

Tips, Tricks, & Techniques

Paid in Plus Earnings - PIPE

PIPE - The figure that appears on your Member's Status Report, following the figure for your actual Total Paid In to the club. It could be either more or less than what you have paid in. So, what does it mean?

BetaBees3 7/21/2005						
Member status as of 6/30/2005						
Showing member contributions since 1/1/2005						
Name	Paid in since 1/1/2005	Total paid in	Total paid in plus earnings	Units since 1/1/2005	Total units	Market value
Brown, Doris	\$200.00	\$4,195.00	\$3,626.35	12.4744	295.2989	\$5,027.35
Connors, Barbara	\$240.00	\$4,105.00	\$3,535.81	14.8622	289.0824	\$4,921.52
Cramer, Billie	\$240.00	\$4,105.00	\$3,535.81	14.8622	289.0824	\$4,921.52

Your club has had taxable transactions during the year. These are passed through to the members, as the club partnership itself does not pay taxes.

The actual amount you have contributed, Total Paid In, is reduced or increased each year by your percentage share of the club's earnings or losses. This is the data on the K-1 you receive after year-end, which is to be included in your personal tax filing.

The PIPE is your tax basis, or we should say tax-free basis in the club. When you eventually withdraw or the club disbands, this amount is subtracted from the total market value you have in the club at that time. You will only have tax liability on the remainder.