A calendar-year corporation has negative current E&P of $(500) and accumulated positive E&P of $1,000. Thecorporation makes a $600 distribution to its sole shareholder. Which of thefollowing statements is true?

A. Up to $600 of the distribution could be a dividend depending on the balance in accumulated earnings and profits on the date of the distribution.

B. $500 of the distribution will be a dividend because total earnings and profits is $500.

C. $0 of the distribution will be a dividend because current earnings and profits is negative.

D. $600 of the distribution will be a dividend because accumulated earnings and profits is $1,000.

Tammy owns 100 shares in Star StruckCorporation. The other 100 shares are owned by her husband Tommy. Which of thefollowing statements is true?

A. A stock redemption that completely terminates Tammy's direct interest in a corporation will be treated as a dividend if Tammy waives the family attribution rules and files a "triple i" agreement with the IRS.

B. A stock redemption that completely terminates Tammy's direct interest in a corporation will be treated as an exchange for tax purposes.

C. A stock redemption that completely terminates Tammy's direct interest in a corporation will be treated as a dividend for tax purposes.

D. A stock redemption that completely terminates Tammy's direct interest in a corporation will be treated as an exchange if Tammy waives the family attribution rules and files a "triple i" agreement with the IRS.

Which of the following individuals is notconsidered "family" for purposes of applying the stock attributionrules to a stock redemption?

A. Spouse

B. Parents

C. Grandchildren

D. Grandparents