



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9888]

RIN 1545-BN18

Guidance Under Section 355(e) Regarding Predecessors, Successors, and Limitation on Gain Recognition; Guidance Under Section 355(f); Correcting Amendment

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains a correction to Treasury Decision 9888, which was published in the **Federal Register** on Wednesday, December 18, 2019. Treasury Decision 9888 contained final regulations providing guidance regarding the distribution by a distributing corporation of stock or securities of a controlled corporation without the recognition of income, gain, or loss.

DATES: This correction is effective on **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. For dates of applicability, see § 1.355-8(i).

FOR FURTHER INFORMATION CONTACT: W. Reid Thompson, (202) 317-5024, or Richard K. Passales, (202) 317-5024 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

The final regulations (TD 9888) that are the subject of this correction are issued under section 355 of the Internal Revenue Code.

Need for Correction

As published December 18, 2019 (84 FR 69308), the final regulations (TD 9888; FR Doc. 2019-27110) contained an error that needs to be corrected.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Correction of Publication

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendment:

PART 1 - INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 1.355-8 is amended by revising the seventh sentence of paragraph (h)(8)(ii)(A) to read as follows:

§ 1.355-8 Definition of predecessor and successor and limitations on gain recognition under section 355(e) and section 355(f).

* * * * *

(h) * * *

(8) * * *

(ii) * * *

(A) * * * The Reflection of Basis Requirement is satisfied because that C stock had a basis prior to the Distribution that was determined in whole or in part by reference to the basis of Separated Property (Asset 1 and Asset 2, respectively), and was neither distributed in a distribution to which section 355(e) applied nor transferred in a transaction in which the gain on that C stock was recognized in full during the Plan Period prior to the Distribution. * * *

* * * * *

Martin V. Franks
Chief
Publications and Regulations Branch
Legal Processing Division
Associate Chief Counsel
(Procedure and Administration)

[FR Doc. 2020-05040 Filed: 3/16/2020 8:45 am; Publication Date: 3/17/2020]