from the partnership to the extent the partnership funds were used to pay for a new home for the partners which was not transferred to the partnership.

**White v. Comm'r, 93-1 U.S. Tax Cas. (CCH) ¶ 50,273 (10th Cir. 1993), aff'red, T.C. Memo. 1991-552.**

**LIMITED LIABILITY COMPANY.** The IRS has ruled that a limited liability company (LLC) formed under the Delaware Limited Liability Company Act, Del. Code tit. 6, §§ 18-101 et seq., may be taxed as a corporation or a partnership because the Act allows the LLC agreement to provide for centralized management and continuation of the partnership without consent of the members after the transfer of a member’s interest. Thus, if the LLC agreement does not provide for these occurrences, the LLC may be taxed as a partnership. Rev. Rul. 93-38, I.R.B. 1993-21, 4.

**RETIRED PLAN.** The U.S. Supreme Court has ruled that the contribution by an employer of unencumbered real property to a defined benefit pension plan in satisfaction of the employer’s minimum funding obligation is a prohibited transaction under I.R.C. § 4975(c)(1)(A). Commissioner v. Keystone Consolidated Indus., Inc., 93-1 U.S. Tax Cas. (CCH) ¶ 50,298 (S. Ct. 1993), rev’g, 951 F.2d 76 (5th Cir. 1992).

**S CORPORATIONS-ALM** § 7.02[3][c].*

ONE CLASS OF STOCK. An S corporation entered into a split dollar life insurance agreement under which the corporation would pay the premiums on a life insurance policy on the life of a shareholder with the shareholder reimbursing the corporation to the extent the premium conferred an economic benefit on the shareholder. The IRS ruled that the agreement did not create a second class of stock Ltr. Rul. 9318007, Jan. 29, 1993.

**TERMINATION.** The IRS waived as inadvertent the termination of an S corporation’s election where the corporation’s accountant failed to pay the Section 1375 tax resulting from three years of passive investment income in excess of 25 percent of gross receipts. Ltr. Rul. 9318006, Jan. 25, 1993.

**SALE OR EXCHANGE.** The decedent bequeathed a residence to two surviving children as tenants in common. The children divided the property with each taking a fee interest in one-half of the property. The IRS ruled that the division of the property was not a sale or exchange subject to taxable gain under I.R.C. § 1001(a) or (c). Ltr. Rul. 9319032, Feb. 12, 1993.

**SAFE HARBOR INTEREST RATES**

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