,234,797)

END BALANCE - AUGUST 18, 1981

\$ -0-

K-1's
856,419
856,419
856,419
475,210
175,210

**SCHEDULE K-1
(Form 1065)**

Department of the Treasury
Internal Revenue Service

Partner's Share of Income, Credits, Deductions, etc.—1980

For calendar year 1980 or fiscal year
beginning January 1, 1981 and ending August 18, 1981
(Instructions for partners attached. Complete for each partner—See instructions on back of Copy B)

1981

~~1980~~

Copy A
(File with Form 1065)

Partner's identifying number ▶ 221-18-0111

Partner's name, address, and ZIP code

Paul E. DiSabatino
98 Temple Road
Glen Mills, PA 19342

Partnership's identifying number ▶ 51-0233348

Partnership's name, address, and ZIP code

Plaza, L.P.
2601 West 4th Street
Wilmington, DE 19805

A (i) Date(s) partner acquired any partnership interest during the year ▶

Yes No

(ii) Did partner have any partnership interest before 1/1/77?

X

B Is partner a nonresident alien?

X

C (i) Is partner a limited partner (see page 2 of Instructions)?

X

(ii) If "Yes," is partner also a general partner?

X

D (i) Did partner ever contribute property other than money to the partnership?

X

If "Yes," enter:

a Basis to partnership of contributed property (other than money) at time(s) of contribution to the partnership . . . \$

b Value of contributed property in "a" above as reflected in the partner's capital account \$

(ii) Did partner ever receive a distribution other than money from the partnership?

X

If "Yes," enter:

a Basis to partnership of distributed property (other than money) at time(s) of distribution to the partner . . . \$ 850,419

b Value of distributed property in "a" above as reflected in the partner's capital account \$ 850,419

E Was any part of the partner's interest ever acquired from another partner?

X

F (i) Did partnership interest terminate during the year?

Yes No

X

(ii) Did partnership interest decrease during the year?

X

G Enter partner's percentage of: (i) Before decrease or termination (ii) End of year

Profit sharing 25% 0%

Loss sharing 25% 0%

Ownership of capital 0%

Time devoted to business Part %

H IRS Center where partnership filed return ▶ Philadelphia

I What type of entity is this partner? ▶ Individual

J Partner's share of liabilities (see page 7 of Instructions):

(i) Incurred before 1/1/77 (ii) Incurred after 12/31/76

Nonrecourse . . . \$ None \$ None

Other . . . \$ None \$ None

K Enter total amount of liabilities other than nonrecourse for which the partner is protected against loss through guarantees, stop loss agreements, or similar arrangements of which the partnership has knowledge:

Incurred before 1/1/77 \$ N/A

Incurred after 12/31/76 \$ N/A

L Partner's share of any pre-1976 loss(es) from a section 465(c)(1) activity (i.e., film or video tape, section 1245 property leasing, farm, or oil and gas property) for which there existed a corresponding amount of nonrecourse liability at the end of the year in which loss(es) occurred \$ N/A

M Reconciliation of partner's capital account:

a. Capital account at beginning of year	b. Capital contributed during year	c. Ordinary income (loss) from line 1b	d. Income not included in column c, plus non-taxable income	e. Losses not included in column c, plus unallowable deductions	f. Withdrawals and distributions	g. Capital account at end of year
(101,131)	1,161,294	(1,464)			1,058,699	-0-

a. Distributive share item	b. Amount	c. 1040 filers enter the amount in column b on:
1 a Guaranteed payments to partner: (1) Deductible by the partnership		Sch. E, Part III
(2) Capitalized by the partnership		Sch. E, Part III
b Ordinary income (loss)	(1,464)	Sch. E, Part III
2 Additional first-year depreciation (Basis)		Sch. E, Part III
3 Gross farming or fishing income		Sch. E, Part IV
4 Dividends qualifying for exclusion		Sch. B, Part II, line 3
5 Net short-term capital gain (loss)		Sch. D, line 3, col. f or g
6 Net long-term capital gain (loss)		Sch. D, line 10; col. f or g
7 Net gain (loss) from involuntary conversions due to casualty or theft		Form 4684
8 Other net gain (loss) under section 1231		Form 4797, line 1
9 Net earnings (loss) from self-employment		Sch. SE, Part I or Part II
10 a Charitable contributions: 50% 30% 20%		Sch. A, line 21 or 22
b Other itemized deductions (attach list)		See Sch. A
11 Expense account allowance		
12 Jobs credit		
13 Taxes paid by regulated investment company		Form 5884 Form 1040, line 61, add words "from 1065"
14 a Payments for partner to a Keogh Plan (Type of plan ▶)		Form 1040, line 26
b Payments for partner to an IRA		Form 1040, line 25
c Payments for partner to Simplified Employee Pension (SEP)		Form 1040, line 26

EUGENE D. DI SABATINO
SALE OF PLAZA, L.P. INTEREST

AUGUST 18, 1981

COMPUTATION OF BASIS

	<u>at 25%</u>	<u>at 100%</u>
BASIS IN PARTNERSHIP INTEREST		
Capital Account Balance 1/1/81	(\$ 101,131)	(\$ 404,525)
Add: Liabilities at 8/18/81		
Note payable	322,036	1,288,144
Expenses paid by partners	14,479	57,917
Payroll taxes liability	311	1,246
Mortgage on property	<u>809,285</u>	<u>3,237,141</u>
	<u>1,146,111</u>	<u>4,584,448</u>
Subtract:		
Cash and receivables distributed	58,028	232,115
Note receivable assigned to partners	150,000	600,000
Loss for period 1/1/81-8/18/81	<u>1,464</u>	<u>5,855</u>
	<u>209,492</u>	<u>837,970</u>
BASIS IN PARTNERSHIP INTEREST 8/18/81	<u>\$ 835,488</u>	<u>\$3,341,953</u>

Plaza, L.P.
2601 West 4th Street
Wilmington, DE 19805

FIRST CLASS MAIL

State of Delaware
Division of Revenue
9th and French Streets
Wilmington, DE 19899