

§ 1.752-7 Liability Reduction (in millions)

1. Basis of A's PRS interest	\$5
2. Less adjusted value of A's PRS interest	<u>(3)</u>
3. Difference	\$2
4. Remaining built-in loss from §1.752-7 liability	<u>2</u>
5. §1.752-7 liability reduction (lesser of 3 or 4)	\$2

A's Basis in PRS after Assumption by B (in millions)

1. Basis before assumption	\$5
2. Less §1.752-7 liability reduction	<u>(2)</u>
3. Basis after assumption	\$3

PRS's Basis in Property 2 after Assumption by B (in millions)

1. Basis before assumption	\$9
2. Less remaining built-in loss from §1.752-7 liability	(2)
3. Plus section 734(b) adjustment (if partnership has a section 754 election)	<u>2</u>
4. Basis after assumption	\$9