

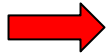
Internal Revenue Code Section 1372(b)

Partnership rules to apply for fringe benefit purposes.

(a) General rule.--For purposes of applying the provisions of this subtitle which relate to employee fringe benefits--

(1) the S corporation shall be treated as a partnership, and

(2) any 2-percent shareholder of the S corporation shall be treated as a partner of such partnership.



(b) 2-percent shareholder defined.--For purposes of this section, the term "2-percent shareholder" means any person who owns (or is considered as owning within the meaning of section 318) on any day during the taxable year of the S corporation more than 2 percent of the outstanding stock of such corporation or stock possessing more than 2 percent of the total combined voting power of all stock of such corporation.